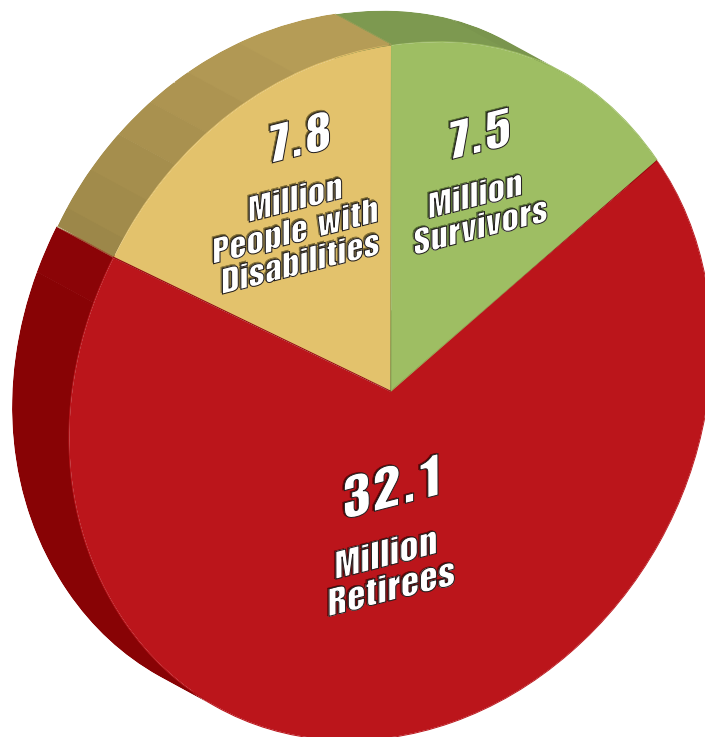


Social Security: The Backbone of Retirement

President George W. Bush, his Republican allies in Congress and Big Business want to privatize Social Security, which would destroy the most important family security effort in America's history. Their privatization plans would replace guaranteed benefits with risky private accounts, cut benefits drastically and saddle our children with \$4.9 trillion in debt in the next two decades alone. Working families are fighting back against Bush's privatization scheme.

47 Million Americans Depend on Social Security Today

Since President Franklin D. Roosevelt signed Social Security into law in 1934, millions of America's workers have earned benefits by paying into the system, creating a safety net that keeps retirees, survivors of workers who die young and people with disabilities out of poverty.



Source: Social Security Administration.

www.aflcio.org/socialsecurity

Social Security Is NOT Going Broke

Contrary to Bush's scare tactics, Social Security is not going broke. Modest commonsense measures, such as lifting the cap on the amount of income taxed for the Social Security fund, would strengthen the program. Right now, the cap is set so low upper-wage earners do not pay Social Security on most of their incomes.

2005

Until 2018, the Social Security trust fund runs a surplus.

2018

The Social Security system begins to redeem interest from its surplus assets to pay benefits. The Social Security Trust Fund holds Treasury notes, which are the same debt notes held by other countries.

**2042
OR
2052**

Social Security remains able to pay 73 percent of promised benefits.*

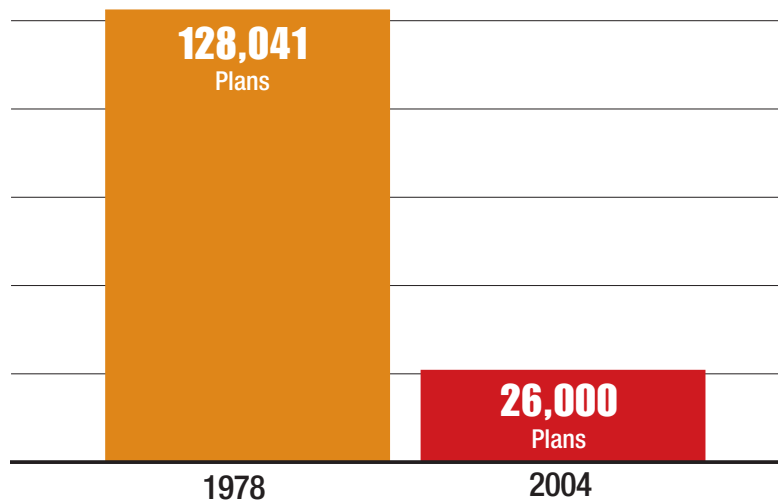
* The Social Security Trustees calculated the 2042 date. Using a slightly different method and set of assumptions, the Congressional Budget Office arrived at the 2052 date.

