

## **PRESS RELEASE**

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### **New Report Calls for Social Security Modernization Efforts to Focus on the Needs of a “Majority-Minority” Population**

*Long-term solvency can be achieved while strengthening benefits for most vulnerable*

**WASHINGTON, D.C.** – As the United States transitions to a “majority-minority” population over the next three decades, Social Security must be modernized to meet the needs of an increasingly diverse and economically insecure workforce, according to a report released today by the Commission to Modernize Social Security, made up of national policy experts representing African American, Asian American, Latino and Native American communities.

Although Social Security does not contribute to the federal deficit, Social Security benefit cuts are at the center of discussions in Congress to reduce the federal debt. The report – *Plan for a New Future: The Impact of Social Security Reform on People of Color* – argues that changes to the program must consider the impact on workers and families of color who are more vulnerable to economic instability and far less likely to have generational wealth than white families. The report cites U.S. Census Bureau data showing that a majority of babies born in this country are now from minority racial groups. If this trend continues, the overall U.S. population is expected to become “majority-minority” by 2042. To read the complete report [click here](#):

“Any changes to Social Security will significantly impact future generations, and the American population will be much different ethnically and racially than it is today. It’s crucial that policymakers consider how people of color use Social Security and how it can be modernized to meet the needs of our increasingly diverse society,” said Commission member Maya Rockeymoore, president and CEO of Global Policy Solutions. “People of color are more economically vulnerable and depend on Social Security benefits to meet basic needs when they or family members face death, disability, or old age.”

*Plan for a New Future* reveals stark differences in how Social Security is used by whites and people of color. While the vast majority of whites (74%) depend on Social Security for the program’s retirement benefits, almost half (45%) of all African-American beneficiaries and a majority (58%) of “other” racial and ethnic groups rely on its survivor and disability benefits. According to the report, the greater reliance on survivor and disability benefits reflects socioeconomic factors, such as lower educational attainment and higher rates of poverty, disability, sickness, and – for African Americans and Native Americans – death. These usage patterns reflect the effects of occupational segregation, with people of color more often working in physically challenging jobs that are more likely to lead to temporary or permanent disability, as well as early death.

“Two-thirds of Latino workers are employed by companies that do not offer any type of retirement savings plan. Thus, Latinos tend to depend more on Social Security as their sole source of income in old age,” said Commission member Leticia Miranda, associate director of economic and employment policy for the National Council of La Raza. “For many families Social Security is critical to staying out of poverty.”

For instance, the report argues that for Latinos and Asians, who have longer life expectancies than whites or other minority groups, the annual cost of living adjustment (COLA) is an especially important feature because it maintains the purchasing power of Social Security benefits for those who are very long-lived. On the other hand, Social Security’s early retirement feature is vital to shorter-lived African Americans and Native Americans since it allows them to retire at 62.

# More #

“The decisions made today about the future of Social Security will profoundly affect the next generation’s ability to survive and thrive,” said Commission member Meizhu Lui, director emeritus for the Insight Center for Community Economic Development. “Rather than using a cuts-only approach to achieve solvency, Congress should identify Social Security reforms that make the program sustainable and that will improve it to meet the needs of those who rely on it most.”

The report lays out a plan for increasing revenue, in part by urging Congress to "Scrap the Cap" on Social Security payroll contributions (currently capped at \$106,800 for high wage earners) and making the benefit formula less generous for high earners. This option alone would eliminate most of Social Security's long-term revenue shortfall.

*Plan for a New Future* also recommends improving benefits for future recipients by:

- Updating the Special Minimum Benefit to 125% of poverty to strengthen benefits for those who have spent their adult lives in low-paying jobs and who are unlikely to have private pensions or other savings to fall back on.
- Reinstating the student benefit to support students (until the age of 22) attending college or vocational school.
- Increasing benefits for low-income widowed spouses.
- Providing dependent care benefits to help those who serve as unpaid caregivers for children.

Other options identified by the Commission for reaching solvency include adding all new state and local workers to the program; slowly raising Social Security’s payroll tax by 1/40th of one percent over 20 years; and treating all salary reduction plans like 401(k)s so that workers would need to pay Social Security and Medicare taxes on contributions to flexible spending and retirement accounts.

Note to Los Angeles, CA-based media: AltaMed will sponsor a town hall forum in Los Angeles on October 19th, which will feature findings from the report. The town hall is the fourth in a series being held across the country as part of the “[Latinos and Social Security, ¡Tu Futuro Cuenta!](#)” campaign. In addition to AltaMed, the event will also be sponsored by the National Council of La Raza, Global Policy Solutions and the Insight Center for Community Economic Development.

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*The Commission to Modernize Social Security was formed in March 2011 by the Insight Center for Community Economic Development and Global Policy Solutions to identify proposals to extend Social Security’s long-term solvency while modernizing the program to meet the needs of an increasingly diverse society. The Commission is comprised of individuals from the following organizations: Center for Economic and Policy Research, Demos, Economic Policy Institute, Global Policy Solutions, Harvard University Department of Government, Insight Center for Community Economic Development, Institute for Women’s Policy Research, International Association for Indigenous Aging, Joint Center for Political and Economic Studies, Latinos for a Secure Retirement, National Asian Pacific Center on Aging, National Caucus and Center on Black Aged, Inc., National Council of La Raza, National Council of Negro Women, National Urban League Policy Institute, Southeast Asia Resource Action Center, The Aspen Institute, and University of Wisconsin Milwaukee.*