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BARACK OBAMA: HELPING AMERICA'S SENIORS

"The people in power today are telling us that instead of sharing the risks of the new economy, we should shoulder them on our own. In the end, this is what the debate over Social Security is truly about. After a lifetime of hard work and contribution to this country, do we tell our seniors that they're on their own, or that we're here for them to provide a basic standard of living? Is the dignity of life in their latter years their problem, or one we all share?"

[Speech at National Press Club, 4/26/05]

BARACK OBAMA'S RECORD OF FIGHTING TO HELP OUR SENIORS

As someone who was largely raised by his grandparents, Barack Obama has first-hand knowledge that for many seniors, turning 65 does not ensure an end to a lifetime of work. For more and more of today's seniors, "retirement" is a balancing act of medical costs, threatened pensions, part-time jobs, and extended families. Obama's plan will protect retirement security, strengthen seniors' health care coverage, provide an economic safety net for low-income seniors, and treat them with a respect that dignifies their many contributions to our country.

SOCIAL SECURITY

Barack Obama recognizes that Social Security is indispensable to workers and seniors, and it is probably the most important and most successful programs that our country has ever made. Obama is committed to making sure Social Security is solvent and viable for the American people, now and in the future.

Tens of millions of seniors and their families have been lifted out of poverty because of Social Security, and two-thirds of beneficiaries depend on Social Security for more than half of their income. Although the underlying Social Security system remains strong, the projected long-term cash flow of the program needs to be addressed, particularly as the baby boom generation begins to retire. This is a real but manageable problem. In fact, extending the Bush tax cuts will cost three times as much as what is needed to fix the Social Security's solvency over the next 75 years. But the longer we wait to solve the problem, the bigger it grows.

Barack Obama is committed to ensuring the long-term financial security of Social Security. Obama will be honest with the American people about the solvency of Social Security and the ways we can fix the problem. Obama will make it a top priority of his administration to protect Social Security benefits for current and future beneficiaries alike. And he does not believe it is necessary or fair to hardworking seniors to raise the retirement age.

Barack Obama will only advocate reforms that truly strengthen Social Security. That's why he'll continue his long record of opposing the privatization of Social Security, which has dominated the debate in Washington for too long. Privatization tears the fabric of Social Security – the idea of mutual responsibility – by subjecting a secure retirement to the whims of the market, and that is not an acceptable way to strengthen this program.

Barack Obama believes that the first place to look to strengthen Social Security is the payroll tax system. Obama believes that one strong option is increasing the maximum amount of earnings covered by Social Security by lifting the payroll tax cap on only earnings above \$250,000.

RETIREMENT SECURITY

Barack Obama will protect and strengthen Social Security, protect private-sector pensions that seniors have worked for their whole lives, and promote private savings. Obama also will safeguard from discrimination those who choose to work past the age of 65, and urge younger workers to save more.

Reform Corporate Bankruptcy Laws to Protect Workers and Retirees: Workers risk losing everything when their company goes bankrupt. Too many employees have worked hard, played by the rules and contributed to private pensions only to find themselves left in the lurch when their companies went bankrupt. Current bankruptcy laws are designed to protect banks before workers by helping companies get capital to get back on their feet, but in so doing it has made it easier for bankrupt companies to shed pension and health care obligations to retired workers.

Barack Obama has supported efforts to force firms to put more money into their pension funds and make them solvent so workers aren't left with a bunch of worthless IOU's after thirty years of service. As president, Obama will:

- Put promises to workers higher on the list of debts that companies cannot shed.
- Ensure that the bankruptcy courts do not allow companies to demand more sacrifice from workers than from executives when companies fall on hard times.
- Protect the jobs and benefits of workers and retirees when corporations file for bankruptcy by telling companies that they cannot issue bonuses for executives during bankruptcy while their workers watch their pensions disappear.
- Increase the amount of unpaid wages and benefits workers can claim in bankruptcy court against their employer.
- Limit the circumstances under which retiree benefits can be reduced.

Require Full Disclosure of Company Pension Investments: Barack Obama believes we must ensure private companies properly fund their pension plans so taxpayers do not end up footing the bill. However, even when companies fund their pensions, many do not disclose their investments with the employee's pension dollars. This lack of transparency can make it easier for fund managers to make imprudent or even fraudulent investment decisions. Obama will ensure that all employees who have company pensions receive annual disclosures about their pension fund's investments, including full details about which projects have been invested in, the performance of those investments and appropriate details about probable future investments strategies. This measure will provide employees and retirees important resources to make their pension fund more secure.

