

July 5, 2015

Dear Senator Sanders,

I have been reading a number of recent newspaper articles that mention you believe the federal government should increase the amount of Social Security benefits that are being paid to our country's citizens. However, this is money that the country doesn't have, because the federal government is already in debt by over \$18 trillion.

I have run five scenarios through the benefits calculator on the Social Security website to see the relationships between Lifetime Wages, Payroll Tax Withholdings, and the resulting Social Security benefits. All five scenarios are similar in that the person starts receiving wages at age 19, they work for 47 years, retire at age 66 (the normal retirement age), and then receive benefits for 19 years until the end of a life expectancy of age 85.

The five scenarios are -- 1. A "Barely Eligible" recipient, 2. A "Minimum Wage" recipient, 3. A "Middle Class" recipient (50% of the Social Security wage cap), 4. An "Upper Middle Class" recipient (100% of the wage cap), and 5. A "Very Well Off" recipient (two times the wage cap). I have attached schedules that show the amounts for each of these five scenarios, but the summary is as follows --

	Lifetime wages	SS Withheld	SS Benefits *	Multiple	Amt over Contribution
# 1	\$ 48,837	\$ 3,028	\$ 25,536	8.4	\$ 22,508
# 2	\$ 415,022	\$ 25,731	\$ 226,176	8.8	\$ 200,445
# 3	\$ 1,355,650	\$ 84,050	\$ 440,040	5.2	\$ 355,990
# 4	\$ 2,711,300	\$ 168,101	\$ 601,692	3.6	\$ 433,591
# 5	\$ 5,422,600	\$ 168,101	\$ 601,692	3.6	\$ 433,591

* The total benefits received exclude any future Cost of Living Allowance increases

Also, please keep in mind that people do not need to work 47 years (or earn these wage amounts) to qualify for the benefit amounts shown above, so the real "Multiple(s)" are usually higher.

I have the following Questions / Observations --

Re: Scenario # 1 -- I would think that if there is a citizen who probably needs to receive a "social security" payment, it would be the person in Scenario #1. Shouldn't Social Security be changed so that it provides (to someone who qualifies for welfare) a benefit amount that is at least equal to the federal poverty guideline amount?

Re: Scenario # 2 -- The person who makes the minimum wage for 47 years receives an annual Social Security benefit of \$11,904, which is \$134 over the federal poverty guideline amount. Maybe this scenario is OK.

Re: Scenario # 3 -- I believe the reason that 8 out of 10 people think Social Security is such a great program is that many of our country's citizens get back more than five times the amount they paid into the program. However, another way to look at Social Security is that our country's citizens are being bribed with our money. What is even worse is that (in reality) it is our children's and grandchildren's money.

Re: Scenarios # 4 and 5 – What is the purpose of this government program that pays out these “unfunded pension benefits” to people who don’t really need to receive these payments? Why should the federal government pay “financially secure” people \$433,591 more than they paid into Social Security?

In President Obama’s latest budget, the amount of the 2015 deficit that is attributed to Social Security is \$125 billion (outflows of \$891 billion vs. tax receipts of \$766 billion). This annual deficit amount is expected to increase to \$361 billion in 2025 (outflows of \$1.569 trillion vs. tax receipts of \$1.208 trillion).

I realize that things were different back in 1935 during the Great Depression when Social Security was established. But in today's world (with fewer than three workers for every retiree and with an increase in life expectancy) the benefits that are being paid out under the existing Social Security program are upside down, make no sense, and are unsustainable. Social Security certainly shouldn’t be enhanced. Instead it should be transformed into a means-tested welfare program. All current retirees / recipients should be “grandfathered” under the existing rules, however, eventually all monthly “pension payments” should be phased out by the end of the transition period. Social security should be transformed into a welfare benefit – an amount that should only be paid to elderly retirees who need financial assistance. Otherwise, this program will continue to steal huge sums of money from our children and grandchildren.

