

RETIREMENT SECURITY

One of the many downsides of the shrinking middle class is that fewer employers today offer defined-benefit pensions for their employees – and among those that do, many offer “defined-contribution” (like 401Ks) rather than traditional “defined-benefit” pension plans.

That’s why Social Security is essential for millions of retirees. Nearly two-thirds of retirees count on Social Security for at least half of their retirement income. For more than three in 10 retirees, Social Security is at least 90 percent of their income. It is a safety net that keeps retirees out of poverty.

Of course, it is every individual’s responsibility to determine what he or she will need to retire, and to plan accordingly. Figuring out how much Social Security will provide, knowing whether you have another form of income, and calculating expenses are all in the mix when it comes to pinpointing a retirement date.

For decades, workers achieved retirement security because their retirement income flowed from a combination of employer-provided pensions, Social Security and personal savings. But the recession has exposed the severe deficiencies in our retirement system.

For millions of Americans, retirement seems an unreachable goal. Rather than looking forward to well-deserved economic security in old age, many working people now fear retirement. Half of working Americans have no retirement plan at all at work. Most of those who have a retirement plan are in 401k savings accounts where the median balances are less than \$30,000.

Taking into account all sources of income, it is estimated that the gap between what working Americans need to maintain their standard of living in retirement and what they actually have is \$6.6 trillion. Most of the 76 million baby boomers will face retirement with fewer assets than previous generations had, and many will be forced to keep working in their retirement years to stay out of poverty.

If we were to start from scratch and build a new retirement security supplement, ideally we would want one that has shared responsibility of employers, employees and the government; portable lifetime benefits that are paid out only at retirement; pooled assets; professional management; efficient and transparent administration; and effective oversight. But we already have such a program. It is called Social Security.

While Social Security is an obvious solution to the crisis, its current benefit levels are too modest. Social Security's income replacement rate is one of the lowest of all the industrialized countries. To compensate for the decline of traditional pensions and the loss of retirement savings, Social Security retirement benefits must be increased across the board, which would be especially meaningful for low-income seniors. In addition, Social Security COLAs need to take into account the higher health care costs faced by seniors. Finally, too many employers look for ways around making their contributions to Social Security through labeling their workers as independent contractors.

The MTD has repeatedly stated our opposition to any reduction of benefits, such as an increase in the retirement age or a decrease in cost-of-living adjustments, regardless of who proposes them. The reason why the debate in Washington, D.C., has gone so far in the wrong direction is that the enemies of Social Security have spent enormous amounts of money spreading misinformation about the program. The truth is that Social Security is not in crisis. It can pay all scheduled benefits through the year 2036 and three-quarters of all scheduled benefits thereafter. But there is one simple way of making sure Social Security remains viable and funded. As AFL-CIO constituency group Alliance for Retired Americans has proposed, Congress could pass legislation raising the cap on earnings subject to the Social Security tax.

If Social Security were a pension plan, it would be in the "green zone"—the healthy zone—under the Pension Protection Act. Social Security does not contribute one dime to the deficit, it is legally prohibited from borrowing or going into debt and it is not a significant driver of long-term fiscal imbalances.

NOW, THEREFORE BE IT RESOLVED that the Maritime Trades Department, AFL-CIO, its affiliates and Port Maritime Councils firmly believe we must change the terms of debate by focusing on the crisis of retirement security, because this is a debate in which benefit cuts have no place. The people who want to cut benefits should have to explain how they propose to solve this problem, and,

BE IT FURTHER RESOLVED that the MTD, its affiliates and Port Maritime Councils stand with the vast majority of Americans, who believe Social Security is more important than ever and that its benefits should be increased. Social Security is the solution, not the problem.