Eliminate Income Taxes for Seniors Making Less Than \$50,000. Since the New Deal we've had a basic understanding in America: If you work hard and pay into the system, you've earned the right to a secure retirement. But too many seniors aren't getting that security, even though they've held up their end of the bargain. Lower and middle income seniors are struggling as their expenses on health and energy skyrocket while their incomes do not keep pace. This strain has been greater since 1993, when taxes on social security benefits were raised. Millions of seniors saw their net benefits go down.

Seniors also had to take on the added strain – and sometimes cost – of filing a complicated tax return. And after going through all of these complicated calculations, many seniors find that they owe little or no tax, meaning that all of the hassle was for naught.

Barack Obama will eliminate all income taxation of seniors making less than \$50,000 per year. This will provide an immediate tax cut averaging \$1,400 to 7 million seniors and relieve millions from the burden of

filing tax returns. For millions of seniors, this will eliminate the need to hire a tax preparer, resulting in even larger savings.

Create Automatic Workplace Pensions: Currently, 75 million working Americans – roughly half the workforce – lack employer-based retirement plans. Even when workers are given the option of joining employer-based plans, many do not take up the option because it requires considerable work to research plans and investment portfolios, and enroll in the plan. Barack Obama's retirement security plan will automatically enroll workers in a workplace pension plan. Under his plan, employers who do not currently offer a retirement plan, will be required to enroll their employees in a direct-deposit IRA account that is compatible to existing direct-deposit payroll systems. Employees may opt-out by signing a written waiver. Even after enrollment, employees will retain the right to change their savings levels, reallocate investment portfolios or end contributions to the account. Obama's plan will give options to the self-employed and new small businesses to access new easy-to-enroll savings plans and direct the IRS to deposit tax refunds into those savings plans for people who choose to save some of their refunds. Under the Obama plan when employees change jobs, their savings will be automatically rolled over into the new employer's system to ensure continued savings. Experts estimate that this program will increase the savings participation rate for low and middle-income workers from its current 15 percent level to around 80 percent.

Expand Retirement Savings Incentives for Working Families: Barack Obama will ensure savings incentives are fair to all workers by creating a generous savings match for low and middle-income Americans. Obama will expand the existing Savers Credit to match 50 percent of the first \$1,000 of savings for families that earn under \$75,000, and he will make the tax credit refundable. To help ensure that this proposal actually strengthens retirement investments, the savings match will be automatically deposited into designated personal accounts by using the account information listed on IRS tax filings. Coupled with the automatic workplace pension plan, this proposal will stimulate tens of millions of new Americans to invest for retirement. Over 80 percent of the savings incentives will go to new savers, and 75 percent of people eligible for the incentives who are expected to participate in the new program do not currently save.

Protect the Social Security Benefits of Public Employees and their Families: Barack Obama cosponsored the Social Security Fairness Act, which would repeal the Windfall Elimination Provision and the Government Pension Offset. The first provision cuts the Social Security benefits of some public employees, while the second cuts the benefits of the spouse or widow of some public employees. These provisions hurt teachers, police officers, firefighters, and other public employees. Barack Obama believes that we have a responsibility to take care of workers who have devoted their lives to public service and that we shouldn't be discouraging our young people from working in these essential jobs.

Prevent Age Discrimination: More than 38 million men and women age 50 and older are in the labor force. More than 33 percent of men and 23 percent of women ages 65 to 69 decide to continue working rather than fully retiring. But some employers refuse to hire older workers, push them to retire, or limit their training opportunities and job responsibilities. Barack Obama supports efforts to fight job discrimination for aging employees. He supports strengthening the Age Discrimination in Employment Act and giving the Equal Employment Opportunity Commission the resources to prevent all forms of job discrimination.

Provide a Living Wage: Barack Obama believes that people who work full time should not live in poverty and should have the ability to save for retirement. However, for workers making the minimum wage, saving for the future is often out of reach. Before the Democrats took back Congress, the minimum wage had not changed in 10 years. Even though the minimum wage will rise to \$7.25 an hour by 2009, the minimum wage's real purchasing power will still be below what it was in 1968. As president, Obama would further raise the minimum wage, index it to inflation and increase the EITC to make sure that full-time workers can earn a living wage that allows them to raise their families out of poverty and pay for basic needs such as food, transportation, and housing – things so many people take for granted.

