

RESOLUTION OF THE CITY COUNCIL

No. 350

Approved July 29, 2005

WHEREAS, The Social Security program was enacted seventy years ago and is considered the most successful program in our nation's history, saving millions of elders from living in poverty; and

WHEREAS, In enacting Social Security the country made a promise to working Americans and retirees regarding their future retirement security; and

WHEREAS, 47 million retirees, surviving spouses and dependents, and persons with disabilities, including 193,000 Rhode Islanders, rely on Social Security with its guarantee of lifetime, inflation adjusted benefits for a large part of their income; and

WHEREAS, Today less than half of the nation's retirees have pension plans and more employers are switching from defined benefit plans to defined contribution plans leaving fewer people with pensions and most individual retirement accounts subject to the risk, volatility and fluctuations of the market; and

WHEREAS, Social Security trustees report that the system can pay all scheduled benefits until 2041, but may need some changes in order to pay full benefits for all generations of Americans – today and tomorrow; and

WHEREAS, The guarantee of economic security provided by Social Security must be strengthened, not replaced; and

WHEREAS, Some recommendations call for the creation of private accounts using Social Security contributions; and

IN CITY COUNCIL
APR 25 2005
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE

Michael R. Clement CLERK

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Resolution

Ann M. Stein
Clerk
7-17-05

Mayor Dante, Councilman Lura and Councilman Segal

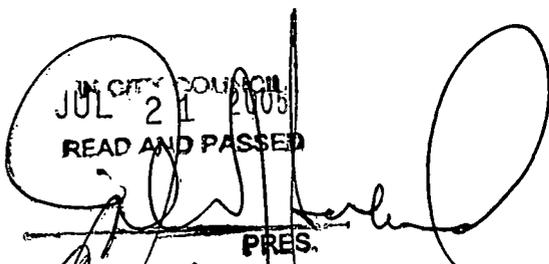
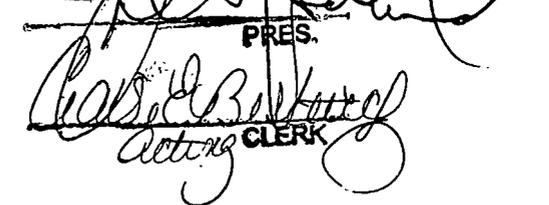
WHEREAS, If some workers divert some of their Social Security payroll contributions to private accounts the government would be forced to cover the difference at an estimated cost of \$1 trillion to \$2 trillion over ten years which could leave the system worse off and lead to significant budget deficits; and

WHEREAS, This is a matter of importance to the welfare of the citizens of the City of Providence as well as the entire State of Rhode Island.

NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council hereby urges the United States Congress to oppose any efforts to create "carve outs" or any system of privatization of Social Security; and

BE IT FURTHER RESOLVED, That the City Clerk is hereby directed to forward a copy of this Resolution, upon approval to members of the Rhode Island Congressional Delegation: Senator Jack Reed, Senator Lincoln D. Chafee, Congressman James R. Langevin, and to Congressman Patrick J. Kennedy.

This Resolution shall take effect upon passage.

IN CITY COUNCIL
JUL 21 2005
READ AND PASSED

PRES.

Acting CLERK

APPROVED

7/29/05

MAYOR

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUCIÓN DEL CONSEJO DE LA CIUDAD DE
PROVIDENCE

No. Fecha

Aprobada.....Alcalde

RESOLUCIÓN AL CONGRESO Oponiendo LA PRIVATIZACIÓN DEL
SEGURO SOCIAL

RESUELTO, que

MIENTRAS QUE, el programa del Seguro Social fue decretado hace setenta años y se considera el programa más acertado de la historia de nuestra nación, el cual evita millones de ancianos vivan en la pobreza; y

MIENTRAS QUE, en decretar el Seguro Social el país hizo una promesa a los americanos y a los jubilados con respecto a su futuro; y

