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January 30, 2008

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I would like to take this opportunity to thank Senate Finance Committee Chairman Max Baucus for including seniors in The Economic Stimulus Act currently under consideration in the Senate. We strongly believe including seniors who are living on their Social Security benefits in this legislation not only will provide a badly needed benefit to a group struggling to keep up with today's ever-increasing costs of living, but it will also help strengthen this bill's ability to stimulate the economy.

It is generally accepted that any stimulus relief must be timely, targeted and temporary. Including seniors in the stimulus package meets all of these criteria. According to the most recent Consumer Expenditure Survey by the Bureau of Labor Statistics, the average household headed by someone over age 65 had just under \$38,000 in pre-tax income in 2006. Of that amount, *92 percent*, or \$35,058, was spent that same year. That spend-out rate is *higher than any other demographic group* with the exception of those under age 25. In fact, households headed by an individual over age 75, who are most likely not to be working and filing income tax returns, *spent 98% of their income* in 2006. In contrast, the average household headed by consumers of any age spent 80 percent of their income that year.

Seniors spend 88 percent of their incomes on the same types of goods and services that are purchased by those under age 65. Not only do these expenses represent a significant portion of the older household's income, they represent a significant percentage of aggregate consumer spending. In 2006, according to the Consumer Expenditure Survey, consumers over age 65 were responsible for 14 percent of all consumer spending.

In total, households headed by someone over age 65 purchased over \$800 billion worth of goods and services in 2006, even though they only earned \$863 billion in income.

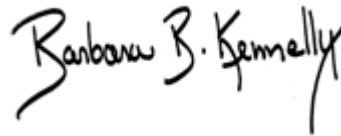
Clearly this is a segment of the economy that must not be forgotten when designing a stimulus measure, yet few seniors would receive assistance from the legislation approved by the House or any of the other traditional methods of relief under discussion. Those who do not file tax returns or have a positive tax liability because they are solely or primarily living on their Social Security benefits would not be included in any form of check delivery that is based on income tax filings. Those over 65 are not eligible for the Earned Income Tax Credit; therefore making a tax "rebate" refundable would not include them either. And millions are not eligible for food stamps, Low-Income Heating Assistance or other low-income assistance programs under consideration for increases.

At the same time, seniors represent a group that should be easily reachable by the government as they receive Social Security checks every month. In fact, their addresses are more likely to be current than taxpayers who typically have contact with the government once a year when they file their tax returns. According to Social Security Commissioner Michael Astrue, checks to seniors could be sent out within 6 weeks of enactment of the legislation. Clearly, including seniors will not slow down the process of providing relief.

Although America's seniors may not be working, they face many of the same economic strains that working families do every day. In fact, they frequently confront increased prices for goods and services with little ability to increase their existing incomes. They are important contributors to economic growth but in past stimulus measures they were largely forgotten. Senator Baucus, with support from Senator John Kerry and others, has changed this outcome by including seniors in the Finance Committee's stimulus bill.

On behalf of America's seniors, we strongly urge you to support The Economic Stimulus Act and provide stimulus checks to millions of seniors.

Cordially,

A handwritten signature in black ink that reads "Barbara B. Kennelly". The signature is written in a cursive, flowing style.

Barbara B. Kennelly
President and CEO