

THE  
**SENIOR  
CITIZENS  
LEAGUE**

*An Affiliate of TREA The Enlisted Association*

# 2016 ANNUAL REPORT



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The Senior Citizens League (TSCL) is a non-profit, issues advocacy organization founded in 1992. TSCL was first established as a special project of The Retired Enlisted Association (TREA), which was founded in 1963 and chartered by an Act of Congress. In September 1994, TSCL became an independent non-profit affiliate of TREA, and in June of 1995 the IRS recognized TSCL as a tax-exempt 501(c)(4) non-profit, citizens' action organization. TSCL is registered to conduct grassroots fundraising, public education, and lobbying activities in all states requiring registration, and does not solicit nor accept any money from the federal government. TSCL maintains a small, cost-effective operation that taps the talents and expertise of its volunteer Board members, an experienced and dedicated staff, and, most importantly, the activism of TSCL members.



## Mission Statement:

Dedicated to serving our members, by defending and protecting their earned retirement benefits by working with the U.S. Congress, the executive branch, and federal government agencies.

## Chairman's Letter

In 2016, The League staff and board met with about 100 Members of Congress or senior Congressional aides as part of our effort to represent the interests of senior citizens.

While changes are urgently needed to ward off the impending bankruptcy of the entire Social Security program, our government seems to be unable to come to grips with a realistic and responsible solution.

The Social Security Cost-of-Living Adjustment (COLA) is a major problem that needs to be addressed. For the third time in only seven years, more than 70 million people went without any annual benefit boost. Since 2009, COLAs have been record lows, averaging just 1.2% – about one-third the more typical 3% that COLAs averaged in the prior decade.

More people are working far longer into retirement than they ever thought they would, and healthcare costs are a major reason. According to a recent TSCL poll, healthcare costs are almost, or just, as challenging as housing costs for people age 65 and older. And with no annual COLA this year, many of you are telling us that you will be forced to dig deeper into your retirement savings and some could even deplete their retirement savings.

To lessen the negative impact of this year's zero COLA, TSCL has been urging lawmakers to do two key things.

First, we're asking Members of Congress to provide beneficiaries with an emergency COLA. Several bills have been introduced into the 114<sup>th</sup> Congress including: The Seniors Deserve a Raise Act (H.R. 3761), The Guaranteed 3% COLA Act (H.R. 3588), and The Seniors and Veterans Emergency (SAVE) Benefits Acts (S. 2251, H.R. 4012, H.R. 4144). These bills would either give beneficiaries a one-time payment or a percentage increase.

Second, we're urging Members of Congress to consider legislation that would result in more accurate COLAs in the



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## Chairman's Letter (cont.)

future. Several bills before Congress would accomplish this, including, the CPI-E Act (H.R. 3351), Consumer Price Index for Elderly Consumers Act (H.R. 3961), CPI for Seniors Act (H.R. 3074), and the Honesty in CPI Reporting Act (H.R. 3500). We believe each of these bills would go a long way in ensuring the retirement security seniors have earned and deserve.

TSCCL continues to discuss Notch reform with Members of Congress and urged them to consider it in more comprehensive Social Security reform proposals. The Notch Fairness Acts (S.99 and H.R. 314) were reintroduced into the 114<sup>th</sup> Congress. If signed into law, victims born between the years 1917-1926 would choose between a lump-sum payment or monthly benefit computation formula.

We will continue to lobby Members of Congress on these important issues in the coming months.



Edward Cates  
Chairman

## The TSCL Board of Trustees

Each member of the dedicated, volunteer Board of Trustees is elected to a three-year term. They meet frequently via teleconference and in person, and often meet with and lobby Members of Congress in support of legislation that affects League members.



