

## SOCIAL SECURITY AND MEDICARE PROGRAMS SLIDE CLOSER TO INSOLVENCY AS FUNDS NEAR EXHAUSTION



The Social Security Trustees Annual Report released on Monday did not carry encouraging news. On the contrary it showed that old age and disability trust funds together, will be unable to pay the full benefits in 2033. Congressman Jim Sensenbrenner in a statement said, "Today's reports are another reminder that Medicare and Social Security are in trouble. These programs are a lifeline for our nation's seniors and most vulnerable. But if we sit back and do nothing, they won't be there for our children and grandchildren." The funds march towards insolvency, the report says, is owing to Trust's prediction of lower wage growth and higher unemployment and an increased cost of living. Last year's report had predicted that this stage in the funds would come in 2036. However, assumed indicators have, brought it forward to 2033. Medicare, which is expected to provide health insurance to more than 50 million elderly and disabled Americans this year, is predicted to exhaust its funds in 2024, according to the annual assessment by the trustees charged with overseeing the programs. Last year too, the fund had predicted the same year. However, to assume that the money will be totally exhausted would be rather alarmist, as Social Security Commissioner pointed out during a meeting with the Press, "Exhaustion is an actuarial term of art and does not mean there will be no money left to pay any benefits. Come 2033, if Congress does nothing, there will be sufficient assets to pay 75 percent of the benefits." This, in layman's language translates to the fact that the existing taxes are enough to pay 75 percent of the assured benefits. For it be 100 percent the employer-employee tax rate would have to be raised in 2033 from the current 12.4 percent to 16.7 percent. However, if the taxes were raised now to 15.1 percent, it would fully fund Social Security for the next 75 years. The question is, do these figures mean that that the 25 percent shortfall would mean the elderly and the disabled taking a 25 percent cut. That does not look probable, as lawmakers are very wary of cutting social security for the country's elderly and the retired. Public Trustee Charles Blauhous stated that politicians lack the stomach to cut social security and said that a solution would be found, "the sooner the politicians act in a way the public believes is fair." Secretary Timothy F. Geithner, the senior trustee, told reporters Monday, "We must take steps to keep these programs whole for the future." He said, that he was opposed to the Republicans plans to partially privatize Medicare. "We will not support proposals that sow the seeds of their destruction in the name of reform, or that shift the cost of health care to seniors in order to sustain tax cuts for the most fortunate Americans." Sen. Orrin G. Hatch of Utah, echoed similar sentiments saying, "Leaving Medicare and Social Security on auto pilot and allowing them to continue to grow beyond their means is no longer an option," said Sen. Orrin G. Hatch of Utah, the senior Republican on the Senate Finance Committee.

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