

The 60 Plus Association

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Kill the Death Tax. Protect Social Security. Energy Security.

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Rep. Roger Zion (R-IN, 1967-75)
Honorary Chairman

Pat Boone
National Spokesman

March 30, 2011

Re: Subcommittees on Health and Oversight Hearing on AARP's Organizational Structure and Finances

Dear Chairman Herger and Chairman Boustany:

Senior citizens will rejoice over your joint subcommittee hearing regarding the AARP and its money-making operation that now grosses over \$1 billion dollars annually!

I speak from experience, having attended a 1995 hearing by then-Senator Alan Simpson (R-WY), and a similar House subcommittee hearing chaired by Representative David McIntosh (R-IN) where I testified along with Senator Simpson. The House hearing focused on halting the granting of billions of tax dollars to the AARP and dozens of its allies.

In fact, the *Wall Street Journal*, in a June 1995 editorial, referred to a '\$39 billion dollar dirty little secret' under the headline Welfare for Lobbyists, pointing out that for years dozens of groups have been funded by the taxpayer. We believed it was wrong then and we believe it is still wrong, using taxpayers' hard-earned money to promote agendas that the public may disagree with.

Unfortunately, however, if the past is prologue, your hearing, which I strongly applaud, will put a spotlight on the AARP for only a day or two. Then, with so many issues confronting you as national legislators, your focus will regrettably shift to other world events.

AARP MEMBERS FLOCKING TO 60 PLUS

However, I submit for the record some of my organization's differences with the AARP. As a matter of fact, I founded 60 Plus in 1992 to counter the big-government tilt of the AARP, to bring some balance to their leftward stance. Now in our 19th year, we have had an effect, as we see more and more seniors turning away from the AARP.

For example, in 2009 as the health care reform debate captured the nation's attention and seniors became increasingly upset with the AARP, we at the 60 Plus Association added 150 temporary telephone operators to handle the crush of callers who 1) were leaving AARP, and 2) were seeking town hall meeting information. Yes, we've also received tens of thousands of emails as seniors turn more & more to this method of communicating!

As 60 Plus spoke out in 2009 and 2010 against Obamacare, hundreds of thousands of disgruntled AARPites who feel betrayed left the AARP. Many of them have transferred to the 60 Plus Association. While AARP has publicly back-pedaled on its position of backing Obamacare, the reality is, AARP was clearly in bed with the Obama Administration.

AARP Two-Step

AARP was for Obamacare before being against it. At 60 Plus we call that the “AARP two-step.” One step forward before they’re called on the carpet, then two steps back as they deny.

60 Plus, unlike some others, is not a Johnny-come-lately to the exposure of AARP’s liberal big government policy.

In 1995 I testified, along with Senator Simpson, before a House panel about the AARP’s taxpayer-subsidized enterprise. Senator Simpson had held his own hearing earlier.

Also in 1995, since a picture can be worth a thousand words, 60 Plus produced a bumper sticker that reads, AARP: Association Against Retired Persons. AARP profits substantially by commission from a variety of money making ventures, **while also receiving hundreds of millions of taxpayer dollars over the years,** and promoting the agenda and programs of big government and high taxes which hurt, not help, seniors. **(60 Plus, because of the demand, printed the 2009 version of our 1995 bumper sticker).**

The AARP was founded with great promise for retirees. In 1947, Ethel Percy Andrus, a principal, established the National Retired Teachers Association (NRTA) and, in a unique partnership with insurance executive Leonard Davis, formed AARP in 1958. Davis provided insurance policies for NRTA members, and made a personal (though highly controversial) fortune for himself in the process.

Charles R. Morris, examining the history of AARP in his book *AARP: America’s Most Powerful Lobby and the Clash of Generations* (New York: Random House/ Time- Life Books, 1996), revealed that, for much of its existence, AARP was under the control of Davis thus **“operating as a sales network to hawk very high-priced insurance and a host of other Davis-created products to old people.”** (p. 10) A source of controversy, Davis abandoned his contacts with AARP in the early 1980s.

Clearly, Ms. Andrus was well-intentioned in wanting to provide much needed, low-cost insurance to retiring teachers, and clearly her original philosophy that the AARP would seek no federal largesse is to be admired and applauded.

But somewhere down the line, probably after her tenure, the lure of the almighty dollar proved too much and AARP was under a microscope in the 1970’s and 1980’s when Mr. Davis was sent packing to Florida, with much of his, according to press reports, ‘\$160 million fortune intact.’

But the full extent of the powerful empire built by AARP did not come to light until hearings by Senator Simpson and Congressman McIntosh. The 1995 investigation of the finances of AARP provided a major bombshell.

The organization is a tax-exempt group which collects taxpayer funds, about \$86 million one year alone, from direct grants for such programs as tax counseling for the elderly to providing jobs for seniors under the “Senior Environmental Employment Program.” Simpson rightfully raised the question over the use of a nonprofit status for a group which makes millions selling its members medicine, insurance, and other products.

Those hearings shined the light on an organization which claims to represent senior citizens but in reality represents big government, helped by taxpayer subsidies.

