

JOHN F. KERRY
MASSACHUSETTS

RECEIVED BY
OFFICE OF CITY CLERK
United States Senate
1987 MAY -4 AM 11
WASHINGTON, D.C. 20510

CAMBRIDGE MA
April 29, 1987

Mr. Joseph E. Connarton
City of Cambridge
City Hall
Cambridge, Massachusetts 02139

Dear Mr. Connarton:

Thank you for contacting me to express your concern about the Social Security benefits changes known as "notch". I greatly appreciate knowing the views of the Cambridge City Council and I would like to take this opportunity to clarify some misleading information which has circulated about the "notch".

I have always maintained my commitment to ensuring that the people who have paid into Social Security for many years in good faith receive the benefits to which they are entitled. I have studied the "notch" issue extensively because I believe there must be a way to address the "notch" inequities caused by the unanticipated high inflation of the 1970's, without threatening the future solvency of the whole Social Security system. Let me briefly explain the 1977 benefit computation change and the unexpected results.

In 1977, Congress enacted a new benefit formula for all who turn age 62 after 1978 because the benefit computation set out in the 1972 Social Security Amendments vastly over-compensated for inflation. This problem combined with the high inflation of the 1970's was very rapidly sending the Social Security system into bankruptcy. In addition, if left unchanged, the old system would have eventually produced benefits that substantially exceeded a worker's pre-retirement earning.

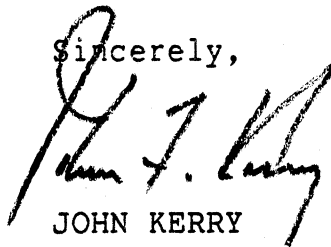
To keep the Social Security system solvent a correction had to be made, and it was considered best to ease the correction into existence over several years, therefore the "notch" period. I can certainly understand your distress that because of their date of birth, some individuals are benefitting from an error that others are not. However, I think I would be doing all retirees a disservice if I were to support legislation which would threaten the survival of the Social Security system. Returning to the pre-1977 formula would bankrupt the system.

I was not in Congress when these changes were made, but share your concern about an inequity in benefits for individuals with similar, if not the same, earnings record. However, I also believe we must keep the Social Security fund solvent. Your input has been very helpful to me and I shall continue to pursue a fair and realistic solution to this problem.

Page 2

Once again, thank you for taking the time to contact me and please continue to keep me informed on matters of importance to you.

Sincerely,

A handwritten signature in dark ink, appearing to read "John F. Kerry". The signature is stylized with a large initial "J" and a long, sweeping underline.

JOHN KERRY

JFK/mdr

3.

S-330

Comm. from Senator John Kerry, in acknowledgment & appreciation of resolutions adopted by the Council Re: Social Security benefits.

In City Council - ,

May 11, 1987

Placed on file