

SOAR Chapter Connection



July-August, 2011

From The Director's Desk

The Budget and the Debt Ceiling

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It is inconceivable that our elected legislators are considering cutting a budget deficit deal that would lower the deficit with trillions in cuts to Social Security, Medicare, and Medicaid — programs that had

previously been off the table.

The deficit negotiations should not and must not be done under the pressure of an imminent financial catastrophe of our nation, if the debt ceiling is not lifted. By insisting that the debt ceiling vote be tied to long-term deficit reduction, is placing the financial health of this country in jeopardy. This strategy is holding the administration hostage in hopes of continuing tax cuts for country-club conservatives, while balancing the budget on the backs of hard working Americans and retirees.

The simple fact of the matter is that there are those in Congress who are willing to tank the economy for their perceived electoral benefit. They are willing to drive our economy into another recession rather than raise taxes on the rich and powerful. If anything, we should be expanding programs like Medicare and Social Security, not cutting them during this time of extreme economic duress.

This is not the time to push through a radical agenda in an attempt to balance our nation's budget. It is time for Congress to quit playing games and raise the Debt Ceiling and not throw our country into economic ruin.

The United States' long-term spending habits must be addressed. But, that is a different matter than the debt ceiling. That is a bigger debate. That must be negotiated by reasonable legislators that have our nation's best interests in mind, not the next election. Any discussion dealing with our deficit must include raising taxes on the richest in our society, not the elimination or reduction of vital programs that keep older Americans out of poverty.

It is time to quit playing politics with our country's economic well-being. It is time to raise the debt ceiling. This will clear the decks and allow a thorough debate on bigger issue of resolving our long term debt.

Call your representatives today! Tell them it is time to quit playing politics with our economic future and to raise the debt ceiling! Remind them, Social Security, Medicare and Medicaid keep millions of older Americans from financial ruin and must be protected!.....*Jim Centner*, Director

Connie's Corner



Anyone watching the news or reading the newspapers about our nation's debt ceiling has heard the term chained CPI. But what does it mean and how does it affect us? The Consumer Price Index (CPI) measures the average change over time in the prices paid by urban consumers for a representative market basket of consumer goods and services. The Bureau of Labor Statistics publishes the measures of price change for population groups on an annual basis.

The proposal to move to a "chained" Consumer Price Index (CPI) for making cost-of-living adjustments (COLAs) to Social Security benefits and indexing income tax will reduce benefits for current and future retirees, while increasing their taxes.

Automatic COLAs for Social Security benefits were enacted in the 1970's, to offset the Social Security beneficiary's additional expenses from one year to the next resulting from inflation.

Replacing the current system with the chained-CPI-U for purposes of calculating the Social Security COLA will reduce benefits for current and future beneficiaries. The chained-CPI-U produces lower estimates of inflation than the current CPI does. The Chief Actuary of the Social Security Administration estimates that this reduced COLA would result in a decrease of about \$130 per year (0.9 percent) in benefits for a typical 65 year-old. By the time a senior reaches 95, the annual benefit cut will be almost \$1400, a 9.2 percent reduction from currently scheduled benefits.

The growing effect of these reductions means that the lop-sided impact will be felt by Social Security's oldest beneficiaries. These are often women who have outlived their other sources of income, and rely on Social Security as their only lifeline to financial stability. Younger beneficiaries, who have sources of income other than Social Security, may find themselves hit from another direction as well - increased taxes.

A recent report, prepared for Congress, states that these increases would fall mainly on lower and middle-income taxpayers. For example, the tax liability for those with incomes between \$10,000 and \$20,000 would increase by 14.5 percent, and 3.5 percent for incomes between \$20,000 and \$30,000, while those with incomes of \$1 million and above would see an increase of only 0.1 percent.

SOAR opposes use of the chained CPI-U for calculating Social Security COLAs. This is a benefit cut for current and future beneficiaries. Any discussion of Social Security should be off the table in debt reduction discussions. Social Security did not cause the nation's debt problems and Social Security beneficiaries, who worked all of their lives and paid into the system, should not be expected to pay for the nation's fiscal mistakes.

There is no question that the nation's debt problem must be addressed, but Social Security beneficiaries should not be asked to bear the burden of solving this problem when Social Security, with its self-financing framework, has not contributed to this situation.

