

Press Release

JULY 6, 2005

**SCHAKOWSKY-REQUESTED REPORT SHOWS DEVASTATING EFFECT OF PRESIDENT'S SOCIAL SECURITY PLAN ON 9<sup>TH</sup> DISTRICT RESIDENTS**

**72% OF 9<sup>TH</sup> DISTRICT RESIDENTS WOULD FACE BENEFIT CUTS UNDER PRESIDENT'S PLAN**

**CHICAGO, IL -- U.S. Representative Jan Schakowsky (IL-09) today released a report prepared by the House Committee on Government Reform Democratic staff detailing how President Bush's plan to change the Social Security benefit formula would affect the residents of the Ninth Congressional District. President Bush has endorsed significant benefit cuts in his Social Security proposal, under which benefits would no longer be fully indexed to wages.**

**According to the report, 72% of 9<sup>th</sup> Congressional District residents would face benefit cuts, with younger workers under the age of 35 facing the most severe losses - an average annual cut of \$6,130 in guaranteed benefits.**

**In response to this report, Representative Schakowsky said, "President Bush's plan to dismantle Social Security not only gambles workers' wages, it slashes their benefits. In the 9th District alone, workers who are currently paying into Social Security would lose \$18.6 billion in benefits during their lifetimes. If the President's plan succeeds, Social Security would cease to be a guaranteed protection for retirees, disabled workers, and surviving spouses and children. The President is putting the future of Social Security in doubt and my constituents' financial futures in jeopardy. This report makes clear the enormous costs of his dangerous proposal for individuals and families in our community."**

**Here is an excerpt from the report:**

**. The President's plan would cut benefits for over 210,000 wage earners in Rep.**

**Schakowsky's district. There are 298,000 wage earners in the district who are**

**currently contributing to Social Security. The President's plan would cut benefits**

**for 72% - or more than 214,000 - of these employees.**

**. The President's plan would result in significant benefit cuts for individual**

**wage earners in Rep. Schakowsky's district. For wage earners between the ages**

**of 35 and 55, the average benefit cut would be \$2,520 per year. For younger wage**

**earners, the average benefit cut would be \$6,130 per year. Over 62,000 wage**

**earners in the district would face benefit cuts of over 20%.**

**. The President's plan would cut total benefits by over \$18 billion for current wage earners in Rep. Schakowsky's district. Over their lifetimes, wage earners in the district who are currently contributing to Social Security would lose \$18.6 billion in benefits under the President's plan. More than 74% of this cut will come from middle-class workers who earn between \$30,000 and \$90,000 annually.**

**. The President's plan could also cut benefits for widows and surviving children in Rep. Schakowsky's district. Social Security benefits for surviving spouses and children are tied to the benefits earned by the deceased wage earner.**

**Because the President has yet to explain how the benefit cuts he is proposing for wage earners will affect surviving spouses and children, no precise estimate of the impacts of his proposal on surviving spouses and children is possible. But the**

**number of survivors likely to be affected is large.**

**The report also showed that middle class and younger wage earners would be disproportionately affected by the President's plan. The majority of benefit cuts - over 74% -- would come from middle class wage earners (workers who earn between \$30,000 and \$90,000 a year.) Since the President would no longer index Social Security benefits based on the wage rate, younger workers would lose thousands of more dollars a year than older workers. It has been projected that by 2075, some wage earners would receive 51% less than they would under current law.**

**Representative Schakowsky represents the 9th Congressional District of Illinois, encompassing Chicago's North Side, Evanston, Skokie, Des Plaines, Niles, Lincolnwood, Park Ridge, Morton Grove, and parts of Wilmette and Glenview.**