Mug

AP/ Wide World Photos

ged

Whack! The attack comes without warning. You're left sprawled on the ground. Dazed. Disoriented.

Being mugged is the ultimate indignity. Your wallet filled with family photos, cash and credit cards disappears. And, while the bruises will go away over time, your sense of personal security is lost forever.

For America's seniors, the past five years have been a slow-motion mugging. Today, they wonder what hit them. Waves of anger and indignation alternate with a question: "What did I do to deserve this?"

"Not a damn thing" is the correct answer.

And yet, the sneak attacks were premeditated … involved truly shady characters … produced brunt force trauma … and left the greatest generation and their children financially drained.

Here's how that slo-mo mugging occurred:

Drug Prescription Maze

In January, millions of Americans found themselves wandering dazed through a maze constructed by politicians and lobbyists. Young and old alike were stunned by the new prescription drug law.

When President George W. Bush proposed the new Medicare Part D Prescription Drug Plan, he promised Medicare and Medicaid patients more insurance options and lower prescription costs. His supporters called it a "signature domestic achievement."

Health and Human Services Secretary Michael Leavett even claimed the program was "off to a good start." Others disagreed.

"Medicare Part D? The 'D' stands for disaster," said Joseph Roney, CEO of the New Jersey Pharmacists Association.

In its first weeks, six million poor, elderly and dis-

Seniors faced a maze of prescription drug plans and a bewildering Medicare website when the new Medicare Part D Plan took effect on January 1, 2006. States scrambled to fill the gaps in the botched roll-out by paying for seniors' prescriptions and providing help in choosing plans, such as this volunteer in Alabama.

AP/ Wide World Photos

After pushing hard for the Medicare Prescription Drug Plan and staging photo ops with seniors, former Representative Billy Tauzin (R-LA), speaking at podium, left Congress as chairman of the House committee that regulates the pharmaceutical industry for a job with PhARMA, the drug industry's top lobbying group. He is joined at the podium by Rep. Bill Thomas (R-CA), House Speaker Dennis Hastert (R-IL), and other key GOP Congressional leaders.

abled patients were denied prescription drug coverage when the Bush Administration botched their switchover from Medicaid to Medicare.

More than 20 states provided emergency coverage to their low-income seniors. Five states sued the federal government to recover their costs.

Now, America's seniors face a bewildering array of choices, little reliable information about which drug plan to choose, and the prospect of price gouging by insurance companies.

Medicare Part D continues to cause chaos. Seniors, their caregivers and their pharmacists cannot get prescriptions filled quickly. Some cannot get them filled at all.

If the mind-boggling array of plans, the varying monthly fees, deductibles and covered drugs weren't bad enough, the convoluted sign-up process makes Rubik's cube look like child's play.

More than 70 percent of the nation's seniors lack internet access. So, the Medicare Part D website is inaccessible to most and confusing to those who do find it. In many families, even adult children can't navigate Medicare's website. Frustration grows. Anger turns to tears. And too many give up altogether.

Phone calls to Medicare didn't help. Seniors heard "due to changes in Medicare Part D, we are experiencing unusually high call volumes. Your wait is currently one hour, forty-five minutes."

Pharmacies also faced meltdowns. Some denied prescriptions. Others forced

AP/ Wide World Photos

President Bush's Prescription Drug Plan is confusing to most seniors and left states spending millions to ensure seniors got the medicines they needed.

seniors to pay high upfront costs. Most were unable to access eligibility information in government databases.

So, pharmacists placed calls to Medicare. They, too, spent hours on hold.

But for the drug industry, at least, the time was well spent. Pharmaceutical companies will reap an estimated $139 billion in profits over the first 10 years of the plan.

What caused this massive rip off? Honest graft — the plan's design was heavily influenced by industry lobbyists. Instead of one administrator for the plan like Medicare, hundreds of private plans run by insurers and pharmaceutical companies were allowed under the new law.

Congressman Billy Tauzin (R-LA), who chaired a key House Medicare committee, left Congress to lead the Pharmaceutical Research and Manufacturers of America (PhARMA), the drug industry's largest lobbying group.