Connie Entekin, SOAR President

“The man who has his millions will want everything he can lay his hands on and then raise his voice against the poor devil who wants ten cents more a day.”

Samuel Gompers

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Elaine Sez:

“Never lose sight of the fact that old age needs so little, but it needs that little so much.”

Margaret Willour

McNeil Report

Grandfather and his grandson were walking in the woods and came to a small pond. The grandfather asked, “Did you hear that frog croak?”

The grandson said he did and asked, “Can you croak?” The grandfather didn't pay any attention until he heard another frog and again asked the grandson if he heard the frog croak. And again, the grandson asked if he could croak.

The grandfather then asked, “Why do you keep asking me if I can croak?” The grandson replied, “Dad told me when you croak, we'll get a lot of money.”

Internet Links

Official SOAR web site:

<http://www.usw.org/resources/soar>

Unofficial SOAR web site:

<http://web.mac.com/soar3/SOAR/welcome.html>

Charlie's Blog:

<http://charlieverill.blogspot.com/>

Google search for The Voice of SOAR Podcast or search for it on iTunes and subscribe

EDITOR NOTES

- **July 30** The SOAR Conference resolutions must be received in the SOAR office in Pittsburgh by this date.
- **August 12-13** SOAR Conference, Las Vegas.
- **August 15-18** USW Convention, Las Vegas.
- **Note that there will be no newsletter mailed out in August**
- Photos on page one, Left to right are:

1. Larry Spitz, deceased SOAR board Emeritus member.
2. Members of the first SOAR Legislative Internship Program.
3. George Banks, deceased SOAR board member from District 1.
4. Marie Malagrecia, first SOAR Director, (retired).

- **The article on pages 5&6 is worth reading, especially for those looking at transferring savings to or investing in an annuity.**

District 11 Obama Visits Alcoa



On June 28, SOAR Members Sandy Gonzalez, Bonnie Carey, and Jerry Porter attended the President Obama Alcoa Press Event where the president addressed about 250 Alcoa workers and local dignitaries. During his speech, the president discussed manufacturing and jobs.

As active retirees, we were fortunate to receive extremely coveted tickets to enter the event. We very proudly wore our USW shirts and reminded people of the role of the Union in producing the quality products made at this facility. We talked to the press about the need to keep producing here in the U.S. We also spoke to the press about the need to strengthen Social Security, but it just wasn't the story of the day. We will keep at them!

Bonnie Carey, President, SOAR chapter 11-4

District 10



When aides to Pennsylvania Congressman Jason Altmire (D,-PA4) looked out their windows, the first thing they saw was the SOAR banner proudly held by members from Aliquippa (formerly home to the largest manufacturing facility in the state) and Pittsburgh. SOAR members joined active steelworkers, machinists, other workers and civic groups rallying at the Congressman's home office demanding he reject the Columbia Free Trade Agreement.

“It's not just about jobs, as important as that is,” USW Local 9305 President Rick Galiano told the rally. “In Columbia they murder trade unionists. Last year, of the 90 trade unionists murdered around the world, 49 were killed in Columbia. Murdered for just trying to improve their lives. That's intolerable. This should not even be on the table! Our Congressman, Jason Altmire, must say no to this agreement.”

SOAR Chapter 20 - 20 president Marion Prajsner said that retirees know the full impact of free trade agreements. Free trade means jobs, not products, shipped overseas, raising unemployment and reducing Social Security and Medicare taxes. “This is about justice,” he said. “Free trade is destroying our communities. We support fair trade laws.”

During the rally, an aide to Congressman Altmire called Pennsylvania USW Rapid Response Coordinator, Bob McAuliffe, aside. McAuliffe stepped up to the bull horn. “We just got word, in writing, that Congressman Altmire will vote against the Columbia Free Trade Agreement,” he said. Cheers were followed by heads nodding in agreement that the voices of voters are sometimes heard and heeded.

The Columbia Free Trade Agreement is just 1 of 3 NAFTA style laws before Congress. Free Trade Agreements with Panama and South Korea are pending.

Denise Edwards, SOAR Board Member

Rethinking Retirement: Focus on Income You Can Count On

After 27 years as a public high school teacher, Harry Sawyer was looking forward to a more relaxed life in retirement. But his monthly pension of \$1,100 a month after taxes and health insurance was less than he and his wife, Liz, needed to cover their regular monthly bills.

