

## **Amendment #407– Reducing Social Security benefits for millionaires**

**Establishes a deficit-neutral reserve fund to reduce Social Security retirement benefits for individuals with adjusted gross incomes of \$1,000,000 or more to extend the solvency of the Social Security Trust Fund and return the program to its intended purpose as a safety net for retired Americans.**

Social Security, a program which millions of retired Americans depend on for their livelihood, faces enormous financial challenges. Absent reform, the benefits of every American are at risk. Yet, by making small changes, Congress can ensure the program continues to serve those who rely on it.

This amendment calls upon Congress and the President to enact legislation to extend the life of Social Security and return the program to its intended purpose as a safety net by reducing benefits paid to millionaires.

**More than 47,700 households that reported adjusted gross incomes of more than \$1 million collected Social Security benefits in 2010, according to the Internal Revenue Service.<sup>1</sup>**

This includes 1,951 households who reported incomes of \$10 million or more and received an average of \$33,000 in benefits. In all, millionaires received more than \$1.4 billion in Social Security benefits in 2010.

**Social Security was originally intended to be a safety net for retired Americans.**

President Roosevelt, in signing Social Security into law, described the purpose of the program as “[giving] some measure of protection to the average citizen and to his family against... poverty-ridden old age.”<sup>2</sup> Reducing benefits paid to those who already have ample protection against “the hazards and vicissitudes of life” will not only extend the life of Social Security, but will also help steer the program back toward its intended purpose: social insurance.

**Social Security’s cash-flow deficit is driving the program toward insolvency.**

---

<sup>1</sup> Internal Revenue Service, “Individual Income Tax Returns 2010,” Publication 1304 (Rev. 08-2012), Table 1.4, <http://www.irs.gov/pub/irs-soi/10inalcr.pdf>.

<sup>2</sup> Social Security Administration, “Presidential Statement Signing the Social Security Act. August 14, 1935,” <http://www.ssa.gov/history/fdrstmts.html>.

Since 2010, Social Security has been running a cash-flow deficit of tens of billions of dollars. This deficit ballooned to more than \$54 billion in 2012. According to the Social Security Trustees, these deficits are now permanent and will “[rise] steeply as... the number of beneficiaries continues to grow at a substantially faster rate than the number of covered workers.” As a result, the Social Security trust funds will be completely exhausted in less than 20 years, after which Social Security will only be able to pay 75 percent of scheduled benefits.<sup>3</sup>

**While all Americans who receive Social Security benefits have paid into the program, the financial challenges facing the program require hard choices and sacrifice.**

Of all the options being considered, reducing benefits for the well-off is one of the least disruptive ways of extending the life of the program. Reducing program costs is the only way to avoid tax hikes that will harm our economy.

**Reducing benefits paid by Social Security to millionaires will save the program up to \$1.4 billion a year, extend its solvency, and return it to its intended purpose.**

---

<sup>3</sup> Social Security and Medicare Board of Trustees, “A Summary of the 2012 Annual Reports,” <http://ssa.gov/oact/trsum/index.html>.