

## Comparing the U.S. Senate Candidates on Retirement Issues

Wisconsin and the nation is facing a retirement security crisis. Many people will have inadequate income for a secure retirement. Over 400,000 seniors in Wisconsin will be living in poverty by 2030. As a result, Wisconsin will need to spend an additional \$3.5 billion on public assistance programs.

Why is this happening? There are many reasons. Low pay jobs don't allow saving for retirement. One million people have no retirement program at work. Individual savings plans, like 401Ks and IRAs, don't work well for many people. They have high management fees, involve stock market risk and require considerable, consistent investment. People need better retirement options that produce secure, adequate retirement income for everyone.

These problems are not self-correcting and won't be fixed by free market "solutions." Government must act to address the retirement crisis.

POWRS is a volunteer group of retired public employees and teachers. Since 2011 we have been working to protect Wisconsin's public employee retirement program from political interference (the Wisconsin Retirement System or WRS). We also advocate for creating a similar secure, well run program for all workers, small business owners, and self employed people. We advocate for protecting Social Security and Medicare. Both these program are *earned benefits* that have raised many seniors out of poverty and should be insulated from politics.

This spring POWRS surveyed the U.S. Senate primary candidates on retirement, Social Security and Medicare issues. Lt. Governor Mandela Barnes responded to our survey but Sen. Ron Johnson did not. However Sen. Johnson has a public record on Social Security and Medicare that reflects his positions.

To better inform voters POWRS offers the following factual information and analysis on the positions of both candidates. POWRS makes no endorsement of either candidate.

### Mandela Barnes' positions

Lt Gov. Barnes' responses to the POWRS survey indicated he understands the issues and is willing to seek solutions to the problems. Here are some of his specific policy recommendations:

- Expand options for self-employed, freelance, "gig" workers and for employees of small businesses to access retirement programs.
- Facilitate federal or state-based individual retirement accounts with automatic enrollment to create better savings option for everyone.
- Raise the minimum wage to \$15 an hour so that workers will have more money to save.
- Change IRS regulations to simplify and improve IRA, 401K and similar defined contribution, individual savings programs to encourage more employee participation and allow employees to contribute to an individual account.
- Make it easier for workers join a union so they can better bargain for retirement

benefits and security.

- Support legislation that ensures the stability and solvency of existing Multi-employer Pension programs.
- Support Social Security and oppose efforts to privatize or “sunset” Social Security and Medicare.
- Support legislation to fix Social Security's financial and demographic problems while avoiding benefit cuts by ending the contribution cap for high income participants.
- Control Medicare costs by ending the ban on Medicare negotiating drug prices with pharmaceutical companies.
- Add vision, hearing and dental service coverage to the Medicare.
- Schools should include in financial education curriculum instruction on retirement issues.

Lt. Gov Barnes lists protecting Social Security and Medicare as one of 17 “Priorities” on his campaign web site. Go to <https://mandelabarnes.com/priorities> to learn more.

### **Ron Johnson's positions**

Sen. Johnson did not respond to the POWRS survey. His campaign website offers some insights about Sen. Johnson's views on Social Security and Medicare. Mostly it presents his views on the financial difficulties of these programs (see <https://wisfacts.com/get-the-facts-social-security-medicare>). The following discussion is also based on his public statements as reported by various news sources.

In the past Sen. Johnson has called Social Security a “ponzi scheme” implying the program is fraudulent. This is not true. Social Security is an insurance program that people pay into with individual and employer matching contributions. Like private insurance, people have paid “premiums” (payroll taxes) during their working life and are “entitled” to receive benefits. Social Security provides stable, guaranteed, non-stock market based retirement income to seniors. But it also supports disabled individuals and children (survivor benefits). The program has never failed to meet these obligations in its 87 year history.

He advocates “privatizing” Social Security by changing the group insurance program to individual private investment accounts. People would invest their Social Security contributions and manage their own retirement. This idea has many problems and risks for most people. Like IRA and 401K accounts, the retirement benefits would not be guaranteed and the individual would bear all the investment risk. There would also be no disability or survivor benefits for dependents.

Johnson has also supported Sen. Rick Scott's (R-Fla.) plan to “sunset” *all* federal programs – including Social Security and Medicare – every five years unless Congress explicitly votes to reauthorize them. This is not workable and would create chaos with many important government responsibilities and programs.

Recently Sen. Johnson has proposed making Social Security payments subject to annual approval by Congress. He wants to move Social Security and Medicare from the *mandatory* federal budget to the annual *discretionary* budget. He says this is necessary to deal with Social Security's budget problems and the federal budget deficit.

Sen. Johnson is correct that Social Security (and Medicare) have actuarial problems. More people are retiring with fewer workers contributing, so the Social Security Trust Fund (currently \$2.9 trillion) is shrinking. This reserve is expected to be exhausted by 2034 if changes are not made to fix the problems. But Congress has known about these problems for decades and has failed to agree on solutions. Involving Social Security in the annual political budget battles will do nothing to solve Social Security's financial problems. But it will create havoc with the administration of the program and the timely payment of benefits.

Sen Johnson's proposal won't help solve the federal deficit either. Social Security has been self-supporting and even helps fund the federal deficit by investing in Treasury bonds. Social Security has never contributed to the federal deficit.

Retirement programs require long term commitment and investment. They require consistent administration over decades. They can not be effectively managed or funded with annual political interference. Recipients depend on this monthly income. Authorizing Social Security payments using an annual, political budget process is not a good idea.

Voters have an important choice to make on November 8<sup>th</sup>. Social Security and Medicare have been successful and are the reason many seniors and disabled people can live decently. There are clear differences between the two Senate candidates. Choose wisely for your own and others future.