Sincerely yours,

Tim Beck

Attachments

Social Security Contributions

1 - Minimum Amount of Wages for Eligibility

	Wages	Employee Withholding
1969	1	0
1970	1	0
1971	1	0
1972	1	0
1973	1	0
1974	1	0
1975	1	0
1976	1	0
1977	1	0
1978	1	0
1979	1	0
1980	1	0
1981	1	0
1982	1	0
1983	1	0
1984	1	0
1985	1	0
1986	1	0
1987	1	0
1988	1	0
1989	1	0
1990	1	0
1991	1	0
1992	1	0
1993	1	0
1994	1	0
1995	1	0
1996	1	0
1997	1	0
1998	1	0
1999	1	0
2000	1	0
2001	1	0
2002	1	0
2003	1	0
2004	1	0
2005	4,880	303
2006	4,880	303
2007	4,880	303
2008	4,880	303
2009	4,880	303
2010	4,880	303
2011	4,880	303
2012	4,880	303
2013	4,880	303
2014	4,880	303
2015	1	0
	<u>48,837</u>	<u>3,028</u>

1 - Minimum Amount of Wages for Eligibility

Benefits

112 per month
1,344 per year
25,536 For 19 years thru age 85 *

8.4 Times Amount contributed
\$ 22,508 Over the amount contributed

* Excludes any future COLAs

Social Security Contributions
2 - Minimum Wage Earnings

	Wages	Employee Withholding
1969	2,704	168
1970	3,016	187
1971	3,328	206
1972	3,328	206
1973	3,328	206
1974	4,160	258
1975	4,368	271
1976	4,784	297
1977	4,784	297
1978	5,512	342
1979	6,032	374
1980	6,448	400
1981	6,968	432
1982	6,968	432
1983	6,968	432
1984	6,968	432
1985	6,968	432
1986	6,968	432
1987	6,968	432
1988	6,968	432
1989	6,968	432
1990	7,904	490
1991	8,840	548
1992	8,840	548
1993	8,840	548
1994	8,840	548
1995	8,840	548
1996	9,880	613
1997	10,712	664
1998	10,712	664
1999	10,712	664
2000	10,712	664
2001	10,712	664
2002	10,712	664
2003	10,712	664
2004	10,712	664
2005	10,712	664
2006	10,712	664
2007	12,230	758
2008	13,624	845
2009	15,080	935
2010	15,080	935
2011	15,080	935
2012	15,080	935
2013	15,080	935
2014	15,080	935
2015	15,080	935
	<u>415,022</u>	<u>25,731</u>

2 - Minimum Wage Earnings

Benefits

992 per month
11,904 per year
226,176 For 19 years thru age 85 *

8.8 Times amount contributed
\$ 200,445 Over the amount contributed

* Excludes any future COLAs

Social Security Contributions

3 - Wages at One Half of Wage Cap

	Wages	Employee Withholding
1969	3,900	242
1970	3,900	242
1971	3,900	242
1972	4,500	279
1973	5,400	335
1974	6,600	409
1975	7,050	437
1976	7,650	474
1977	8,250	512
1978	8,850	549
1979	11,450	710
1980	12,950	803
1981	14,850	921
1982	16,200	1,004
1983	17,850	1,107
1984	18,900	1,172
1985	19,800	1,228
1986	21,000	1,302
1987	21,900	1,358
1988	22,500	1,395
1989	24,000	1,488
1990	25,650	1,590
1991	26,700	1,655
1992	27,750	1,721
1993	28,800	1,786
1994	30,300	1,879
1995	30,600	1,897
1996	31,350	1,944
1997	32,700	2,027
1998	34,200	2,120
1999	36,300	2,251
2000	38,100	2,362
2001	40,200	2,492
2002	42,450	2,632
2003	43,500	2,697
2004	43,950	2,725
2005	45,000	2,790
2006	47,100	2,920
2007	48,750	3,023
2008	51,000	3,162
2009	53,400	3,311
2010	53,400	3,311
2011	53,400	3,311
2012	55,050	3,413
2013	56,850	3,525
2014	58,500	3,627
2015	59,250	3,674
	<u>1,355,650</u>	<u>84,050</u>

