

The logo features a stylized sunburst or starburst design within a circular frame, set against a green square background. The text "Leadership Council of Aging Organizations" is positioned to the right of the logo in a serif font.

Leadership Council of Aging Organizations

Max Richtman, Chair

May 31, 2011

The Honorable Jacob J. Lew
Director, Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, N.W.
Washington, DC 20503

Dear Director Lew:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are writing today to express our concerns about a decision announced recently by Michael J. Astrue, the Commissioner of Social Security, to suspend the production and mailing of Social Security Annual Earnings Statements. The Social Security Administration (SSA) started sending annual Social Security Statements to all American workers in 1999. Since then, the statements have come to be regarded as an essential and invaluable retirement planning tool and as SSA's most effective means of informing Americans about the significant value of Social Security.

In 2010, SSA mailed 152 million Social Security Statements to American workers, at a cost to the agency of about \$70 million. Based on this information, we estimate that it costs SSA about \$0.46 to produce and mail each statement. We think this is money well spent. Other than the deduction of Social Security contributions from paychecks, the statements are the workers' only link to the system until they become beneficiaries. Every worker deserves to see where his or her contributions are going.

We are dismayed that the Commissioner of Social Security decided to suspend the production of these statements, even though their production and delivery is clearly and unambiguously required by section 1143(c)(1) and (2) of the Social Security Act. We urge the Administration to call on the Commissioner to restore this vital service. We have also contacted Commissioner Astrue and Members of Congress regarding our concerns.

The Social Security statement is one of the many enduring legacies left to the nation by one of its most distinguished lawmakers, Sen. Daniel Patrick Moynihan of New York. He regarded the statement as a simple and efficient way of building public support and understanding for Social Security. Not surprisingly, Sen. Moynihan's common sense amendment has done exactly that. According to the bi-partisan Social Security Advisory Board, "SSA's public survey data has shown a link between increasing public confidence and receipt of a statement. People who receive a statement not only experience higher knowledge of Social Security than non-recipients,

but also exhibit...greater confidence that the program still will be there for them when they need it.”¹

The statement also raises workers’ awareness of the need for retirement planning by focusing their attention on their future retirement income. It brings clarity to an often confusing and perplexing subject by providing a starting point: the individual’s estimated Social Security benefit. From there, they can determine how much more they need to save for the future. Because the statements reach people early in their work life, they perform an invaluable service.

Another important function of the Social Security Statement is to assure the accuracy of the wage records maintained by SSA for each worker. In the words of the statement itself, workers are encouraged to “Review this chart [showing reported wages] carefully, using your own records to make sure our information is correct and that we’ve recorded each year you worked. You’re the only person who can look at the earnings chart and know whether it is complete and correct. If our records are wrong, you may not receive the benefits to which you are entitled”.²

We are especially concerned about losing this function of the statement. Without receiving an annual update, most workers will not know whether their wages or self-employment earnings have been reported and recorded accurately by SSA. The annual statement has assured that if errors are made in the reporting of wages, they are quickly discovered and corrected while the required evidence is still readily at hand. If the statements are suspended, workers may find out about errors only after memories have faded and evidence has disappeared, resulting in lower benefits and diminished confidence in the system.

Commissioner Astrue justified his decision to suspend the distribution of statements as a way to conserve funds, presumably so that they could be spent on other pressing SSA initiatives. We are sympathetic to the dilemma the Commissioner faces in trying to address his agency’s many priorities, especially given the very substantial reduction in the level of funding provided to SSA by Congress for FY 2011.

In fact, LCAO has always advocated strongly on behalf of SSA’s administrative budget, and will continue to do so in the future. The reason is that we believe all Americans should receive the best possible service from SSA. Cutting SSA’s administrative funds yields no advantage in terms of debt reduction. It only yields reduced service to the public and reduced support for Social Security.

The Social Security Annual Earnings Statement plays a critical role in building and strengthening public confidence in Social Security. It provides workers with the only meaningful pre-retirement information that they ever receive about the program and the benefit amount they can expect when they retire. It does all of these things, and does them well, for little more than the cost of postage.

¹ Social Security Advisory Board, “The Social Security Statement and How it can be Improved, August 2009, page 16.

² Ibid, page 31.

For all these reasons, and because the annual statement is so important to nearly every American that it is required by law, we believe that the service should be reinstated. We ask that you join us in urging Commissioner Astrue to resume the production and delivery of Social Security Statements as quickly as possible. Thank you.

Sincerely,

AFL-CIO
AFSCME Retirees
Alliance for Retired Americans
Alzheimer's Foundation of America
American Federation of Teachers
American Society on Aging
APWU Retirees Department
Association for Gerontology and Human Development in Historically Black Colleges and
Universities (AGHDHBCU)
Association of BellTel Retirees, Inc.
Center for Medicare Advocacy
Gray Panthers
National Academy of Elder Law Attorneys
National Asian Pacific Center on Aging
National Association for Hispanic Elderly
National Association of Area Agencies on Aging
National Association of Nutrition and Aging Services Providers
National Association of Professional Geriatric Care Managers
National Association of Social Workers
National Caucus and Center on Black Aged, Inc.
National Committee to Preserve Social Security and Medicare
National Hispanic Council on Aging
OWL – The Voice of Midlife and Older Women
Service Employees International Union
Services and Advocacy for Gay, Lesbian, Bisexual and Transgender Elders
Wider Opportunities for Women
Women's Institute for a Secure Retirement