

FRIDAY ALERT



Alliance for Retired Americans

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Democratic Conventioneers Agree: “Yes We Can!”

At a gathering that stressed unity, highly energized and impassioned delegates to the Democratic National Convention in Denver officially named Sen. **Barack Obama** their nominee for President of the United States. Ninety of the delegates in attendance were Alliance members. In his acceptance speech, Sen. Obama slammed Sen. **John McCain**, saying his rival "doesn't get" the economic struggles and hardships faced by Americans. "How else could he offer a health care plan that would actually tax people's benefits, or an education plan that would do nothing to help families pay for college, or a plan that would privatize Social Security and gamble your retirement?" Sen. Obama asked.

“Retirees are enormously pleased that Sen. Obama has chosen Sen. **Joe Biden** of Delaware as a running mate,” added Alliance President **George J. Kourpias**. “Sen. Biden’s lifetime 95% voting record on behalf of seniors is a wonderful complement to Sen. Obama’s own 100% voting record.” Mr. Kourpias addressed the Seniors Council at the convention on Wednesday, stressing the importance of retiree issues such as Social Security, Medicare, and prescription drugs during the election year. "A retiree voting for John McCain is like a chicken voting for **Colonel Sanders**," Alliance Executive Vice President and AFL-CIO Secretary-Treasurer **Richard Trumka** told the meeting attendees. Also on Wednesday, Speaker of the House of Representatives **Nancy Pelosi** spoke at the Maryland delegation breakfast, advising delegates who hear of seniors who are undecided to tell them about Sen. McCain’s voting record on Social Security and Medicare. While the delegates were meeting in Denver, Colorado Alliance leaders discussed their exciting plans to grow the Colorado Alliance at a Colorado Alliance Executive Board meeting with Mr. Kourpias and national Alliance Executive Director **Edward F. Coyle**.

CBO Says Social Security Healthy and Viable for Decades to Come

Last Friday, the Congressional Budget Office (CBO) released a report stating that Social Security is in good financial shape and will continue to be so for decades to come. The report, which forecasts out 75 years, finds that while the accumulating surpluses in the Social Security trust fund will be exhausted in 2049, ongoing revenues will still be sufficient to fund about 81% of promised benefits at the end of the 75-year period (in 2082). The reason given is that wages and Social Security revenues will continue to grow as the economy grows. The trust fund will cushion the large baby boom retirement, as it was designed to do, but most benefits will continue to be funded by direct transfers from workers to retirees, as they are now. In a policy memo outlining the CBO’s findings, the Economic Policy Institute (EPI) think tank noted the report’s finding that “future Social Security beneficiaries will receive larger benefits in retirement...than current beneficiaries do, even after adjustments have been made for inflation.” According to the CBO projections, Social Security is in decent shape, because - without any changes at all - the projected

long-term Social Security shortfall equals a mere 1% of taxable payroll. EPI further states that the biggest problem facing Social Security is not the boomer retirement, but growing income inequality, which increases the share of untaxed earnings above the taxable earnings cap (currently set at \$102,000). “Social Security has been a great success for 73 years, and it will be a great success for the next seventy-five,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. “Of course, that is provided no one alters the core principles on which it is based by privatizing it.”

McCain to be Greeted in Pennsylvania by Alliance TV Ads

The Alliance is bolstering its television advertising campaign responding to Senator **John McCain**'s statement that Social Security is “a disgrace” with a three-day heavy ad buy beginning today in Western Pennsylvania; the ads can be viewed on the Alliance's website, at www.retiredamericans.org. The issue ads will run today, Saturday and Sunday in Altoona, Johnstown, and Washington, Pennsylvania, coinciding with McCain's visit to Washington tomorrow. The ads have already run in Wilkes-Barre, Scranton, and Clarks Summit, Pennsylvania, coinciding with Sen. McCain's previous visit to Wilkes-Barre. “Since Senator McCain has so far refused to apologize for his comments, we will continue to tell Americans how he really feels about Social Security until he does,” said **Edward Coyle**.

Purported Merck Vioxx Medical Study Was Actually a Marketing Campaign

An August 19th report in the *Annals of Internal Medicine* found that the drug company Merck & Co. used a clinical study ostensibly aimed at testing side effects to market the drug Vioxx to primary-care physicians and the public before it was released. According to *The Wall Street Journal*, a Yale research team released the report on Merck's practices after a long legal battle over Vioxx's side effects was settled for \$4.85 billion. Vioxx users sued Merck because the drug increases the risk of heart attack and stroke. The report's findings are based on Merck records released during litigation, which say that the 1999 study was “designed and executed in the spirit of Merck marketing principles.” Merck's practices raise important ethical and scientific questions, from whether the study's participants were needlessly put at risk to whether Merck's side effect testing was reliable at all. The latter issue raises a legal question as well, because the increased risk of heart attack and stroke that caused the lawsuit are side effects that could have been found in the testing that Merck was purportedly doing. Alarming, the study suggests that Merck's practice of using studies for early marketing is most likely a common industry practice.

Women at a Disadvantage in Preparing for Retirement

A July study by the firm Hewitt Associates examined the projected retirement levels of nearly 2 million employees at 72 U.S. companies. According to *BusinessWeek*, the study found that both men and women are on track to replace 85% of their pay at retirement. However, the average woman will need to save 2% of pay more per year than the average man, over 30 years, to achieve the same standard of living. Reasons listed include lower salaries, conservative investing, longer life expectancies, and higher retiree medical needs. In addition, care-giving demands mean that women spend less time in the labor force and are more likely to work part-time.