3 - Wages at One Half of Wage Cap

Benefits

1,930 per month
23,160 per year
440,040 For 19 years thru age 85 *

5.2 Times amount contributed
\$ 355,990 Over the amount contributed

* Excludes any future COLAs

Social Security Contributions

4 - Wages at Social Security Wage Cap

	Wages	Employee Withholding
1969	7,800	484
1970	7,800	484
1971	7,800	484
1972	9,000	558
1973	10,800	670
1974	13,200	818
1975	14,100	874
1976	15,300	949
1977	16,500	1,023
1978	17,700	1,097
1979	22,900	1,420
1980	25,900	1,606
1981	29,700	1,841
1982	32,400	2,009
1983	35,700	2,213
1984	37,800	2,344
1985	39,600	2,455
1986	42,000	2,604
1987	43,800	2,716
1988	45,000	2,790
1989	48,000	2,976
1990	51,300	3,181
1991	53,400	3,311
1992	55,500	3,441
1993	57,600	3,571
1994	60,600	3,757
1995	61,200	3,794
1996	62,700	3,887
1997	65,400	4,055
1998	68,400	4,241
1999	72,600	4,501
2000	76,200	4,724
2001	80,400	4,985
2002	84,900	5,264
2003	87,000	5,394
2004	87,900	5,450
2005	90,000	5,580
2006	94,200	5,840
2007	97,500	6,045
2008	102,000	6,324
2009	106,800	6,622
2010	106,800	6,622
2011	106,800	6,622
2012	110,100	6,826
2013	113,700	7,049
2014	117,000	7,254
2015	118,500	7,347
	<u>2,711,300</u>	<u>168,101</u>

4 - Wages at Social Security Wage Cap

Benefits

2,639 per month
31,668 per year
601,692 For 19 years thru age 85 *

3.6 Times amount contributed
\$ 433,591 Over the amount contributed

* Excludes any future COLAs

Social Security Contributions

5 - Two times Social Security Wage Cap

	Wages	Employee Withholding
1969	15,600	484
1970	15,600	484
1971	15,600	484
1972	18,000	558
1973	21,600	670
1974	26,400	818
1975	28,200	874
1976	30,600	949
1977	33,000	1,023
1978	35,400	1,097
1979	45,800	1,420
1980	51,800	1,606
1981	59,400	1,841
1982	64,800	2,009
1983	71,400	2,213
1984	75,600	2,344
1985	79,200	2,455
1986	84,000	2,604
1987	87,600	2,716
1988	90,000	2,790
1989	96,000	2,976
1990	102,600	3,181
1991	106,800	3,311
1992	111,000	3,441
1993	115,200	3,571
1994	121,200	3,757
1995	122,400	3,794
1996	125,400	3,887
1997	130,800	4,055
1998	136,800	4,241
1999	145,200	4,501
2000	152,400	4,724
2001	160,800	4,985
2002	169,800	5,264
2003	174,000	5,394
2004	175,800	5,450
2005	180,000	5,580
2006	188,400	5,840
2007	195,000	6,045
2008	204,000	6,324
2009	213,600	6,622
2010	213,600	6,622
2011	213,600	6,622
2012	220,200	6,826
2013	227,400	7,049
2014	234,000	7,254
2015	237,000	7,347
	<u>5,422,600</u>	<u>168,101</u>

5 - Two times Social Security Wage Cap

Benefits

2,639 per month
31,668 per year
601,692 For 19 years thru age 85 *

3.6 Times amount contributed
\$ 433,591 Over the amount contributed

* Excludes any future COLAs