

~ SENIORS/ SOCIAL SECURITY/ DISABILITY ~

The average age of Americans is increasing steadily. The portion of our population that is 65 and older is growing more rapidly than the population in general. Presently about 10% of the population of South Dakota is 65 years old or older. Of these about 8% live at or below the poverty line. The federal government does very little to protect people who are vulnerable in our society, but there are two very important programs that provide for the elderly and the disabled. These are Social Security and Medicare. Social Security was developed during the Great Depression in the 1930's when unemployment was about 25% (it is currently 3.7%). Social Security was supposed to be a program to allow older Americans to retire and make room for younger people with families to enter the workforce. These programs are very strongly supported by Americans.

The National Academy of Social Insurance (an non-partisan and non-profit organization of insurance experts) did an extensive poll in 2014. They found that 77% of people agreed that it is critical to keep Social Security even if it means increasing the Social Security taxes pay. This position was supported by 87% of Democrats, 81% of Independents, and 72% of Republicans. 75% of people believe that we should consider raising the benefits paid by Social Security beyond the usual cost of living adjustments each year. Overall 87% of people believe that Social Security should be preserved even if it means raising taxes on wealthier Americans.

The way that Social Security tax works is that 6.2% of your income is paid as tax up to an income of \$147,000 (as of 2022). This “income cap” of Social Security is increased a little each year to reflect inflation. So any income you make over \$147,000 per year is not taxed for Social Security.

One proposed package of Social Security improvements would include

- 1) over 10 years eliminate the “income cap”
- 2) gradually over 20 years raise the Social Security tax rate from 6.2% to 7.2% (for an income of \$50,000 per year this would amount to an additional 50 cents per week)
- 3) raise the minimum benefit so that someone who paid in for 30 years could retire with benefits that are above the poverty line
- 4) increase the annual cost of living adjustment to more accurately reflect the level of inflation experienced by seniors.

If these changes were enacted, the projected shortfall for Social Security would be eliminated while providing funding for the proposed increased benefits. When people were asked about these changes, 71% said they would support this package of improvements. When you hear politicians talk about the need to raise the retirement age for Social Security and use means testing to reduce benefits, they are actually talking about taking away money that you paid into the system. Remember, Social Security is not a handout or “entitlement”; it is money that you and your employer already contributed and which is due to you.

The downside is the poverty level for seniors as the cost of living increase will put some of them over the poverty line, and they would not be able to receive other government programs. The amount that you are eligible to receive from Social Security on retirement varies depending on the age at which you elect to start receiving benefits.

For example, if you were born between 1943 and 1954, you could start receiving benefits at age 62, but your benefits at that age would only be 75% of the maximum amount you could be eligible for. If you want to get the full amount, you would have to wait until age 66 to start receiving benefits. Anyone born from 1960 and later would have to wait until age 67 to get full benefits.

Another limit is based on your earnings after you start receiving benefits. If you take your benefits before full retirement age and continue to work:

- the benefit is reduced by \$1 for every \$2 over \$19,560 until the year you are eligible for full benefits
- during the year you are eligible for full benefits your benefit is reduced by \$1 for every \$3 that you earn over \$51,960.

It is not fair that benefits should be reduced for someone who is earning less than the poverty line.

Seniors and the disabled also have significant concerns with access to healthcare. You should read my discussion of this in the healthcare section of the website. These days healthcare also includes home health services. The provision of home health services keeps people out of more expensive settings like nursing homes and extended care facilities. Of course home health care requires home health care workers such as nurse aides, nurses, physical therapy assistants, occupational therapy assistants and others who provide the day to day care. The non-profit and non-partisan United Health Foundation has found that nationally we have an average of 58 home health workers per 1000 people. In South Dakota we are 49th out of 50 states with only 19 workers per 1000 people. Only Florida has a worse number.

Home health workers perform hard and dangerous work that requires specific medical training and education. Unfortunately their pay is not comparable to their skill, education, and expertise. In South Dakota a home health aide will earn on average \$28,900 per year according to the US Bureau of Labor Statistics of the federal government. This income is only slightly above the poverty line for a family of two adults and two children which is \$27,750 per year. It is not surprising that we are seriously short of home health care workers when people can get a better paying job in a fast food restaurant. We need to make this work an attractive career for young people. We should also increase the financial incentive for family members to take over some of these responsibilities where it is safe to do so.

The agencies that provide these services have to set their salaries based on consideration of how much they get reimbursed for this care. In most cases this reimbursement comes from public funding of programs like Medicaid. In South Dakota the state government has refused the offer of money from the federal government for expansion of Medicaid. This expansion of Medicaid is already paid for by the taxpayers of South Dakota. This money would not cost the state anything extra and would benefit the people, especially seniors and the disabled.

In spite of this offer of help, our South Dakota politicians refuse this money because of partisan politics. The fact is, the average age of our population is getting older and will require home health care services. It is inhumane not to do anything about this. In our system, it falls to the government to shoulder the majority of this responsibility. The cost of this care is too high to expect private funding such as charities to carry the weight, and the cost is too high to expect people of average means to pay out of pocket. Our elected representatives must do the hard work of developing and negotiating solutions without resorting to partisan politics.

In the area of disability, there are unreasonable roadblocks for people to get necessary help. For example, Social Security disability requires employment at a certain income level and for a certain number of calendar quarters (3 month intervals) within the 10 years before disability began before you can be eligible for social security disability benefits (depending on your age). This is calculated currently by awarding you one credit for each \$1510 that you earn. When you reach \$6040 you have 4 credits for the year. Usually you have to get 40 credits and at least 20 of those credits must be within the last 10 years.

You can see that this system is unnecessarily complex and confusing for people and does not adequately address the way that people often become disabled in real life. A large number of disabling medical conditions develop slowly over a period of time (for example, arthritis or many neurological diseases). During this time a person has increasing difficulty working and may have times when their ability to work is interrupted.

When they are working intermittently like this, they are not eligible to be considered for benefits. Over time they eventually become unable to work at all. If at that time, they did not have enough working credits accumulated within the preceding 10 years, then they would be ineligible for disability benefits although they have become unable to work. This is a confusing and complicated system that is often administered unfairly. The current system encourages people to stop working entirely at the soonest opportunity to preserve their eligibility for benefits.

It is up to Congress to change the disability system to make it simpler and more consistent with how illness actually causes disability. One method could be providing graded benefits for

people who are partially disabled from a progressive disease. This would help eliminate any incentive to quit work entirely. There are other changes as well such as not having the present adversarial system of disability determination that encourages people to hire an attorney, and engage in expensive litigation to get the benefits they deserve or are denied because of work credit and spouse's income. If you worked like I did since I was 16, you have paid into these benefits and should be able to rely on it when it's necessary.

~ Preserve and protect the benefits that you paid for with your hard work. Make Social Security and Medicare less complicated and eliminate the unfairness in this system. The program is paid by you. Protect the care and the needs of the elderly and disabled while being fiscally responsible. ~

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