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**Committees**

**Energy and Commerce  
 Committee**

Energy and Air Quality  
 Subcommittee

Telecommunications and  
 the Internet Subcommittee

**International Relations  
 Committee**

Middle East and Central  
 Asia Subcommittee

Europe and Emerging  
 Threats Subcommittee



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Dear Neighbor:

Wherever I go in our Congressional District, I am asked about my position on the privatization of Social Security. I am firmly opposed to the privatization proposals because they will hurt, not help, our nation's seniors.

While I am committed to working in a bi-partisan fashion to strengthen the Social Security Trust Fund, I cannot support proposals that will increase the deficit, cut benefits, or create a two-tiered system that treats current retirees differently from younger workers.

Privatization of the Social Security system could jeopardize the only source of income for many seniors. Investment of "privatized Social Security" funds in stocks and bonds would expose the funds to market risks and provide poor, if any, protection against a downturn in the economy.

Privatization could easily make the problem worse, draining trillions from the Trust Fund; greatly increasing the federal deficit and leading to substantial cuts in Social Security benefits for everyone.

**Social Security Taxes Must be Spent Only on Social Security**

We constantly hear about privatization plans. In reality, every one of these plans will cut Social Security's guaranteed benefits.

All of the proposed privatization plans require at least \$2 trillion (that's not million or billion, but trillion) in "transition costs." This \$2 trillion is "up front" and would have to be borrowed, and taxes would pay the cost of borrowing these funds.

**To protect and improve Social Security, we must return the government to a path of fiscal responsibility.**

What is often overlooked is that Social Security will be fully solvent for thirty to forty more years, and even after that, it will pay at least 75 percent of benefits.

The Social Security Trust Fund holds the contributions of millions of American workers. They contribute so that all American workers can have some retirement security. **Congress should no longer be allowed to spend Social Security taxes on anything but Social Security benefits.**

## **A Risky Rate of Return or a Guaranteed Benefit Without Risk**

We have all heard the media “sound bite” argument that if Social Security were privatized, everyone could earn higher returns.

The fact is that the stock market is a risky business. Billions have been lost in recent stock market plunges such as the one in 2001.

As reported in the Business Section of *The New York Times*, the Employee Benefit Research Institute study\* of 401(k) plans from 1992 to 2002 showed the dangers.

The study stated that of the 401(k) plans of people making under \$40,000, 10.2% lost everything and 24.9% had a more than 50% decline. Even people earning over \$250,000 a year had problems. 13.8% lost everything or had a more than 50% decline.

Those who can least afford to lose their savings are the ones who face the most danger from risk.

**Social Security is a guaranteed benefit.** It is “riskless.” They want to substitute a “risky” rate of return for the guaranteed benefit we have now.

People who have paid into Social Security all their lives have had, and must continue to have, the knowledge of knowing that they will receive their benefits. A guaranteed benefit has a real value. It is the value of security.

**I believe that Social Security benefits must not be jeopardized by stock market ups and downs. It must be protected from inflation, can never be depleted by living a long life (which can easily happen in privatization) and is there giving security to people, as it has for over seventy years.**

Social Security is one of America’s great success stories. It has helped millions of Americans live with dignity and security after they retire and it has helped millions more who receive survivor, disabled and dependent benefits.

**It must be protected, preserved and improved. That is what I will be working for in Congress.**

Please send your comments and opinions on Social Security and the proposed privatization plans to any of my three District Offices or to my Congressional Office in Washington, DC. I look forward to hearing from you.

Sincerely,



Eliot L. Engel  
Member of Congress

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**E-MAIL UPDATES:** You can receive special e-mail issue updates from Congressman Eliot Engel. All you have to do is go to Congressman Engel’s website at [www.house.gov/engel](http://www.house.gov/engel) and click on “Sign up for Eliot’s E-mail Updates” and complete the form. You can also contact any of Congressman Engel’s offices and request to receive the e-mail updates.