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**SOCIAL SECURITY AND MEDICARE SOLVENCY LITTLE CHANGED;
TRUSTEES SAY MEDICARE PROBLEM “MUCH MORE SEVERE”**

Washington, D.C. – The Social Security and Medicare Trustees released their annual report today showing that the 75-year actuarial shortfalls for Social Security and Medicare remain essentially unchanged from last year. However, Medicare’s financial difficulties are “much more severe” and come much sooner, according to the Trustees.

“Social Security will be able to pay full benefits until at least 2041 and modest changes would shore up the program well beyond that,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the **Joint Economic Committee**. “However, the budget deficit outside of Social Security is growing and Medicare’s problems are much more urgent. Instead of campaigning for private accounts, the President should be focusing on erasing the deficit and reining in health care costs.

“We all recognize Social Security’s long-term fiscal imbalance, but even the President has admitted that private accounts are not the solution to that problem. Diverting payroll tax revenues exacerbates insolvency and accelerates the date when Social Security can no longer pay full benefits.

“President Bush’s proposal to create private accounts within Social Security would add \$5 trillion to our growing federal debt, weaken the solvency of Social Security, and fail to increase national saving. The sooner the President takes private accounts off the table, the sooner we can get to work on a bipartisan plan to strengthen Social Security for the long-term,” said Reed.

Rather than preparing for the retirement of the baby boom generation, the Bush administration has pursued an irresponsible policy of tax cuts for the wealthy that have created crippling budget deficits. If Congress permanently extends all of the Bush tax cuts and enacts corresponding reforms to the Alternative Minimum Tax, the cumulative total will equal 2.0 percent of GDP over a 75-year period – nearly three times the 75-year imbalance of Social Security and almost as much as the imbalance in Social Security and Medicare combined.

Social Security and Medicare Hospital Insurance (HI) surpluses have been used to finance President Bush’s large tax cuts, thus increasing the federal debt and adding to the financial burden that will be passed on to future generations. Under the Bush budget, every dollar of the Social Security and Medicare HI surpluses will be used to meet general government expenditures over the next 10 years. Current interest payments on the debt were \$160 billion in 2004 and will rise to \$383 billion a year by 2015, according to the Congressional Budget Office.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.