*Edward Cates,  
TSCL Chairman*



*Charlie Flowers,  
TSCL Vice-Chairman*



*Deb Oelschig,  
TSCL Treasurer*



*Arthur R. Cooper,  
TSCL Secretary*



*Michael E. Gales, Sr.,  
PAC Treasurer*



*Larry Hyland,  
TSCL Immediate  
Past Chairman*

## Membership Services

T SCL's flagship publication, *The Social Security & Medicare Advisor* newsletter, is edited by nationally recognized Social Security and Medicare expert, Mary Johnson, whose research on Social Security and Medicare finances, stability and rules is increasingly used by major news outlets, such as *Fox Business*, *LA Times*, *Miami Herald*, *Money*, *MotleyFool*, *U.S. News & World Reports*, *USA Today*, and *The Washington Post*. *The Advisor* goes beyond the headlines, to explain in simple terms how the actions of policy makers and our government impact seniors' benefits.

In addition, *The Advisor* updates supporters on TSCl's legislative activities and passes on relevant consumer advice to our supporters. The newsletter is distributed to all Congressional offices helping to expose lawmakers to the views, concerns, and needs of our supporters. It also provides policy studies, research, and analysis on a number of topics. Members of Congress

are invited to submit articles that may be of interest to our members – and many do. They cite the newsletter as a source of information and a respected publication.

Current and past issues may be reviewed online at our website ([www.seniorsleague.org](http://www.seniorsleague.org)).

The Senior Citizens League works in a non-partisan fashion to carry out the wishes of our members and supporters. We encourage supporters to communicate directly with their Members of Congress, especially those who chair or serve on key committees. The combination of active TSCl members writing, calling, and meeting with their elected officials and



the presence of our registered lobbyists on Capitol Hill is an effective method of influencing public policy.

Through our public relations efforts, millions of seniors have seen our work in the media. Hundreds of news stories highlighting TSCL's work were published this year, reaching an audience of tens of millions of Americans. This year's media highlights included several stories by the Associated Press, Reuters, and thousands of online press sites.

TSCL is also taking increasing advantage of the cost efficiencies of the Internet. The official TSCL website continues to grow as a valued resource for seniors and legislative staff.

The website itself contains many thousands of pages of information in a searchable format. A Weekly Update on League activities is posted on the site to provide an overview of TSCL's current political and legislative activities in the U.S. Senate, the U.S. House of Representatives, and the White House.

Online petitions are available to send to Congress on topics such as Notch Reform, the Social Security COLA, the U.S./Mexico Totalization Agreement, and more. Also posted are many useful links older Americans can use to conduct research and stay informed about their health, finances, and many other topics.

Whether you signed a print petition or an online version, we hand delivered your petitions to demand Social Security fairness and protection for seniors' benefits. We delivered your petitions, sorted by state and Congressional district, to each Member of the House and Senate. That's 535 sets of petitions representing 366,391 petition signers!

Many supporters call or write TSCL each year with a wide variety of comments, questions, and suggestions. TSCL's response to member questions may include sending free copies of the booklets, white papers and brochures we publish.

## Membership Strength

As of December 2016, The League's active members (those who participated in one of our campaigns during the last 24 months) stood at over 703,000.

As one of America's largest seniors' advocacy organizations, we provide a strong and effective voice in defending earned benefits. Members are provided an annual membership card with their voluntary membership contribution. Members making an annual contribution of \$10.00 or more may choose to receive a subscription to TSCL's informative publication, *The Social Security & Medicare Advisor*, or receive *The Advisor* via e-mail, as do almost 60,000 supporters and friends.



## Legislative Agenda

With over one million members and supporters, The Senior Citizens League (TSCl) is one of the nation's largest non-partisan seniors groups. Its mission is to promote and assist TSCl members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. citizens, and to protect and defend the benefits earned and paid for by senior citizens.

At TSCl, we strive to defend those issues that are most important to our members and supporters. That's why, each year, we survey our members and ask them, "What's important to you?" We take those answers and base our legislative agenda around them.

As the 114<sup>th</sup> Congress continues, individuals and groups both on and off Capitol Hill are hopeful that meaningful Social Security and Medicare reform will be considered before it is too late to help either entitlement program.

