



February 14, 2005

Senator Brent Cromley, Chairman
Public Health, Welfare and Safety Committee
State Capitol Building
Helena MT 59601

SENATE PUBLIC HEALTH, WELFARE & SAFETY

EXHIBIT NO. 9

DATE: 2-14-05

BILL NO. SJ 16

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 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.

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.