Sources: Social Security Trustees, *The 2004 OASDI Trustees Report*, and Congressional Budget Office, *The Outlook for Social Security*, June 2004.

Social Security More Crucial Than Ever as Pension Coverage Falls

Employers Cut Back on Pensions

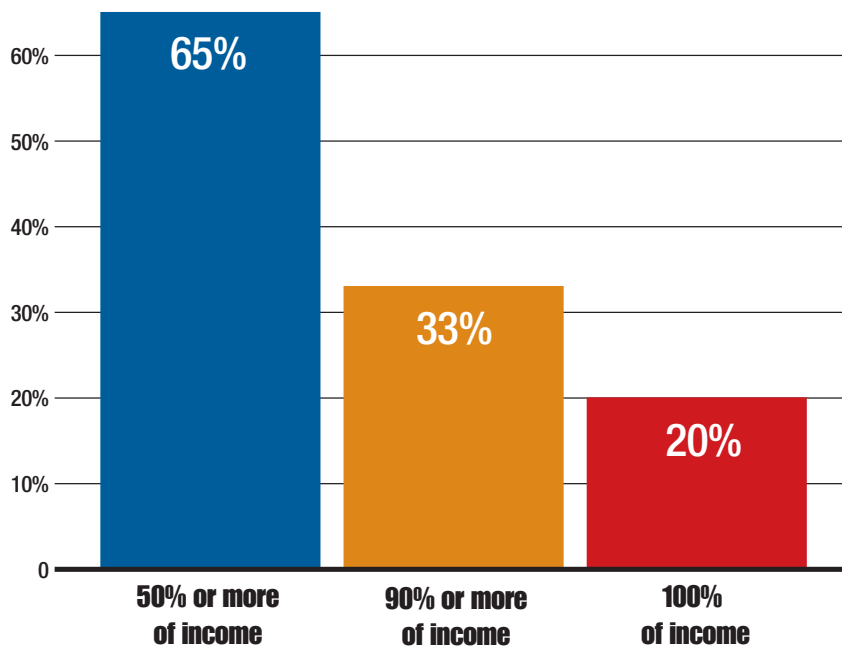
Number of defined-benefit pension plans in the private sector



Source: Employee Benefit Research Institute.

Most Retirees Rely on Social Security for Their Incomes

Percentage of older Americans receiving Social Security benefits,
by relative importance of benefits to total income



Source: Social Security Administration, *Fast Facts & Figures About Social Security*, June 2003.

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Don't Believe the Spin

Under a Privatized Social
Security System:

They say:

The program is voluntary.

The fact is:

The program is *not* voluntary—
your retirement benefits are cut by at
least 40 percent, even if you do not
choose a private account.

They say:

You'll make more money with
private investments.

The fact is:

For people with private accounts,
the government would take at least
70 cents in retirement benefits for
every \$1 in their accounts—on top of
the 40 percent benefit cut.

They say:

You'll get to personally direct your
retirement investments.

The fact is:

You don't control your own money—
politicians will pick Wall Street firms
to control your investment accounts,
a process corrupted by politics.

They say:

You'll be able to pass on your
retirement investments to your heirs.

The fact is:

For most retirees, there will be
little or nothing left to pass on
because all or part of each
private account must be
used to buy an annuity.