MIENTRAS QUE, 47 millones de jubilados, los esposos y los dependientes que sobreviven, y las personas con inhabilidades, incluyendo 193,000.00 residentes de Rhode Island, confían en el Seguro Social con su garantía de por vida, del ajuste de la inflación hacia sus beneficios para una gran parte de su ingreso; y

MIENTRAS QUE, menos de la mitad de los jubilados de la nación tienen hoy los planes de jubilación y más patrones están cambiando de planes de ventaja definidos a los planes definidos de la contribución que dejan a pocas personas con pensiones y la mayoría de las cuentas de jubilación individual conforme al riesgo, a la volatilidad y a las fluctuaciones del mercado; y

MIENTRAS QUE, los administradores de la Seguridad Social divulgan que el sistema puede pagar todos los beneficios programado hasta el 2041, pero puede necesitar algunos cambios para pagar los beneficios completos de todas las generaciones de americanos - hoy y mañana; y

MIENTRAS QUE, la garantía de la seguridad económica proveída por el Seguro Social debe ser consolidado, no substituido; y

MIENTRAS QUE, algunas recomendaciones llaman para la creación de cuentas privadas usando contribuciones de Seguridad Social; y

MIENTRAS QUE, si algunos trabajadores desvían algunas de sus contribuciones de la nómina de pago de la Seguridad Social a las cuentas privadas, el gobierno sería forzado a cubrir la diferencia en un coste estimado de \$1 trillón a \$2 trillones sobre diez años que podrían dejar el sistema en peor condición y conducir a déficit presupuestarios significativos;

MIENTRAS QUE, ésta es una cuestión de importancia al bienestar de los ciudadanos de la Ciudad de Providence así como el estado entero de Rhode Island.

AHORA, POR LO TANTO, SEA RESUELTO, el consejo de la Ciudad de Providence impulsa por este medio al Congreso de los Estados Unidos a oponer cualquier esfuerzo de crear "escarvas salidas" o cualquier sistema de la privatización de la Seguridad Social;

Ordenan al Servidor de la Ciudad por este medio remitir una copia de esta resolución al Senador Reed, al Senador Chafee, al Representante Langevin, al Representante Kennedy y al Congreso de los Estados Unidos.

Esta resolución tomará efecto una vez introducida.

PATROCINADO POR:

Segal, Aponte + Zunig
1 2

THE CITY OF PROVIDENCE

RESOLUTION OF THE CITY COUNCIL

**RESOLUTION TO CONGRESS OPPOSING SOCIAL SECURITY
PRIVATIZATION**

RESOLVED, that

WHEREAS, The Social Security program was enacted seventy years ago and is considered the most successful program in our nation's history, saving millions of elders from living in poverty; and

WHEREAS, In enacting Social Security the country made a promise to working Americans and retirees regarding their future retirement security; and

WHEREAS, 47 million retirees, surviving spouses and dependents, and persons with disabilities, including 193,000 Rhode Islanders, rely on Social Security with its guarantee of lifetime, inflation adjusted benefits for a large part of their income; and

WHEREAS, Today less than half of the nation's retirees have pension plans and more employers are switching from defined benefit plans to defined contribution plans leaving fewer people with pensions and most individual retirement accounts subject to the risk, volatility and fluctuations of the market; and

WHEREAS, Social Security trustees report that the system can pay all scheduled benefits until 2041, but may need some changes in order to pay full benefits for all generations of Americans - today and tomorrow; and

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WHEREAS, Some recommendations call for the creation of private accounts using Social Security contributions; and

WHEREAS, If some workers divert some of their Social Security payroll contributions to private accounts the government would be forced to cover the difference at an estimated cost of \$1 trillion to \$2 trillion over ten years which could leave the system worse off and lead to significant budget deficits;

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efforts to create "carve outs" or any system of privatization of Social Security;

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This Resolution shall take effect upon passage.

