



**FOR IMMEDIATE RELEASE**  
December 9, 2014

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### **Hatch Statement at Finance Hearing Examining Social Security's Impact on Women**

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a hearing examining Social Security's impact on women:

*Thank you, Chairman Wyden, for holding today's hearing and thank you to our witnesses for joining us today.*

*Much of the structure of the Social Security system was designed long ago, when labor-market and life experiences of women were far different from what they are today and what they will be in the future. I believe that there is room for modernizing Social Security to better address modern family situations, though any such effort must acknowledge that Social Security promises as currently structured are unsustainable.*

*Given the existing structure of benefits, Social Security already faces a gaping \$10.6 trillion financial shortfall over the next 75 years. Given that reality, we have a choice: Either we responsibly work to modernize benefits while also addressing Social Security's financial challenges, or we can kick the can down the road and place the burden on future generations. There are some reform proposals out there, though many of the proposals I've seen would expand benefits here or there using trust fund revenue from higher taxes, all while largely – if not entirely – ignoring the program's financial realities.*

*To provide some context of those realities, the Congressional Budget Office says that, given existing benefit promises, we would have to raise payroll taxes by more than 25 percent to put Social Security in financial balance over the next 75 years.*

*That would clearly mean significant increases in taxes on lower-wage earners as well as the middle class.*

*Or, if you wanted to close the financial gap by raising the earnings cap on Social Security taxes to 90 percent of covered earnings – an approach that many of my Democratic colleagues prefer – you would have to raise the cap from next year's scheduled \$118,500 to around \$242,000.*

*And, even if you did that, you would still have to increase overall payroll taxes on everyone by more than 18 percent.*

*So, no matter how you look at it, if we're going to shore up Social Security solely on the revenue side, middle class workers will be hit with a massive tax hike, even though their real incomes have barely gone up at all in recent years.*

*I do believe that there are ways for us to improve and modernize the Social Security system while also responsibly attending to the finances. We can and should work to provide better protection against old-age poverty, which is disproportionately experienced by women, especially never-married and divorced women.*

*For example, the President's chained-CPI proposal in one of his past budgets, which the Social Security Administration supported, provided such a focus by including protections for vulnerable populations, including Social Security beneficiaries facing old-age poverty.*

*Meanwhile, there are a number of avenues of redistribution within Social Security between singles, two-earner couples, and one-earner couples. For example, a high-income one-earner couple generally gets higher returns from Social Security than a low-income two-earner couple, despite the progressivity of the basic benefit formula. And the incredibly complicated number of possible claiming strategies for Social Security beneficiaries makes it mind-numbingly difficult for recipients to figure out their best benefit claiming and retirement decisions.*

*One of our witnesses today, Professor Slavov, has identified that Social Security benefit claimants could be making retirement decisions costing them large amounts of potential retirement wealth. Many of those affected are women. Those costly choices are fine if made with full understanding of their implications. They are not fine if they are made unwittingly because of unnecessary complexity in the Social Security system.*

*The Social Security Administration tells us that: "Social Security is neutral with respect to gender or race or ethnicity—individuals with identical earnings are treated the same in terms of benefits." That is true in that every worker has equal access to the same benefit-determination formula. However, despite the neutrality in the determination of benefits, outcomes vary significantly across genders, races, and ethnicities.*

*Social Security benefits earned by women are influenced by their labor market experiences which generated the wages that get fed into the benefit-determination formula. Benefits for women also depend on marital status, life spans, and other factors, all of which have been subject to significant changes over time, which has affected how women experience Social Security.*

*Mr. Chairman, I am happy to work with you or with anyone to examine these issues, and work to modernize how Social Security deals with modern family situations.*

*Of course, dealing with these issues – as with all issues relating to Social Security – will require both sides to work together. And, if we're going to get anything done, it will require that the President engage. Unfortunately, to date, the President has been largely silent regarding Social Security, saying only that he does not wish to increase taxes, including payroll taxes, on the middle class.*

*Yet, as I stated earlier, if Social Security reform is going to come only on the revenue side, he likely will not have a choice but to raise taxes on everyone – and raise them significantly – in order to shore up the system.*

*As you can see, Mr. Chairman, we have a lot of work ahead of us when it comes to Social Security. I want to thank you for holding today's hearing.*

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