HEALTH CARE

Health costs continue to rise dramatically with no sign of stopping. Seniors spend exorbitant amounts for their health care, are at risk of being defrauded by bad insurance companies, and are threatened by Medicare insolvency. Barack Obama's plan will reverse this trend by cutting costs, protecting seniors from fraud, and preserving Medicare for future generations.

Provide Cheaper Prescription Drugs: Our seniors pay the highest prices in the world for brand-name drugs. Americans spent \$200 billion on prescription drugs in 2005, nearly five times the \$40.3 billion spent in 1990. A third of seniors pay \$100 or more out of pocket every month on prescription drugs. To help lower the cost of pharmaceuticals, Barack Obama believes that the federal government should negotiate for lower drug prices for seniors in the Medicare program, just as it does to obtain lower prices for our veterans. He also supports efforts to allow seniors to import prescription drugs from Canada.

Fix Medicare's Prescription Drug Program: Barack Obama wants to close the "doughnut hole" in the Medicare Part D Prescription Drug Program that limits benefits for seniors with more than \$2,250 but less than \$5,100 in annual drug costs. Approximately 4 million seniors hit the doughnut hole in 2006, paying full price for drugs while also paying drug plan premiums.

Provide Easy-to-Understand Comparisons of the Medicare Prescription Drug Plans: Since the creation of the Medicare Prescription Drug Benefit, seniors have been deluged with massive amounts of information about the various plans, but have received little guidance about which plans actually suit their unique needs. As a result, a significant number of seniors are enrolled in plans that are actually more expensive for them than other available Medicare prescription drug plans. A recent study of recipients in Wisconsin found that individuals could save on average \$500 if they switched from their current Part D plan to other plans that provided coverage better suited for their needs.

Barack Obama will ensure seniors are provided with information about the best prescription drug plans for them every year. An Obama administration will require companies to send Medicare Part D beneficiaries a complete list of the drugs the individual used the past year as well as the pertinent fees paid the previous year. Companies will also be required to provide seniors with online versions of this information, so that they can use it at a third-party comparison shopping site, similar to Priceline.com. Providing this information will help individuals determine which Medicare prescription drug plans can help them reduce their out-of-pocket costs and improve their health.

Stop Long-Term Care Insurance Fraud: 70 percent of seniors will require long-term care at some point in their lives. Since 2002, Americans have bought nearly 9 million long-term care insurance products which help elderly Americans cover the costs of care in their homes, assisted living facilities, and nursing homes. Recent investigations have revealed that several long-term care insurers engage in troubling practices which make it difficult for seniors to receive their insurance benefits in times of need. According to a *New York Times* investigation, in California nearly one-in-every-four long-term care claims was denied in 2005. Barack Obama has called for an investigation by the Government Accountability Office to determine whether long-term care insurers are arbitrarily denying benefits to seniors; whether insurers are enticing individuals to buy policies by offering low premiums, and then sharply increasing premiums; and whether insurers are failing to offer inflation adjustments, resulting in a significant erosion of purchasing power in later years.

Strengthen Long-Term Care Options: While progress has been made, the long-term care system is heavily biased towards institutional care—even though most people would rather remain at home—and the quality of care is often poor. Moreover, nursing home and home care are very expensive, and Medicare coverage for both is limited, making catastrophic expenses routine. As president, Barack Obama will work to give seniors choices about their care, consistent with their needs, and not biased towards institutional care. He will honor and

support the family members who take care of their elders. He will work to reform the financing of long term care to protect seniors and families from impoverishment or debt. He will work to improve the quality of elder care, including by giving our long-term care and geriatric workforce the respect and support they deserve, training more nurses and health care workers in geriatrics, and researching and training health care professionals to better understand and manage pain.

Protect and Strengthen Medicare: Some 42 million Americans are served by Medicare. Ensuring the long-term solvency of the Medicare trust fund may be our toughest fiscal challenge, but Barack Obama is committed to the long-term strength of the Medicare program. Ultimately we need to reduce waste in the Medicare system and tackle fundamental health care reform across the economy, which includes strategic investments in chronic disease management, electronic medical records and expanded research in disease prevention. We need to improve the quality and efficiency of our healthcare system and put a greater emphasis on prevention.

