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## THE HIGH COST OF CHANGE

### **A Century Foundation Issue Brief Looks at a Proposal That Would Severely Cut Benefits for Retirees**

*New York City, Feb. 3, 2005*—President George W. Bush is expected to propose a major change in the way that guaranteed Social Security benefits are set—a change that will result in deeper and deeper reductions in benefits over time for retirees. According to a new issue brief by The Century Foundation, the effect of the change, if it had been in effect in the past, would be to transport today's retirees back to the economy that existed at the end of the Eisenhower administration.

**Back to the Future: The Harsh Reality Underlying a Proposed Change to Social Security**, reports that the plan, recommended in 2001 by the President's Commission to Strengthen Social Security, would end the policy of linking Social Security benefits to wage growth, a practice that has been in effect since the 1970s. Instead, starting benefits would be tied to the inflation of prices (a practice known as "price indexing"). Several reports have looked at what would happen in the future if price indexing were implemented today. This brief contains new examples that illustrate the position today's retirees would have been in if the commission's proposal were already in place.

**Back to the Future: The Harsh Reality a Underlying Proposed Change to Social Security** was written by Century Foundation staff members Martha Paskoff Welsh, special assistant to the president, and Bernard Wasow, senior fellow. It is the latest publication from The Century Foundation's Social Security project. The project is designed to inform the debate over Social Security reform by providing straightforward and accurate information, research, and analysis to legislators, journalists, and the general public. This brief and other informative publications on this subject can be found online at The Century Foundation's Social Security Network, [www.socsec.org](http://www.socsec.org), or the foundation's main site, [www.tcf.org](http://www.tcf.org).

Coauthor Bernard Wasow, has written extensively about Social Security. Most recently, he is one of the authors of [The Basics: Social Security Reform](#), and is coauthor (with Greg Anrig) of [Twelve Reasons Why Privatizing Social Security is a Bad Idea](#), a Century Foundation issue brief. Wasow is available for interviews and commentary about important issues in the debate over Social Security reform and privatization. He can be reached directly at (202) 754-5491. For more information, contact Alex Baker at (212) 452-7705.

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The Century Foundation conducts public policy research and analyses of economic, social, and foreign policy issues, including inequality, retirement security, election reform, media studies, homeland security, and international affairs. The foundation produces books, reports, and other publications, convenes task forces and working groups, and operates seven informational Web sites. With offices in New York City and Washington, D.C., The Century Foundation is nonprofit and nonpartisan and was founded in 1919 by Edward A. Filene.