

**Opening Statement of Senator Herb Kohl**  
**Special Committee on Aging Hearing**  
**Social Security: Keeping the Promise in the 21st Century**  
**June 17, 2009**

Good afternoon, and thank you all for attending our hearing today on Social Security. The last time the Senate took a close look at the program, we were responding to the former administration's plan to privatize the program with investment accounts. Four years later, I think we are all thankful that effort was rebuffed, and Social Security was not exposed to a stock market that has devastated the retirement savings of so many over the past year.

The impact of the financial downturn provides a stark contrast to the dependability of Social Security, and it is also the reason that the program's guaranteed, inflation-protected benefits are more vital to Americans now than ever. More than just a retirement program, Social Security is a collective insurance policy, protecting us all from the possibility that we die young and leave a family behind, become disabled and unable to work, or even live into a ripe old age and beyond our savings.

Because we all pay into the program, the cost of this insurance is relatively low given the significant monetary benefits individuals receive in exchange. For example, the survivor benefit is equivalent to a \$433,000 life insurance policy, and the disability benefit is equivalent to a \$414,000 disability insurance policy for a young family. Consider this: if a couple wanted to buy the same income protection they would receive from Social Security retirement benefits, they would have to pay over half a million dollars to buy an inflation-indexed annuity in the private market.

However, as crucial as the program is today, the fact is that it was designed in another era. In 1935, when Franklin Roosevelt signed the Social Security Act into law, women mostly worked in the home and did not generate their own earnings, so the program was designed to provide benefits for spouses and widows. Today, women make up nearly half the workforce, earning their own benefits and contributing to the strength of our economy. Also, people didn't live as long back then. The average life expectancy was 62. Today, someone who retires at age 65 can expect to live to the age of 83.

As Social Security nears its 75<sup>th</sup> anniversary, it is time to take a fresh look at the retirement program to ensure that it will be just as strong in another 75 years. The changes and shifts that have taken place in our society should be mirrored in the type of benefits Social Security provides, and in the way we raise revenue. Today we will place a particular focus on making sure that the most vulnerable in our society are not left behind as we examine ways to strengthen benefits.

When Social Security began in 1935, 50 percent of seniors lived in poverty. Today, that number is below ten percent. While the program has been incredibly successful at reducing poverty among the elderly as a whole, poverty still remains high for some groups including those aged 85 and over, older single and widowed women, and

minorities. Nearly one-quarter of elderly African-Americans and more than one-sixth of elderly Hispanics live in poverty.

As we begin the discussion about making changes to the program, we must keep in mind that Social Security benefits are not very generous. While Social Security makes a critical difference in the lives of millions of American elderly, disabled, and survivors, the average retirement benefit is only \$1,153 a month. Yet despite these modest payments, Social Security is still a vital lifeline. For 40 percent of older Americans, Social Security provides nearly all of their income.

We all know that health care reform is the number one priority of the administration and of my colleagues here in the Senate. But with an urgent need to contain the federal deficit, there is no doubt that sometime soon all eyes will turn to Social Security. When that time comes, this committee wants to be prepared to act as a repository of ideas for reform proposals. As our witnesses will confirm today, Social Security can be strengthened, benefits for those who need them most can be increased, and long-term solvency can be ensured with just a few, small common-sense changes.

I would like to thank today's witnesses for their participation. We look forward to your testimony. I will now turn it over to Ranking Member Martinez for his opening statement.