AARP is a huge money-making machine of Fortune 500 proportions. The Internal Revenue even looked into the AARP non-profit status and after some “negotiations” the AARP agreed to pay \$135 million ‘in lieu of taxes’ on its money-making ventures conducted between 1985-1993. An additional payment of

\$15 million was made in 1994. In the latter year, AARP paid the U.S. Postal Service \$2.8 million to settle a \$5 million fine on accusations that it improperly used its non-profit mailing privilege. The great irony is that these payments were made to the IRS and the U.S. Postal Service at the same time the group was receiving hundreds of millions of dollars from the taxpayers over those years.

Loss Leader Item

AARP can operate on a low membership annual dues of around \$15 per member because of the profits it gets from its other activities and its taxpayer funding. In fact, the \$15 is called a ‘loss leader item’ in the business world. It gets you in the door at a nominal amount, but profits are amassed with the products it sells you. The Wall Street Journal summed it up well in the title of its editorial (June 23, 1995) about the AARP and other groups who thrive on taxpayer funds such as the old National Council of Senior Citizens and The National Council on Aging: “Welfare for Lobbyists.” The NCSC (now the ARA—Association of Retired Americans) is led by former union officials and for years was so far to the left it endorsed no Republicans, not even Senator Arlen Specter (R-PA) who had actively campaigned for union support.

AARP has been consistent in its efforts to promote more federal spending and bigger government. They were active promoters of the Medicare Catastrophic Coverage Act (1988) which became law; and when seniors found out the outrageous bill they were paying for this new government bonanza, their protests became so strong that Congress took the unheard of action toward a seniors program: it repealed it the next year (1989). AARP found seniors picketing their headquarters with “Down with AARP!” signs because of the organization’s support for it. (Opposition was so strong that one can still recall pictures of one of the architects of this bill, then Chairman of the House Ways and Means Committee Dan Rostenkowski, fleeing senior citizens in his solid Chicago Democratic district who chased after him in protest after a meeting in August of 1989!)

As a result of its political stance, the AARP has been losing members who protest their liberal slant but they continue an aggressive campaign of recruiting new members (even lowering the eligibility age for membership to age 50). Still the 33 million members of AARP represents real political clout, a leverage used to promote big government, encourage more government spending, and opposing all efforts to reduce government spending, all to the detriment not only of seniors living on fixed incomes but for all taxpayers.

AARP Tilts Left

The irony is that most AARP members in the 50 states have only a vague notion of AARP’s political agenda which tilts decidedly to the left and most AARPites join for the aggressively hawked benefits. **It’s hard to resist a sales pitch that touts AARP’s buying power based on 33 million members**, until these hearings focused on the fact that not only did AARP not beat competitive insurance plans but made a tidy profit, of millions on all the products they offer their members as ‘the lowest available price’ thanks to an apparent purchasing power due its massive membership. Lots of cutting up of AARP cards ensued!

For example, according to the 2009 figures, AARP made nearly \$250 million from dues but also over \$650 million in monies it received from lending its name to private insurers. This \$900 million or so is the bulk of well over \$1.2 billion dollars AARP had in operating revenues in 2009. AARP stands to benefit immensely in selling Medigap policies if and when Medicare Advantage is eliminated. I predict more AARP cards will be cut up as word gets out about these obscene profits as reflected in these 2009 figures.

AARP has a number of state groups or affiliates assisting them in their mission. In the Simpsons hearings it was brought out that then-Executive Director Horace Deets received a salary of \$292,000 (more than the pay of members of the President's Cabinet and Members of Congress!) plus \$46,000 in a benefits package while 19 other AARP executives received over \$100,000 each in 1995.

Are all seniors groups out for big government and taxpayer funds? Not so.

The 60 Plus Association stands for free enterprise, less government and less taxes for seniors and neither takes nor seeks federal grant money. We have been called by one source "an increasingly influential lobbying group for the elderly...often viewed as the conservative alternative to the American Association of Retired Persons (AARP)."

Taxpayers – and especially senior citizens — must realize that the AARP does not represent the best interest of people but serves as a mouthpiece for those forces pushing for expanded government. Nonprofit organizations with their own political agenda of liberalism which receive federal funds should not be subsidized by taxpayers for lobbying. President Thomas Jefferson said it so well: "to compel a man to furnish funds for the propagation of ideas he disbelieves and abhors, is sinful and tyrannical." It is time an aroused electorate put a stop to this abuse.

Sincerely,



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The 60 Plus Association is a 19-year-old nonpartisan organization working for death tax repeal, saving Social Security, affordable prescription drugs, lowering energy costs and other issues featuring a less government, less taxes approach as well as a strict adherence to the Constitution. 60 Plus calls on support from over 7 million activists. 60 Plus publishes a newsletter, SENIOR VOICE, and a Scorecard, bestowing awards on lawmakers of both parties who vote "pro-senior." 60 Plus has been called, "an increasingly influential senior citizen's group" and since 1992 "the conservative alternative to the AARP."