



EXHIBIT 22
DATE 3-14-05
SB SJ 19

March 14, 2005

Representative Alan Olson, Chairman
Federal Relations, Energy and Telecommunications Committee
State Capitol Building
Helena MT 59601

Support of SJR 16 Urging United States Congress Resist Privatization of Social Security

Mr. Chairman and Members of the Committee, my name is Alex Ward, Associate State Director for AARP Montana. AARP is a non-profit, non-partisan membership organization with more than 143,000 members in Montana.

A top priority of AARP is to protect Social Security and has been for 44 years. We oppose the President's proposal to privatize the most successful program in our nation's history. We strongly support this resolution as a way for leaders in Montana to uphold the promise we have made to future generations.

In late January and early February, AARP conducted a telephone survey, which found that among Montanans 18 and over, 46% initially supported the concept of diverting payroll contributions to fund private accounts. However, only 20% continued to support private accounts if it resulted in lowering Social Security retirement benefits. For example, when learning private accounts could create an additional \$1 trillion in debt to pay current beneficiaries, support reduced to less than 18% of respondents. The more Montanans learn about the consequences of diverting Social Security taxes into private accounts, the less they like the idea.

The evidence here is pretty clear: Montanans of all ages want to strengthen Social Security and ensure its existence for present and future generations, but they do not want to risk creating private accounts that might only take money out of Social Security.

In Montana in December of 2003 (most recent data we have) 163,659 people were paid OASDI benefits. Of them 103,679 were retired workers collecting retirement benefits, 10,552 were spouses of retired workers collecting retirement benefits and 1,614 were children of retired workers collecting retirement benefits. 17,398 widow(er)s and 6,207 Children collecting survivors benefits in Montana in December of 2003. In addition, 18,996 workers, 557 spouses and 4,655 children collected Disability benefits in December of 2003. In December of 2003 there were 117,083 men and women over 65

years of age in Montana. In December of 2003 Retirement benefits totaled \$27,230,628 for retired workers, \$1,214,102 for spouses of retired workers, and \$213,222 for children of retired workers in Montana. Survivors collected \$4,238,983 [widow(er)s] and \$1,151,883 in December of 2003. Disability income included \$5,060,494 for disabled workers, \$33,401 for spouses, and \$398,760 for children in December 2003. Finally, if you exclude Social Security income – 50.8 percent of Montanans over 65 fall below the federal poverty level. When you factor in Social Security that number falls to 7.8 percent. 55,000 Montanans are lifted above the poverty level by Social Security income.

When given the choice, Montanans would strengthen Social Security with as few changes as possible. AARP has proposed some simple steps to reform Social Security and make it stable as the country ages:

- Invest part of the Social Security surplus so that it earns higher returns.
- Raise the cap on amount of wages taxed.
- Making Social Security a truly universal system by including newly hired state and local government workers in Social Security.

These steps won't fill the entire gap, but they are substantial steps toward solving the problem.

We are pleased that the President and Congress has put Social Security on the top of the nation's agenda and are working to ensure that people of all ages has a secure retirement. We feel it is important that the solution is not worse than the problem. Thank you to Senator Carol Williams for bringing this Senate Joint Resolution forward.

Thank you Mr. Chairman and members of the committee for allowing this testimony and I have copies of the Montana Telephone Survey, two AARP brochures and a Montana-specific fact sheet on the issue.

#