AP/ Wide World Photos

AARP's CEO William Novelli threw the nation's largest senior advocacy organization's support behind the flawed Medicare Prescription Drug bill. AARP's insurance plans quickly won a 43 percent market share of all new Medicare Part D plans.

Who else benefited? The American Association of Retired Persons. AARP lobbied hard for the 2003 Medicare Modernization Act. Its support was decisive. Given its insurance company connections, AARP was in a position to cash in by offering prescription plans in partnership with United Healthcare. On the Medicare Part D website, AARP's plans often turned up as the top plans regardless of the specific drugs seniors had listed.

Fixed Incomes Take a Hit

Americans on fixed incomes are no match for escalating healthcare prices and health insurance costs.

Social Security, a major source of income for most retirees, has risen only modestly over the last five years.

The estimated average monthly benefit payable to a retired worker was $845 in 2001; that same retiree will be paid $1,032 in 2006. That increase – $187 – was largely wiped out by higher deductibles, higher co-payments and higher Medigap premiums.

Relief From Medical Costs

Medicare, which President Lyndon B. Johnson signed into law in 1965, provided relief from high medical costs experienced by seniors. A 1964 Senate study estimated that only one in four older Americans had adequate hospital insurance protection. Now, Medicare provides healthcare coverage for approximately 50 million Americans.

Medicare is partially financed by a payroll tax of

AP/ Wide World Photos

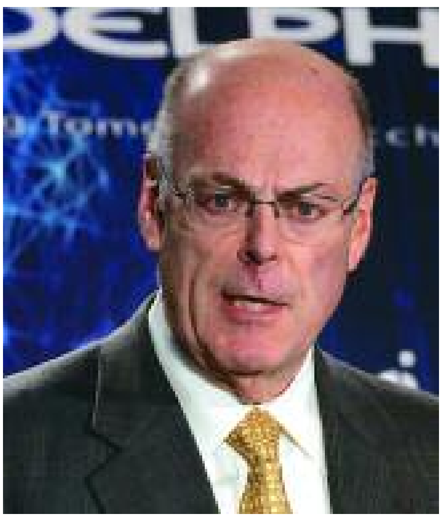
Seniors reacted to American Association of Retired Persons' (AARP) support of the flawed prescription drug plan with protests and mass cancellations of memberships. The President's plan turned over prescription drug coverage to a maze of private insurers, including AARP, that benefited drug companies more than seniors.

Left on their own to pick prescription drug plans, many seniors turned to volunteers at state agencies, such as Diego Gleyzer, left, of Connecticut's Agency of Aging. President Bush's 2007 budget, however, contains severe cuts in social programs, Medicaid and other programs that help elderly Americans.

5.8%, half coming from employees and half coming from employers.

Rising Premiums

Medicare has several parts: Part A (Hospital Insurance), and Part B (Medical Insurance, which helps cover doctors' services, outpatient hospital care, and some other medical services). Neither Part A nor Part B pays for all of a covered person's medical costs.



Delphi Corp. CEO Robert Miller, known as "Miller the Killer" for killing American jobs while lining the pockets of top management, is jumping on the bankruptcy bandwagon to slash wages and dump pension benefits in the largest auto industry bankruptcy in history.

The program contains expensive deductibles and co-pays.

Most people do not pay a monthly Part A premium because they or a spouse have enough time worked under Medicare-covered employment. For those who don't, Part A may be purchased for a monthly premium of $393.00 per month, up $93 in five years.

Part B is optional coverage and may be deferred if the beneficiary or their spouse is still actively working. Most of Medicare's beneficiaries opt for this voluntary coverage. Still, Part B premiums rose to $88.50 per month, an increase of $54.00 in just five years.

But Medicare doesn't cover everything, so seniors face four options. Some have retiree health plans. Others may qualify for Medicaid. Most buy supplemental Medicare insurance called Medigap policies. Or they go without.

According to Kiplingers magazine, about one-third of retirees depend on their company's retiree health plans to pay bills that Medicare doesn't pay, just 17 percent are covered by Medicaid, and 21 percent buy private Medigap insurance. Thirty-nine percent have no coverage.