### Comprehensive Social Security Reform

Long-term solvency of the Social Security program is essential. In 2016, Social Security remained in a cash-flow deficit, with the program paying out more in benefits than cash coming in. Without serious changes to the program, that situation is likely to continue for the foreseeable future. The federal government must now cash in the IOUs held by the Trust Fund in order to pay benefits.

TSCl believes the time for solutions is overdue. Of great concern to TSCl is for adequate time to be allowed for any changes to the program to be phased in. Overly abrupt implementation of almost any change would "give birth" to new generations of Notch babies, by creating disparities of benefits between people having similar work and earnings histories, who are very close to each other in age.

TSCl also believes that no changes should be made that would affect the benefits of current retirees or those of people nearing retirement. TSCl has been studying the impact of one leading proposal that would both cut the rate of growth in

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## Legislative Agenda (cont.)

COLAs and raise taxes, by switching to a more slowly growing Consumer Price Index. Switching to this new CPI would reduce an average senior's benefits by \$13,742 over a 25-year retirement.

### COLA Fairness

TSCL strongly believes that the Social Security cost-of-living adjustment (COLA) that seniors are currently receiving does not accurately reflect how they must spend their money. The COLA is based on a consumer price index (CPI) that reflects how young urban workers tend to spend their money and substitute products when prices fluctuate. Older Americans spend a disproportionate share of their household budget on healthcare. Since healthcare costs continue to rise so quickly – and since most healthcare spending cannot be substituted out for something cheaper – TSCL believes that seniors would be better served if their COLA were based upon a different consumer price index, one that already exists.





The Bureau of Labor Statistics has been keeping track of a consumer price index for elderly consumers, or CPI-E, for more than 25 years. This calculation puts the spending inflation for seniors at about two-tenths a point higher than the rate at which the consumer price index for young urban workers – the CPI-W – increases. TSCM members and supporters believe that this consumer price index for the elderly – CPI-E – should be fully implemented and utilized for determining seniors' Social Security cost-of-living adjustments each year.

TSCM estimates that a senior who retired with average benefits in 1984 would have received nearly \$14,000 more through 2014 if the government had used to the CPI-E to calculate the COLA.

TSCM supported one key bill – H.R. 3351 – in 2016 that would base the COLA on the CPI-E.

TSCM also supported legislation – H.R. 3588 – which would adopt the CPI-E and ensure that the COLA was never lower than 3%.

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## Legislative Agenda (cont.)

### Notch Reform

The Senior Citizens League's members and supporters tend to be older, less affluent seniors. They also include a large number of Notch babies – those individuals who receive lower Social Security benefits because they were born in the years 1917 and immediately thereafter. TSCL feels that this is an inequity that was brought about because of flaws in the Social Security Act Amendments that were enacted and signed into law in 1977.

The legislation affected people who began to retire just two years later and thereafter. The benefit formula, provided as a modest phase-in for the next five years, failed to protect retirees from cuts that were unexpectedly deep. Instead of cuts of

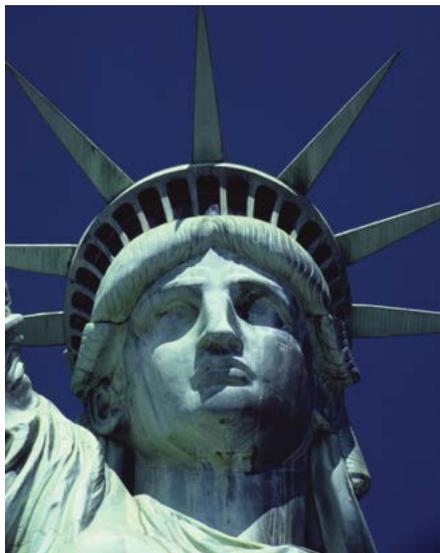
10 percent, benefits were 20 percent lower than expected. Thus, in order to make the Social Security program more equitable in general, and to correct a wrong done to Notch babies, we believe that some compensation for that injustice should be provided.