SPONSORED BY:
Councilman Miguel Luna

JACK REED
RHODE ISLAND
COMMITTEES
ARMED SERVICES
BANKING
HEALTH AND EDUCATION
JOINT ECONOMIC COMMITTEE

United States Senate

WASHINGTON, DC 20510-3903

September 13, 2005

Mr. Michael Clement
Department of City Clerk
Providence City Hall
Providence, RI 02903

Dear Mr. Clement:

Thank you for contacting me regarding the President's plan to privatize Social Security. I appreciate learning of your interest in this important issue.

For nearly 70 years, Social Security has demonstrated our national commitment to a decent and dignified life for older Americans. Without this important program, nearly 50% of the 47 million Americans who receive Social Security benefits today would live below the poverty line.

Social Security is more than a retirement security program. One of every three Social Security beneficiaries is a disabled worker, a member of his or her family, or a survivor of a worker who has died. Indeed, Social Security serves as a true safety net for Americans of all ages. In Rhode Island alone 191,960 people, or about 18% of the population, receive Social Security benefits.

The Social Security Trust Fund, which is financed through the collection of payroll taxes on current workers, has accumulated sufficient assets to pay all promised benefits until 2052. Under present conditions, the program would be able to pay roughly 80% of promised benefits beyond 2052. Clearly, the demographic and financial challenges posed by the declining number of workers paying into the system and the impending retirement of the baby boom generation must be addressed if we are going to maintain our commitment to those just now joining the workforce.

However, the Administration's proposal to create private accounts does nothing to address these challenges. In fact, the President's plan to divert up to four percent of payroll taxes into private accounts would make the problem worse by accelerating the date of insolvency from 2052 to 2031. Additionally, the President's plan would mean \$4.9 trillion in additional debt and would subject all future beneficiaries to benefit cuts, regardless of their decision to participate in the voluntary private accounts program.

PLEASE RESPOND TO:
WASHINGTON, DC:
728 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-3903
(202) 224-4642
RHODE ISLAND:
201 HILLSIDE ROAD
SUITE 200
GARDEN CITY
CRANSTON, RI 02920-5602
(401) 943-3100
U.S. FEDERAL COURTHOUSE
ONE EXCHANGE TERRACE
ROOM 408
PROVIDENCE, RI 02903-1773
(401) 528-5200
1-(800) 284-4200
TDD RELAY RHODE ISLAND
1-(800) 745-5555
<http://reed.senate.gov>

Many argue that privatizing Social Security would result in higher rates of return for retired Americans. However, Wall Street economists have criticized the Administration's projections of a 4.6% return on private accounts. Indeed, a noted Wall Street firm, Goldman Sachs, estimates a return of 2.7% on private accounts, and finds that the debt created to fund the President's private accounts would reduce traditional Social Security benefits within a range of 23 to 43%.

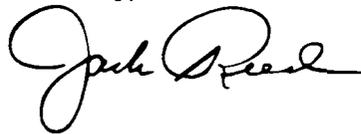
While I strongly believe that we must encourage more personal savings and investment for retirement, I do not believe it should be at the expense of Social Security, the one program that offers stable, guaranteed income security to the elderly, disabled, and widows. It is important that we honor our promise to those who have worked hard and paid into the system to provide themselves, family members, and fellow Americans with a safety net.

Although the President has not fully indicated his proposal for Social Security, his focus on private accounts is troubling because they do nothing to address the long-term solvency of the program. Indeed, such accounts actually weaken it by diverting trillions of dollars in Social Security revenues. Additionally, private accounts would saddle the American public with enormous up-front transition costs that would weaken the economy, require the borrowing of billions of dollars, and place the burden of additional debt on future generations.

One of the most critical tasks facing the Congress is the debate over the future of Social Security. I value your thoughts on this debate, and you can be assured that I will keep them in mind as Congress considers this issue.

Again, thank you for contacting me, and please do not hesitate to write or call regarding this or any other matter of interest to you.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Reed", written in a cursive style.

Jack Reed
United States Senator

United States Senate

WASHINGTON, DC 20510-3903

OFFICIAL BUSINESS

FILED

2005 SEP 26 A 11: 22

DEPT. OF CITY CLERK
PROVIDENCE, R.I.



FRSRT STD U.S.S.

