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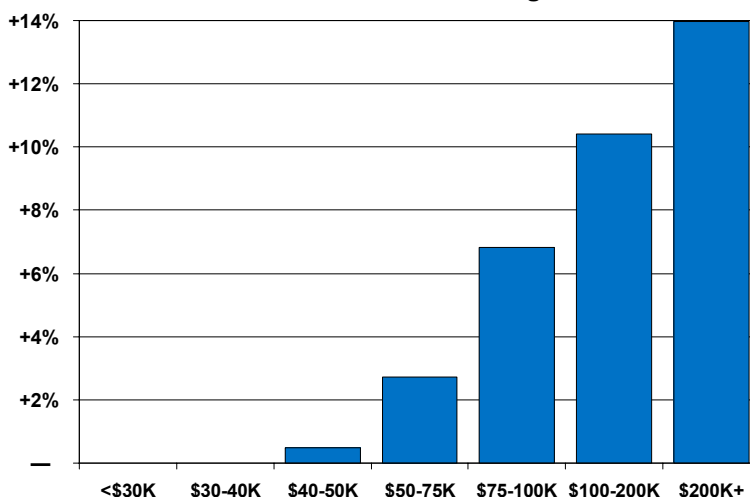
Senate Votes to Boost Social Security for Best-Off

In its first foray into Social Security since President Bush called for restructuring the program, the U.S. Senate voted 55-45 on March 17 to increase benefits — in a way carefully targeted to primarily help the best-off Social Security recipients.

A new analysis of the Senate plan released today by Citizens for Tax Justice shows:

- Almost three-quarters of all Social Security recipients would see no change in their after-tax Social Security benefits.
- In contrast, Social Security recipients with total incomes greater than \$200,000 would see a 14 percent increase in their after-tax benefits.
- Most of the increased Social Security benefits under the Senate plan would go to Social Security recipients making more than \$100,000 a year. This group, which represents only 8.8 percent of all Social Security recipients, would get 52 percent of the increased benefits proposed by the Senate.
- The average increases in after-tax benefits under the Senate plan would range from zero for Social Security recipients with total incomes below \$30,000, up to \$2,431 a year for recipients with incomes over \$200,000.

Percentage Change in After-Tax Social Security Benefits Under the Senate Budget Plan



Impact of the Senate Social Security Benefit Increase Plan in 2006

Income Range	% of all Social Security recipients	% helped by Senate plan	Average benefit increase from plan	% of total benefit increase
Less than \$30,000	50.4%	—	\$ —	—
\$30,000–40,000	10.9%	1.1%	+3	0.1%
\$40,000–50,000	8.4%	28.3%	+92	2.4%
\$50,000–75,000	14.7%	73.7%	+470	21.8%
\$75,000–100,000	6.7%	95.5%	+1,120	23.6%
\$100,000–200,000	6.5%	97.4%	+1,704	34.6%
\$200,000 or more	2.3%	97.9%	+2,431	17.4%
	100.0%	28.4%	\$ +319	100.0%
ADDENDUM:				
Less than \$50,000	69.7%	3.6%	\$ +12	2.5%
\$100,000 or more	8.8%	97.5%	+1,894	52.1%

The Senate measure would repeal a measure enacted in 1993 that made up to 85 percent of Social Security benefits subject to federal income tax for better-off beneficiaries. In 2006, just over a quarter of all Social Security recipients will be affected by this provision under current law. By repealing the 1993 law, the Senate would revert to the previous rule that only half of Social Security benefits could be taxable. That earlier provision was adopted in 1983 to help stabilize Social Security's finances in a progressive manner. The savings from the 1993 reduction in after-tax benefits are dedicated to helping support the Medicare program.