Fortunately they had both invested in individual retirement accounts (IRAs). The big question: how to transform their IRA into income that could be counted on, month after month, whether the market was up or down.

As baby boomers keep marching into their 50s, 60s and 70s, this dilemma will become more and more common. For many retirees, the answer will be an income annuity.

An income annuity allows you to convert a sum of money from your savings (the premium) into a lifelong series of steady, guaranteed income each month, depending upon the option you choose.¹ It's a reliable and affordable way to help make sure you will have the income you need to cover living expenses in retirement.

That's why Union Plus is offering union members an Annuity Program with more features and lower costs than similar programs offered through AARP and other sources. Free of agent fees or sales commissions, annuities offered through this program may provide higher monthly income than you may be able to generate on your own. In exchange for these higher payments, an income annuity permanently converts your principal to a guaranteed income stream.

Make a plan for reliable income

During your working years, the emphasis is on growing your retirement savings. Once you retire, your strategy needs to shift to from growing to maintaining. (See <http://retirement.unionplus.org> for recommended steps to take.) But the income has to be sustainable, so you don't outlive your money.

That's where income annuities really shine. You can ensure your savings last for the rest of your life, your and a loved one's life, or a specified number of years. Your income will vary depending on which annuity option you choose.

Four reasons to consider an income annuity:

1. Consistency. The payment is guaranteed, and you can count on being paid every month.
2. Stability. Your income won't depend on the stock market and its ups and downs.
3. Simplicity. You don't have to study financial reports, monitor a portfolio, or buy and sell investments. Look for your monthly deposit into your checking/savings account each month.
4. Control. An American General income annuity purchased through the Union Plus Annuity Program isn't at risk in the market, since it is a fixed annuity product purchased by you². It's like having a retirement paycheck.

How much income can I receive from an income annuity?

Four factors determine your annuity income:

1. *The amount of your premium.* The more money you put into an income annuity, the more monthly income you'll receive.
2. *Current annuity rates.* The higher the rate, the higher your monthly payment will be. This rate is determined when you buy your annuity, based on factors such as the current rates of corporate bonds and long-term Treasuries. Your payment will also include some returned principal, not just interest.
3. *The amount of agent fees and commissions you pay.* The Union Plus Annuity Program eliminates this expense for union members, maximizing your monthly income.
4. *The income option you choose.* You can choose guaranteed payments that continue for the rest of your life, your and a loved one's life or for a specified number of years. You may also choose how often you receive annuity payments -- on a monthly, quarterly, semiannual or annual basis.

Would an income annuity be right for you?

First, estimate the amount of reliable monthly income you need by adding up all your fixed, nondiscretionary monthly expenses, such as mortgage or rent, groceries, insurance, and so on. Then subtract your expected monthly Social Security benefit and pension benefit. Whatever remains is spending that needs to be covered by another source of dependable income.

If you can easily pay your expenses out of savings, you may want to postpone buying an annuity. Just be sure not to wait until your savings are too depleted to generate the steady income you need. In any case, it's highly likely that you shouldn't plan to tie up more than 50 percent of your savings in an annuity. You'll want to reserve the rest for discretionary spending, unexpected needs and growth.

What will you need to maintain your standard of living?

To find out how much income an annuity purchased through the Union Plus Annuity Program might provide, try the online calculator at UnionPlus.org/Annuities or call **1-877-244-1539** and speak with an experienced, non-commissioned annuity specialist. They'll answer your questions and help determine if an income annuity is the best way for you to create sustainable income in retirement.

¹Guarantees are subject to the claims-paying ability of the life insurance company.

²American General Life Companies, www.americangeneral.com, ("American General") is the marketing name for a group of affiliated domestic life insurers.

American General Life Companies insurers offer a full line of life insurance, annuities, accident & health products and worksite benefits to serve the financial and estate planning needs of its customers throughout the United States.

This contract is not insured by the FDIC, the Federal Reserve Board or any similar agency. The contract is not a deposit or other obligation of, nor is it guaranteed or endorsed by, any bank or depository institution.

USW Strongly Opposes Any Cuts to Social Security, Medicare or Medicaid Benefits

(Pittsburgh) --This statement was released by United Steelworkers (USW) International President Leo W. Gerard:



“Quite simply, there is no place for discussion of cuts to Social Security, Medicare and Medicaid during ongoing debt ceiling negotiations. The beneficiaries of these programs -- working Americans, seniors and the poor -- did not create the fiscal dilemma confronting our nation today, and they should not be forced to pay for its resolution.