TSCL strongly supports legislation such as the "Notch Fairness Act," which would provide either a very



modest \$5,000 lump-sum payment (payable in four installments) or an increased monthly benefit calculation to Notch victims. We were pleased when H.R. 314 and S. 99 were introduced into the 114<sup>th</sup> Congress and they continued to build support in 2016.

In the future, we look forward to educating new Members of the House and Senate about the Notch and to work with past supporters of the Notch. With a large number of Notch co-sponsors during both sessions of Congress, we are hopeful that some type of Notch reform will be considered by the end of this session.



## Totalization Agreement

Social Security Totalization Agreements are designed so that workers and their employers would not be subject to double taxation, owing payroll taxes to both the country in which they work, and their home nation. In addition, totalization agreements allow workers to earn generic work “credits” good for receiving retirement benefits in either country. These credits from the United States and other countries can be totaled together to receive benefits. The U.S. currently has 24 totalization agreements with other nations, most having economies similar to our own.

The U.S./Mexico Totalization Agreement – which was signed by the Social Security Administrations of both the U.S. and Mexico in 2004, and is due to undergo review by the current or future President(s) – continues to pose a threat to Social Security beneficiaries. Because of a loophole, if the

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## Legislative Agenda (cont.)

President approves the Totalization Social Security Agreement with Mexico, it could lead to Social Security benefits going to individuals who worked in the U.S. illegally.

Despite the efforts of TSCL and others, knowledge of the U.S./Mexico Totalization Agreement remains limited on Capitol Hill, and the issue flies under the radar for the most part. TSCL has expressed its support for resolutions in opposition to the Totalization Agreement. In addition, TSCL is supportive of legislation, such as the “Social Security Totalization Agreement Reform Act,” which would grant more time for Congressional review of these agreements.

TSCL has placed ads in *The Washington Times* in opposition to the proposed agreement and will continue to closely monitor the Totalization matter during the upcoming session of Congress.

## Protection of the Social Security Trust Fund

The Social Security Trustees estimate that Social Security’s retirement trust fund will face exhaustion in 2034, and the



situation will likely continue to worsen until changes are made. One reform that TSCL believes should be made to the program involves how Social Security payroll taxes are handled in our federal budget. Under the current system, which has played a role in our fiscal crisis, any excess payroll taxes not needed to pay benefits are used by the U.S. Treasury to purchase non-marketable bonds, or IOUs, that earn

“interest” at current market rates. The Treasury then uses the excess money to fund other government spending, while the IOUs are placed in the Social Security Trust Funds.

Currently the program is cashing in those IOUs in order to fund benefits. This is driving up the federal debt. TSCL believes that for any changes in the future to be successful, this system of tax and borrow must end.

Several Members of Congress have sought to protect the monies in the Social Security Trust Fund by locking them out of the general budget. TSCL is supportive of legislation such as the “Social Security Protection and Truth and Budgeting Act,” as well as the “Social Security Lock-Box Act.”

## Medicare Part B

The increases in out-of-pocket Medicare costs, including the Part B premium and the deductible, are another issue of grave concern to our members and supporters. In some cases, the increase in Part B premium alone offsets the Social Security COLA that a senior has received.

TSCL is supportive of legislation that would eliminate the means, or asset, test used to determine one’s premium. Seniors should not be punished for attempting to plan for their retirement. We continue to survey our members and supporters and to publicize how these increased costs are affecting their standard of living in media releases.

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## Legislative Agenda (cont.)

### Medicare Part D

As the cost of prescriptions continues to rise, Medicare Part D plans are passing on higher costs to beneficiaries in the form of higher premiums, deductibles, and co-pays for each prescription. The biggest increases in costs are for those drugs for which there are no alternatives.