The Exception to the Rule

Employers that offer medical insurance to retirees are the exception rather than the rule. A Kaiser Family Foundation study found that, in 2005, one-third of large companies offered retiree health insurance – a nearly forty percent decrease since 1988.

Kaiser also reported that 71 percent of those employers raised the amount that retirees pay toward their premiums in 2005. Another 34 percent raised the co-payments or coinsurance retirees paid when they use services.

"Retiree health coverage [is] slowly disappearing for America's workers, and retirees who have it will be paying more," says Drew

Altman, president of the foundation. "Retiree health coverage is sort of a slowly vanishing species."

Paying to Fill the Gaps

Many retirees buy Medigap policies, which are sold by private insurance companies to fill the "gaps" in Medicare coverage. Married couples purchase a separate policy for each spouse. But Medigap seldom covers vision care, eyeglasses, hearing aids or dental care.

Medigap policies are written so retirees can compare coverage, but *caveat emptor* applies to premiums. In 2000, an average retiree paid $1,301 each year for Plan F which is one of the most popular Medigap options. In 2003, that yearly premium averaged $1,626. By 2005, it climbed to $1,755 – try absorbing a $454 increase on a fixed income!

But all Medigap premiums are not equal. What a retiree pays depends on which company offers the policy, even for identical benefits. Weiss Ratings, the nation's leading independent provider of rates, analyzed premium rates offered by 117 of the 159 insurers that write Medigap policies. They found that the national average cost of a Medigap policy for a 65-year-old female ranged from $1,159 to $3,443. And the mugging continues.

