

**Testimony of Robert Roach, Jr.
President, Alliance for Retired Americans**

**House Ways and Means Social Security Subcommittee Hearing
Friday, July 17, 2020
Chairman John Larson
Ranking Member Tom Reed (NY)**

Good afternoon. I am Robert Roach, President of the Alliance for Retired Americans.

Thank you, Mr. Chairman and Ranking Member Reed, for the opportunity to represent the Alliance for Retired Americans and our 4.4 million members as the nation deals with the very serious coronavirus pandemic.

We appreciate that this Committee has kept a spotlight on the needs of seniors and all those who depend on Social Security.

We know that the COVID-19 pandemic is wreaking havoc on our health. But the economic crisis it has caused is also taking an especially high toll on older Americans, and the repercussions will be felt for years to come.

Right now it's important to remember that Social Security benefits are helping to keep our economy afloat. Seniors spend their benefits on housing, on food, on medicine, and that puts \$1 trillion into our economy every year. That spending on essential items doesn't stop even during a pandemic.

Older Americans are also a critical part of the workforce. Nearly a quarter of retail employees are 55 or older and seven percent are over

65. Some have lost their jobs to the coronavirus recession or are still on the job risking their health.

One of the answers to this crisis is Social Security expansion. We needed it before the pandemic, and we especially need it now.

If the wealthiest Americans contribute the same percentage of their income into the system as everyone else, we can increase benefits for current and future retirees and strengthen the system's solvency. That money will help seniors make ends meet -- and strengthen the economy.

Notch Issue

The pandemic has also created a new, serious Social Security issue for one particular group of older Americans -- those who turn 60 in 2020.

Without Congressional action, everyone who was born in 1960 will receive 5.9% lower Social Security benefits when they retire than people born in 1959. This has been called a "notch" problem.

Most Americans know that their individual benefit amount reflects their earnings history. But millions have no idea that their benefits are affected by national economic indicators, including the aggregate figure for total wages in a given year. Since aggregate wages typically rise every year this is usually not a major issue. But the number of jobs lost in the coronavirus recession means these people will pay a steep price down the road.

The notch will have a harmful and permanent effect on these people regardless of whether they worked, lost their job, or didn't work at all this year. That's simply not fair.

We applaud Chairman Larson for recognizing this serious issue and introducing legislation that addresses it. We have no time to wait.

I would like to reiterate the words of Ranking Member Reed to me that he is committed to ensuring that Social Security is here today, here tomorrow and here for generations to come.

Racial and Gender Disparities Make the Crisis Worse

All seniors, people with disabilities, and people from impoverished communities that are predominantly Black and Hispanic have been hit especially hard by COVID-19. They tend to earn less, work in essential jobs and are more likely to have the underlying health conditions that increase the risk from the virus.

Women are also at an increased risk from the virus because one in three jobs held by women is now designated as essential, putting them in harm's way.

The sad reality is that the very people who are most susceptible to the coronavirus are on the front lines in essential jobs. No one should have to choose between their income or their health but they have to. And their choices not only affect their income today, but will reduce their future Social Security benefits.

That is because when a person's wages decrease, their Social Security benefits later will be lower. Expanding Social Security and increasing benefits for all will help address this problem.

We also need to think about people with disabilities. Scientists and doctors don't know whether people who contract COVID-19 will suffer long-term health problems that could leave them unable to work.

Today Social Security provides benefits to 8.5 million American disabled workers. The typical benefit received by a disabled worker beneficiary in the United States is just over \$12,000. That may not sound like a lot, but those funds are essential.

Strengthening and expanding Social Security will mean that all beneficiaries can continue to rely on the benefits they have earned over a lifetime of work. It is good policy and an important part of recovering from the pandemic.

Conclusion

According to the National Institute for Retirement Security, four in 10 seniors rely solely on Social Security for their income and that number is expected to rise over the next decade.

We owe it to current and future retirees to strengthen retirement security -- that means fixing the notch, and expanding benefits for current and future retirees.

Thank you.