From the inception of the program in 2006 through 2015, Part D premiums rose by more than 50%. Major studies, including TSCL surveys, indicate that seniors are overpaying for their prescriptions because they don't understand how to compare plan costs and switch plans.

TSCL is supportive of increasing and improving outreach to seniors, especially those individuals that could qualify for Extra Help. Simplifying and streamlining the application process would also be a vast improvement in the program. In addition



to improving Medicare Part D, TSCL also supports legislation that would, in our view, make safe and secure prescription drug re-importation a reality. TSCL will continue to seek other potential solutions for lowering the price of drugs for America's seniors.

## Prevention of Fraud, Waste, and Abuse

Fraud, waste, and abuse are growing problems within both Social Security and Medicare. TSCL believes that the government is not administering the necessary oversight to ensure that scarce program dollars are being spent properly. It is well understood that the failure to manage fraud results in higher taxes for all and higher premiums for Medicare beneficiaries. By increasing efforts to fight fraud, the government could save tens of billions of dollars each year. TSCL supports legislation that targets fraud, waste, and abuse within both Social Security and Medicare.

The potential for savings are enormous, and TSCL hopes that lawmakers will pass legislation during this session of Congress in order to ensure that scarce program dollars are being spent appropriately.



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## Legislative Agenda (cont.)

### Health Care Reform

President Obama signed the Affordable Care Act (ACA) into law in March 2010, and it is currently in its fourth year of implementation. While TSCL feels that there are pieces of the law which are helpful and necessary, we have several concerns about the impact it will have on senior citizens.

Specifically, TSCL is concerned that the legislation's projected Medicare savings are built on shaky accounting and that some of the reductions in Medicare spending may harm seniors. TSCL was disappointed that the ACA called for significant cuts to the Medicare Advantage (MA) program. Already, many MA plans have begun reducing benefits in order to absorb the cuts, leaving enrollees with higher costs and fewer supplemental benefits like vision or dental coverage.

TSCL will continue to monitor the implementation of the ACA, along with possible attempts to repeal the health care law, in the next session of Congress.



## The League's Political Action Committee (PAC)

The League established our political action committee in 1997 to help further our fight on behalf of senior citizens. TSCL-PAC is registered with the Federal Election Commission (FEC) as a Separate Segregated Fund (SSF), which is commonly referred to as a "PAC." The League's PAC is a non-partisan, issues advocacy committee whose goal is to financially assist lawmakers who have exhibited a strong and proven track record of supporting and promoting legislative initiatives that help America's senior citizens. TSCL-PAC was established under the direction and guidelines outlined by The League's Board of Trustees and legal counsel. The PAC leadership is comprised of the PAC Treasurer, legislative analyst, legislative consultant and Director of Legislative Affairs.

In 2016, the PAC distributed \$24,500 in contributions to individual candidates based on a set of rules adopted by The League's Board of Trustees. In the months ahead, TSCL plans to dissolve the PAC since it has become less active in recent years and because raising funds has become a significant challenge. TSCL does not expect the termination of the PAC to impact its political influence on Capitol Hill.



## Operations & Legal Standards

The League's mission is to promote and assist members and supporters, to educate and alert senior citizens about their rights and freedoms as U.S. citizens, and to protect and defend the benefits senior citizens have earned and for which they have paid.

To accomplish this, TSCL subscribes to high ethical and business standards.

We strive to provide our members and supporters with the best possible service in order to maintain their trust in us. Therefore, we pledge to be responsible in our management and cost-effective in our fundraising. We follow accounting procedures established by the AICPA, are independently audited annually, make our audited financial statement available upon request and have an independent, volunteer Board of Trustees that has control of our funds and the freedom to allocate them in a manner which will carry out the mission of The Senior Citizens League.

TSCL continues to support ethical standards and guidelines set by the Direct Marketing Association (DMA), including participation in the DMA privacy policy.

TSCL has registered with all states that require fundraising registration, and continues to renew its registrations in those states where fundraising takes place.

### 2016 Audited Expenditures