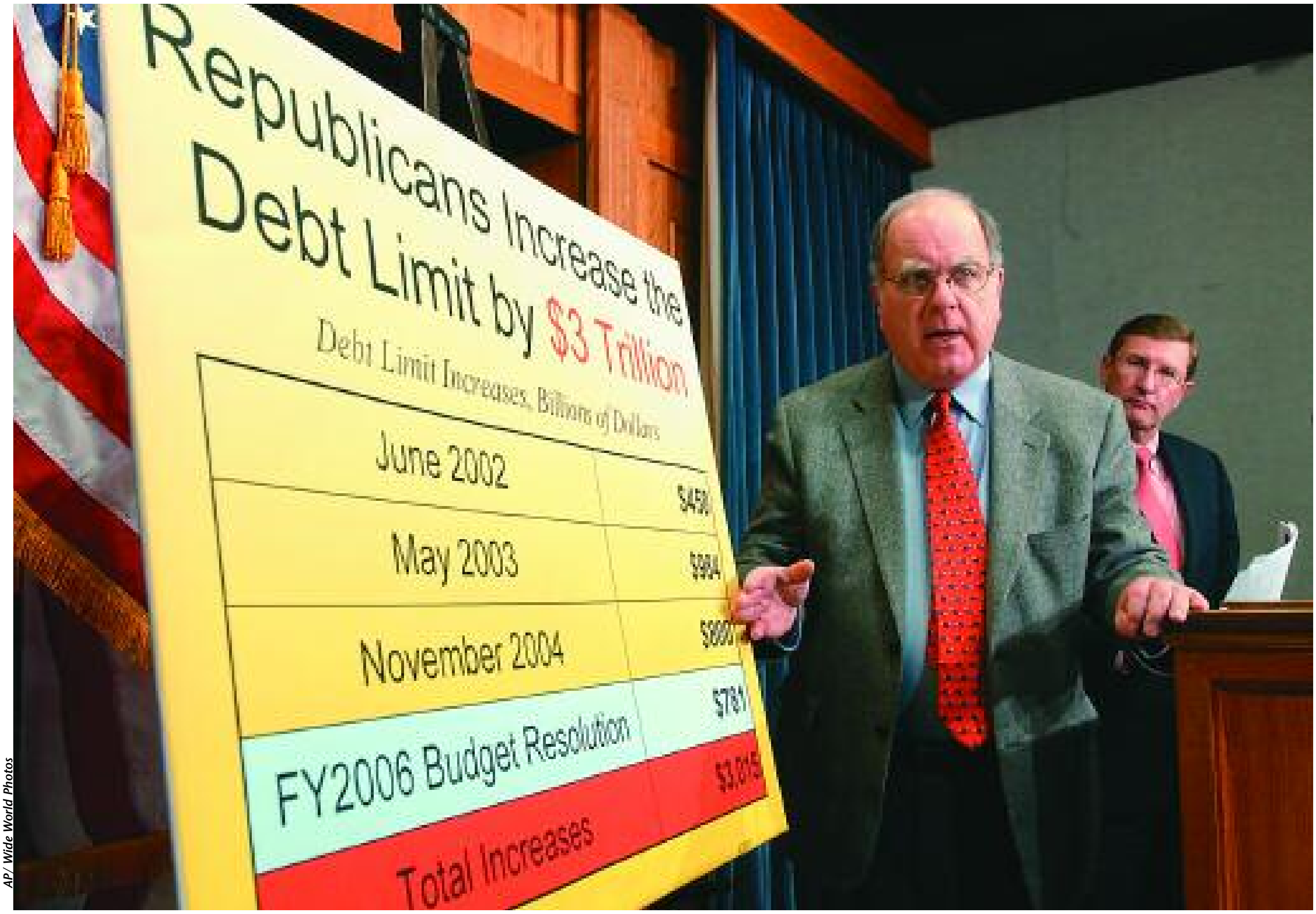
Stealing Mom and Dad's Pension

More than 44 million workers in the United States are covered by defined benefit pension plans. Most are fully funded, conservatively managed and paying benefits on time and as promised.

In defined benefit plans, the employer pays into a fund that delivers a known benefit at retirement based on the participant's years of service. These plans are regulated by the U.S. government and insured by the Pension Benefit Guaranty Corporation (PBGC).

AP/ Wide World Photos

After defaulting on $10 billion in pension promises to employees, United Airlines CEO Glenn Tilton talks up new United stock being issued after the carrier's emergence from bankruptcy. United's top executives received $400 million in stock and other compensation after forcing employees to take cuts in pay and benefits.



AP/ Wide World Photos

Budget watchdog Congressman John Spratt (D-SC) points to the mounting federal debt which threatens the ability to fund Social Security, Medicare and other vital services for retirees.

The employer bears the risk of investing wisely and ensuring adequate funds to pay benefits. And benefits are paid as long as the participant or their eligible survivors live.

Contrast that approach with a 401(k) plan. There, individual employees bear the investment risk, can outlive their retirement savings and, in most plans, must fund the account themselves with payroll deductions.

Today's headlines scream that the nation's pension system is broken beyond repair and most plans are dangerously under-funded.

So, are defined benefit pension plans safe? Are they obsolete?

A Good Thing

Defined-benefit pension plans spread like wildfire after World War II. Within 30 years, nearly 62 percent of all workers in the U.S. were covered by such plans. They understood how vital their retirement savings would be.

Despite terminations of steel industry pension plans in the early 1980's, pension plans remained a rock-solid employment benefit at many union and nonunion companies.

But the not-so-free market, airline executives and the Bush Administration changed all that.

By terminating pension plans covering 121,000 employees, United Airlines gained worldwide attention in 2005. It was the largest-ever plan termination at a single company.

After cutting a deal with the Pension Benefit Guaranty Corporation (PBGC), United walked away from $10 billion in obligations to its 121,000 employees and retirees.

Other troubled airlines followed United's lead. Business analysts applauded UAL's move as the new "best practice" for bankrupt and

AP/ Wide World Photos

Massive public opposition, such as this demonstration during one of President Bush's speeches in St. Louis, MO stopped the President's Social Security privatization plan but not deep cuts in social services for seniors.

even healthy corporations to copy.

Corporate America and its congressional allies chimed in on cue, drafting so-called "pension reform" legislation that dramatically limited the ability of unions to negotiate pensions and pension increases – even at the healthiest of companies.

Yet stealing pensions was not limited to ailing industries or failing companies.

Piling On

In early 2006, IBM froze its pension plan for 120,000 employees. A year earlier, the company said it was "committed to defined benefit pensions." Other profitable corporations, including Verizon and Motorola, took similar steps.

