

"African-Americans Deserve More from Social Security"

By Malcolm Moore

I recently learned about an African-American male who died of lupus at the age of 40. He is survived by a wife and four children - with the youngest only two years old.

Although the cause of his death is somewhat rare, the story in its essence is quite common. African-American men often die young.

According to a 2003 report from the Centers for Disease Control, the average African-American male can now expect to live 68.6 years. This is generally attributed to the poor quality of health in African-American communities along with poor lifestyle decisions. It is also common knowledge that married persons generally survive longer, so the African-American community's relatively low marriage rate doesn't help.

This is all relevant to the Social Security debate.

As argued by Representative Bill Thomas (R-CA), it makes good sense to consider race and sex when assessing what Social Security has to offer. Financial planners are first to advise developing an investment portfolio tailor-made to individual needs. When given the opportunity, workers individualize retirement portfolios.

Why should Social Security be any different?

Think about it. One presently cannot fully access what has been paid into Social Security until age 65. That means that, on average, African-American males enjoy only 3.6 years of payback for decades of paying into the system.

What happens to the rest of the money? Well, the Social Security "trust fund" is little more than an IOU. What has been paid in has probably already benefited someone else. It is gone, and none of it will go to the deceased's family - at least not directly.

Critics downplay this disparity, saying African-Americans, on average, still get more from the system than they pay into it because survivor and disability benefits provide for those left behind. Maybe so, but where is the dignity in depending on welfare rather than the nest egg that supposedly grew with each paycheck?

This is why young and old African-Americans alike should favor a privatization of Social Security and the establishment of personal saving accounts. Furthermore, African-Americans should want reforms that go far beyond the current debate.

First, African-Americans should want Social Security reform that includes provisions that limit the cost of investing. Social Security reform should not be a license for investment companies to steal from the cookie jar owned by working-class African-Americans. As the cost of computer technology continues to cheapen, personal investment should be organized so that investors can monitor and alter their portfolios at will and at a very low cost.

Second, African-Americans should want a provision that allows the use of these personal savings to become homeowners. If increasing African American homeownership is a national goal, it seems only reasonable to permit investors to use their savings to purchase a home.

This provision - which allows people to essentially borrow from themselves rather than be beholden to a lender - is available in most retirement savings plans today. Homeownership has historically provided a very good rate of return. Owned property is an excellent source of income in the form of reverse mortgages or simply their resale value. Such a provision is not yet part of the current debate.

Claims and counterclaims about the actuarial fairness of Social Security for selected demographic groups - particularly African-American males - continue to be disconcerting. Numerous articles on this

topic exist, but most are based on microsimulations and not actual Social Security data.

Not until this issue is put to rest can a true debate begin on reforming the Social Security to best benefit African-Americans.

To end the controversy, African-Americans should be calling on the Social Security Administration to produce comprehensive and corroborated studies that provide a definitive answer to the question, "How do different demographic groups fair under the current Social Security system?"

If it cannot provide such studies, it should tell us why not.

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