May 7, 2012

Dear Senator:

On behalf of millions of members nationwide and all Americans age 50 and over, I write today to express AARP’s belief that the Congress should not extend the Social Security payroll tax holiday beyond the current year. If economic relief is still a necessity at the end of the year, AARP believes that it should be delivered through other avenues and no longer through the payroll tax system.

When Congress originally enacted and then extended the temporary payroll tax holiday, AARP recognized and appreciated that economic conditions had been devastating for millions of Americans and their families and that there was a need for action to help those who were struggling, help the economy and help businesses create new jobs. However, AARP also believed that several conditions must be met in the structuring of the payroll tax holiday to protect Social Security and its beneficiaries.

AARP made clear that the Social Security payroll tax holiday should have no negative impact on Social Security or its beneficiaries in the short and long-term. To prevent harm in the short term, AARP urged that any loss to the Social Security Trust Funds be fully repaid. The 2012 Social Security Trustees report once again confirms that this condition has been met, with general funds transfers from the U.S. Treasury to the Social Security Trust Funds effectively holding them harmless from the loss of revenue due to the temporary payroll tax holiday.

To avoid undermining Social Security’s long term funding stream, AARP also held that the payroll tax holiday would have to be temporary. In order to meet this condition, Congress should not extend the payroll tax holiday beyond the current year. Further extension of the payroll tax holiday would undermine confidence in the program and put at risk Social Security’s dedicated funding stream and the hard-earned benefits of millions of Americans and their families.

If you have any questions, feel free to call me, or please have your staff contact Joyce Rogers, Senior Vice President of our Government Affairs office at 202-434-3717. As we look for ways to strengthen and grow the economy, we must remember the critical importance of Social Security for current and future generations.

Sincerely,

A. Barry Rand
CEO