The trend toward 401(k) plans took on a new momentum. To Corporate America and their apologists, 401(k)s are hyped as part of the new "ownership society." But what 401(k) participants really own is a risky option.

Defined contribution plans – or 401(k)s – let seniors bet twice against themselves. Basically, they get to bet on stock market swings. And, morbidly, they must bet they will die before their 401(k) savings run out.

"Traditional defined benefit pension plans should be the mainstay of a worker's retirement plan," said IAM International President Tom Buffenbarger. "Defined benefit plans aren't what's wrong with the system. It's Corporate America. They underfunded those plans for years, using the money to fuel profits. Then when the benefits are due they walk away, claiming it's too big of a liability to pay.

"It isn't their money," said Buffenbarger, "it's the workers' money. And the Bush Administration is abetting a felony – the largest grand theft in our nation's history."

More 401(K) plans and fewer defined benefit pensions mean a massive

AP/ Wide World Photos

Young workers would lose the most under Social Security privatization with benefits cuts of almost 40 percent. Coupled with elimination of employer-provided retiree healthcare and cuts in pension plans, young workers face an uncertain retirement future.

Skyrocketing federal debt threatens more than just Social Security. Medicare, Medicaid and other programs for seniors and working Administration as federal revenue plummets because of tax cuts for the wealthy.

windfall for bankers and brokers. Only America's retirees get mugged again and again.

Next up is Social Security. And, behind the bushes, still more muggers and corporate bandits lie in wait.

Mugged – Social Security

America's seniors won a big victory when President Bush's Social Security privatization plan crashed head-on into a solid wall of public outrage.

After more than 40 public appearances and a media relations blitz, Bush managed to *increase* public opposition to his "reforms."

In December 2004, a CNN/USA Today/Gallup poll showed 48 percent of Americans supported the President's privatization plan and 48 percent were opposed. By April 2005, in the same poll, 56 percent of the respondents opposed the President's plan and support dropped to 39 percent.

But there are no final victories in Washington. The mugging of Social Security continues.

Most Americans understood that the President's private account scheme would reduce their Social Security benefits; weaken the system's long-term financial

AP/ Wide World Photos

families will be cut by the Bush

health; and let Wall Street firms skim billions in management fees. And they were not fooled. But that public plan now has a not-so-public plan to accomplish the same goal.

Tucked away in the federal budget is a multi-billion dollar set aside for a future privatization program. President Bush is a persistent, if not a stubborn, foe of Social Security.

"The President is taking us down two dangerous paths for Social Security: privatization and budget deficits," said Center for American Progress Senior Economist Christian Weller. "The American people stopped him for now on privatization, but Congress keeps passing his tax cuts, a major cause of the record budget deficits. These large long-term deficits make it unnecessarily hard to pay for Social Security and Medicare benefits for the baby boom generation."

Debt Does Matter

President Bush's tax cuts for corporations and wealthy Americans fueled a record $413 billion deficit in 2004 and $319 billion in 2005, the third-highest deficit ever. The Congressional Budget Office predicts deficits every year through 2015.

The President's record deficits come just as federal spending on seniors is set to increase dramatically. This year, the first wave of the 78 million-strong baby-boom generation turns 60. In two years they are eligible to collect early Social Security benefits and in five years they qualify for Medicare.

In the 1980s, Congress raised the payroll tax to fund those anticipated outlays. A quarter century of surpluses were invested in special U.S. Treasury bonds now worth about $1.7 trillion dollars, enough for Social Security to pay full benefits until 2041.

But here's the catch. The Social Security trust fund accounts for only 22 percent of the total U. S. national debt. Yet, the retirements of millions of Americans depends on the federal government lowering its debt load on the other 78 percent.

"Treasury [can meet its] obligations to the Social Security trust funds," said economist Bernard Wasow in a report for the Century Foundation. "The fundamental problem is the larger one of servicing the national debt. And the solution lies in controlling the federal deficits."

Spending Our Future

"Left unchecked, President Bush's policies will make the national debt unmanageable," said Weller. "That will cripple the nation's ability to pay for promises made to workers that they are counting on for their retirement."

