

Congress of the United States
House of Representatives
Washington, DC 20515

January 12, 2005

President George W. Bush
The White House
Washington, DC 20500

Dear Mr. President:

We are writing to express our deep concern that the views of millions of American women were not adequately represented at your event to promote Social Security privatization yesterday. Any privatization proposal will have real consequences for real people, particularly women, who will be disproportionately hurt by the kinds of drastic changes privatization would entail. We, as women Members of Congress, will fight to ensure that the economic security of women is not sacrificed in a rush to restructure the Social Security system.

As you know, women comprise the majority of Social Security beneficiaries, representing almost 60 percent of all Social Security recipients age 65 and over. Women are also less likely than men to have pensions or retirement savings to supplement their Social Security checks. Without Social Security, 52 percent of white women, 65 percent of African American women, and 61 percent of Hispanic women over the age of 65 would live in poverty.

Privatization would significantly reduce a number of current-law protections that help women live out their retirement years in dignity.

First, Social Security helps level the playing field for women by using a progressive benefit formula that provides a greater benefit to those with lower earnings, as is the case for women who on average earn less than their male counterparts and who also tend to have fewer years in the workforce. Privatization would replace this progressive benefit structure with private accounts based only on a worker's contributions to the account.

Second, recent press reports suggest that your Administration favors a privatization plan that includes "price indexing," which would reduce Social Security's progressive benefits by up to 46 percent for future retirees. These benefit cuts are the equivalent of asking today's seniors to live at a 1940s standard of living.

Third, Social Security benefits are not eroded by inflation, because Social Security has an automatic cost-of-living adjustment. In contrast, there would be no guarantee that private accounts would allow seniors to keep up with the cost of living in retirement. Inflation protection is particularly important for women, who generally live longer than men.

Fourth, Social Security provides benefits that cannot be outlived, while retirees would have to carefully manage their withdrawals from private accounts and could easily outlive their balances.

This is an especially significant risk for women because of their longer life expectancy. A woman's monthly income would also be lower than a man's with the same account balance, because the woman would have to make a finite amount of funds stretch over more years of retirement.

Fifth, Social Security provides automatic protection for widows, without any reduction in the level of her husband's own benefit. That is, Social Security pays a benefit to a widow equal to 100 percent of the husband's benefit prior to his death. This benefit does not require a reduction in the husband's benefit, as is the case in private pensions. This protection could not be duplicated with private accounts, as the account would be the only source of income for the couple while both were alive and then for the widow, after the husband's death, necessitating a reduction in income for the couple in order to assure income for the surviving spouse.

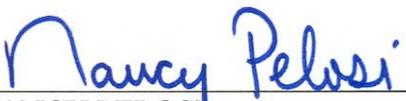
Finally, Social Security assures economic security for women who care for children or dependent family members, by providing benefits to spouses and survivors. With an individual account, a worker would have to sacrifice part of her own benefit in order to provide income to her dependents. Social Security, as family insurance, pays benefits to all of a worker's dependents without reducing the worker's own benefit.

We welcome efforts to strengthen and improve Social Security, but we believe privatization would do neither. Privatization would eliminate key protections vital to women under the current Social Security structure, and it would substantially weaken the financial status of the Social Security Trust Fund by draining trillions from it to fund the private accounts.

Private accounts on their own do nothing to improve the financial health of Social Security. They are not a solution to Social Security's long-range financial imbalance. Indeed, even without any changes, Social Security will be able to pay full benefits for almost fifty years, according to the nonpartisan Congressional Budget Office, and even after that, the system will be able to pay approximately 80% of benefits.

We have time to develop a bipartisan consensus on the best kinds of improvements to Social Security that would strengthen, not dismantle, this vital and effective system of assuring economic security. Thank you for your attention to our concerns. We look forward to engaging in an ongoing dialogue.

Sincerely,



NANCY PELOSI
House Democratic Leader



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Member of Congress

Louise Slaughter

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Member of Congress

Sheila Jackson-Lee

SHEILA JACKSON-LEE
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