Increase Access and Lower Health Costs: Barack Obama is committed to signing universal health legislation by the end of his first term in office that ensures all Americans have high-quality, affordable health care coverage. This plan will directly provide health insurance coverage to Americans who are nearing the retirement age but want to retire early or find themselves unemployed or changing jobs prior to being eligible for Medicaid. The Obama plan will save a typical American family up to \$2,500 every year on medical expenditures by providing affordable, comprehensive and portable health coverage for every American; modernizing the U.S. health care system to contain spiraling health care costs and improve the quality of patient care; and promoting prevention and strengthening public health to prevent disease and protect against natural and man-made disasters. The Obama plan will also invest in expanding access to high-quality health care options, including strengthening the health care workforce, for seniors and rural communities.

LOW-INCOME SENIORS

Protect Housing Assistance: Barack Obama has supported greater funding for nonprofit programs that provide affordable housing to senior citizens. Across the country, there are more than 300,000 such housing units that enable seniors to live with dignity and independence. Obama has also worked with Senator Debbie Stabenow (D-MI) to increase funding for housing for grandparents who are raising their grandchildren.

Ensure Heating Assistance: Barack Obama has been a strong supporter of increased funding for the Low Income Home Energy Assistance Program which helps low-income citizens —many of them seniors —pay their winter heating and summer cooling bills. Some 5.8 million households received energy assistance in 2006, and the program has proved especially critical to seniors, who are more vulnerable to hypothermia and heat stroke.

Ensure Food Assistance: Approximately one-in-five low-income seniors is at risk of going hungry during the year. For that reason, Obama will continue to fight to protect food support programs, such as the Commodity Supplemental Food Program, that sustain vulnerable families, children, and seniors.

Protect and Strengthen Medicaid: Medicaid helps 6 million seniors with their health care costs. Barack Obama supports efforts to ensure that this program remains solvent. He believes that the federal government should support state-level reform efforts to constrain Medicaid costs such as negotiating for low drug prices, implementing disease management and quality initiatives, and offering greater support for community-based, long-term care services. Obama would also reverse cuts in benefits or changes in eligibility that prevent low-income patients from seeking care until their medical problems have gotten worse and more expensive to treat.

OTHER ISSUES

Support Senior Volunteer Efforts: Barack Obama is a strong supporter of expanding public service opportunities for all Americans. Retired Americans in particular have a wide range of skills and knowledge to contribute to local and national public service efforts. Barack Obama will engage more interested seniors into

public service opportunities by expanding the Senior Corps program, which connects individuals over the age of 55 to local volunteer opportunities, and work to provide additional security, including assistance with retirement and family-related costs, to seniors who participate in public service.

Protect Seniors During Emergencies: In the aftermath of Hurricane Katrina, Barack Obama introduced legislation to prevent another tragedy in which the poor and elderly are left behind during a natural disaster or terrorist attack. His legislation, which was included in the port security law signed by President Bush in 2006, requires states and localities to have emergency evacuation plans in place that take into account the special needs of senior citizens.

Protect Aging Veterans: As a member of the Senate Committee on Veterans' Affairs, Barack Obama has worked to ensure that our aging veterans are able to receive their disability benefits and the health care that they deserve. He has worked with Senator Dick Durbin (D-IL) to require the Department of Veterans Affairs (VA) to provide veterans in six states, including Illinois, with notification of their rights to appeal any benefit decisions. As a result of these appeals, many veterans are starting to see larger benefit checks. As president, Barack Obama will fully fund the VA, fix the Veterans Benefits Administration, and reduce the claims backlog. Obama will also immediately reverse the unfair ban on healthcare enrollment of certain groups of veterans, including "Priority 8" veterans who often earn modest incomes, and establish a national "zero tolerance" policy to prevent veterans from falling into homelessness.

Protect Seniors from Consumer Fraud: Barack Obama will fight against consumer fraud – a dangerous threat that undermines the financial security of too many seniors today. In the U.S. Senate, Obama has been active on this issue and has written to the Federal Trade Commission (FTC) to ensure that it is adequately protecting seniors from telemarketing schemes. As president, Obama will build on these efforts by taking the threat of consumer fraud seriously, enacting laws to crack down on credit card and mortgage fraud and empowering Americans to identify and report fraudulent activity.

Expand Paid Sick Days: Half of all private sector workers have no paid sick days and the problem is worse for employees in low-paying jobs, where less than a quarter receive any paid sick days. Barack Obama will require that employers provide seven paid sick days per year.

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