According to Weller, if Social Security and Medicare benefits are cut, retirees and other beneficiaries will have to rely more on their family members to help them out. This will make it harder for younger workers to save for their own retirement.

"Medicare and Social Security ushered in an era of prosperity for working families because they didn't have to pay for their parents'

AP/ Wide World Photos

Family members trying to help parents navigate the new drug plan face problems with seniors losing Medicaid coverage and other cuts to social services for older Americans.

medical bills or living expenses," said Weller. "If we continue to run these high deficits, the next generation of workers will lose substantial income. They will have to pay much more out-of-pocket to care for their aging parents."

Mugged – Retirement for Young People

Corporate America's assault on retirees hurts older Americans directly and baby boomers eventually. However, younger workers stand to lose the most almost immediately.

Young Americans now face two anxiety-producing options: how to care for parents or relatives whose own retirement funds are inadequate and how to provide a secure retirement for themselves.

According to a study by the National Alliance for Caregiving (NAC), nearly 18.5 million households in the U.S. contain at least one younger adult providing care to someone age 50 or older. As baby boomers retire, that number will grow. So, too, will the emotional and financial strain on their adult children.

A typical caregiver today spends an average of 20 hours per week providing unpaid care to elderly loved ones. Often, adults caring for older relatives find their work lives turned upside down.

The NAC study found that nearly two-thirds of caregivers adjusted their workweek by going in late, leaving early or taking time off. Others were forced to take a leave of absence, go from full-time to part-time, take a less demanding job, quit working, turn down promotions or choose early retirement.

More than a third of caregivers fly solo. No one else can provide unpaid help to the person they are caring for. Since the average adult caring for an older parent or relative makes only $38,125 a year, that's a significant financial burden.

And it is a burden of love that only increases over time. Right now, 37 percent of those caregivers belong to the "sandwich generation."

Taking care of their parents and children leaves pre-

AP/ Wide World Photos

As social services dwindle, the burden for caring for elderly parents falls increasingly on younger family members, who themselves must balance work and childcare demands.

cious little savings for their own retirement, a rendezvous with a distant and uncertain destiny.

The young men and women now entering the work force will be lucky to have a defined contribution plan such as a 401(k) – let alone a defined benefit pension plan.

Overall, only 44.9 percent of workers aged 25 to 34 who work full-time and year-round participate in a pension plan. That's ten percentage points lower than all workers, according to a Congressional Research Service (CRS) report.

And younger workers are less likely to reduce their take-home pay by enrolling in 401(k) plans. They need the money now to meet the rising costs of food, fuel, insurance, rent and credit.

So, with today's attacks on their parents' retirement benefits plus the financial pressures they face, an entire generation of workers is at risk. They can – and will – care for their moms and dads if asked. They can – and will – raise their own kids. But they can do so only by putting off until tomorrow any thought of a nest egg. And even then it may be too late.

Time for Action

Who will stop these muggings? Who will defend our moms and dads from these predators? Who will protect all that we have won by working hard and playing by the rules?

If your answer is "I WILL" then your chance to fight back is as easy as typing *www.goiam.org*. Then click on the "Mugged" Pick a Fight or "Whack a Hack" image to join the fight against politicians and CEO's who have stolen your pensions, mugged your parents and robbed the gold from your children's golden years.

Check back often to see new ways to "Whack a Hack."

From now until November 7th, Election Day, we will make them pay for their crimes.

And, on Election Day, we will put them out of their misery. We will retire them permanently from public office. And they will know what it means to mess with the Fighting Machinists.

Are You Being Mugged?

AP/ Wide World Photos

If your or your family's golden years are being stolen by Corporate Muggers, help fight back! Share your experience at www.goiam.org. Choose the "Mugged" Pick a Fight and go to the "Workers Speak Out" section (see page 24 for complete instructions).

While there, send a message to your legislators and click on the "MNPL" tab to contribute online to the Machinists Non-Partisan Political League (MNPL). Your voluntary contribution will be used to support political candidates who will stop the mugging of our moms, dads and grandparents.