



FACT SHEET: Oppose Defunding Social Security

Prepared by the Office of Congressman John Larson
Chair, Ways & Means Social Security Subcommittee

Trump's Plan

- The memo instructs the Secretary of the Treasury to defer collection of more than \$100 billion in dedicated revenue that funds Social Security. The deferral would apply for four months, from September through December of 2020, for contributions by workers making under \$104,000 a year.
- President Trump has made it clear he wants to make this change permanent, eliminating Social Security's dedicated funding and jeopardizing the hard-earned benefits of millions of Americans.
- This is a blatant attempt to **defund Social Security**.

FICA – Federal Insurance Contribution Act

- FICA payments are contributions workers make in each paycheck (and employers match) in return for **guaranteed Social Security benefits — retirement benefits, disability insurance, and life insurance** – all backed by the full faith and credit of the U.S. government.
- Ending this dedicated funding stream would sever the fundamental compact of Social Security as an earned benefit, and starve the Trust Fund of revenue.
- 99% of Social Security's costs are paid out in benefits to the 65 million beneficiaries. Less than 1% of the revenue goes to administrative costs.
- Those benefits equal more than \$1 trillion annually going into the pockets of 65 million Americans, and in turn supporting \$1.6 trillion in stimulus to the U.S. economy.

We can't afford to defund Social Security

- Social Security is the nation's most successful program.
- No one gets rich off Social Security. The average benefit is \$1,400 per month.¹
- If Congress does not act, beneficiaries will face a 20% cut in benefits after 2035.
- President Trump's plan to defund Social Security will only further accelerate this impending cut to benefits.
- In contrast, 200+ House Democrats have cosponsored the Social Security 2100 Act (HR 860), which would make Social Security fully solvent through this century while enhancing benefits for those who need them the most.

A payroll tax cut is a poor way to get relief to Americans in need.

- It would disproportionately benefit high-earners who are less likely to spend the money.
- It does nothing for those who are currently unemployed and most in need of relief.

¹ https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/index.html?average-benefit#table2