“What we need is a real solution to the deficit problem and that is rebuilding our economy and creating good jobs. And let’s not forget the real reasons for our fiscal problems: unaffordable tax cuts granted the previous administration; the bailout of Wall Street; and, two lengthy and costly wars. It is unconscionable to address our debt crisis by holding hostage those least able to afford it, while

high-income earners continue to receive unnecessary breaks.”

Why the Issue of Raising the Debt Ceiling is Wrong and Being Used to Attack Social Security and Medicare

By the time you read this the entire matter of raising the United States debt ceiling may be resolved, which I expect it will. But, what is this all about?

It’s actually pretty simple. Through congressional action, a budget for the Federal Government is established authorizing spending. The Government then spends the money through available funds (revenue), and if necessary, borrowing (Treasury Bonds et.). It is estimated that the current ratio is; that we are borrowing 40% of the necessary funds.

The debt ceiling on the other hand is simply authorization by congress to increase the amounts necessary to pay the bills already incurred and agreed to. It’s like you’re taking out a loan for a car or a house, or putting a dinner on your credit card and then debating with your spouse whether it ought to be paid.

We all know what happens when we default (fail to pay) on our bills. Our credit is ruined, we pay more in interest and some bills simply don’t get paid. For the United States that means that the full faith and credit of the Federal Government is at risk and will affect all of us in one way or another.

Yet the conservative right wing tea party Republicans are willing to risk this all in pursuit of their ideological agenda and political attack on President Obama.

What are among the bargaining chips? Demands to cut Social Security, Medicare and Medicaid benefits in one manner or another even though these programs have nothing to do with the current debt or deficit of the Federal Government.

There are better and more honest ways to deal with these budget problems. Let’s get a jobs program. People who are working pay taxes and increase revenue.

We need fair tax policies that don’t favor the wealthiest that are doing better than anyone else and can afford it. Let’s not forget what cause these budget problems to begin with.

Bill Gibbons, PACE Rep



District 12



All of us know, the economy is still not what we need to see. While there are signs of some rebounding, we are not there yet. Unemployment is still stuck between 9 and 10%. We work hard to elect Democrats that write legislation that will give tax breaks to companies that hire American workers and still the economy is at a standstill.

Well, here is the bottom line - you and me and everyone that gets this message can put 200,000 Americans to work if we do just one thing. **Buy American!** If each one of us who is a consumer spent just \$64 more a year on American made goods when we have a choice, this would happen. If a store does not stock American made products - let the store know we want American made goods.

My congratulations to Congresswoman, Nancy Pelosi, for issuing an ultimatum to the White House recently on Social Security and Medicare, saying house democrats will not back a budget deal that cuts these programs. Thank you Nancy, for standing up for those who need help the most.

Here in Southern California, negotiations between the UFCW and Ralphs, Vons and Albertsons, have been almost nonexistent. On April 29, 62,000 workers voted to authorize a strike against these companies, if the union and the supermarkets cannot come to an agreement. The companies claim that for them to be competitive, they must cut benefits and wages. These companies posted a net profit of \$4.5 billion dollars in this last fiscal year.

The CEO's of each of these companies made over \$10 million dollars each. Full time workers at these stores earn \$30,000. Many other unions have already adopted a store and sent delegations to several of the grocery stores here in the South Bay, meeting with the store managers letting them know that if a strike occurs, they will honor a picket line and not cross. I have met with a manager from the store I frequent and also told him that I will not shop at his store if there is a strike. I have also told the grocery workers that we will support them.

We are encouraging all of our SOAR members in Southern California to be a part of this "Adopt a Store Program". For more information on the "Adopt a Store" program or how you can support grocery workers, contact Glen Arnodo at (213) 381-5611 or glenarnodo@sbcglobal.net.

Seven young people will receive \$2,800 to help with their College Education thanks to SOAR Chapter 39-13 in Fontana, California. The Chapter raises money through the year to fund these scholarships.

Bob (Big Red) Rankin, SOAR Board Member

“Show me the country that has no strikes and I’ll show you the country in which there is no liberty”

Samuel Gompers