

WHAT PRIVATIZING SOCIAL SECURITY WOULD MEAN FOR Manufacturing Workers

Social Security privatization will especially hurt U.S. manufacturing workers, as manufacturing corporations switch from guaranteed plans with defined pension benefits to 401(k) plans that put the burden on workers to pay for retirement. Social Security's guaranteed, lifelong benefits are more important than ever for manufacturing workers.

Manufacturing workers are less likely to have job-based pensions.

- Since 1978, the percentage of private-sector workers covered by defined-benefit pension plans fell from 41 percent to less than 21 percent today.¹

Privatizing Social Security would cut guaranteed benefits as much as \$9,000 per year.

- Even for workers who don't choose private Social Security accounts, privatizing Social Security would cut guaranteed benefits for young workers by \$4,500 per year for average workers making \$37,000 in 2005 and \$9,000 per year for so-called "high earners" making \$59,000 in 2005, even for recipients who did not choose private accounts.

The government will wipe out most of the value of the private account.

- For people who choose private accounts, the government would take back from retirement benefits at least 70 cents for every \$1 in the account. That's on top of the 40 percent benefit cut.

Privatization would open Social Security up to corruption, waste and Enron-ization.

- Politicians will decide which Wall Street firms are handpicked to make billions in inflated fees from our investments.

Social Security privatization would explode the U.S. budget deficit.

- Privatizing Social Security would saddle our children with \$4.9 trillion in debt in the first 20 years alone, mostly borrowed from countries such as China and Japan whose exports compete with our manufacturing companies.

Contrary to claims by privatizers, most private Social Security investments cannot be passed on to heirs.

- For most retirees, there will be little or nothing left to pass on because most Social Security investments cannot be passed on to heirs.

We must strengthen Social Security, but we must take the time to get it right.

- We can strengthen Social Security without slashing benefits. First, we must require Congress to pay back the money borrowed from the trust fund. We could end the "wealthy wage exemption" so CEOs pay the same Social Security taxes on their salaries as we pay on ours. We could repeal the Bush tax cuts for the top 1 percent of taxpayers. And we could help working families build private pensions and savings on top of Social Security.

¹Bureau of Labor Statistics

**Social Security
FIX IT. DON'T PRIVATIZE IT.**

AFL-CIO
www.aflcio.org/socialsecurity
May 2005