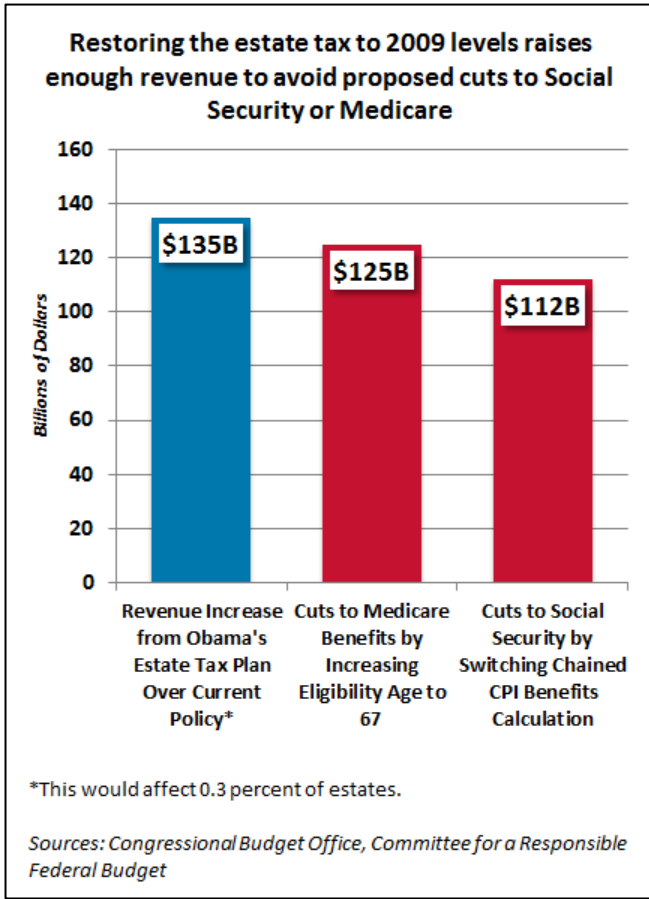
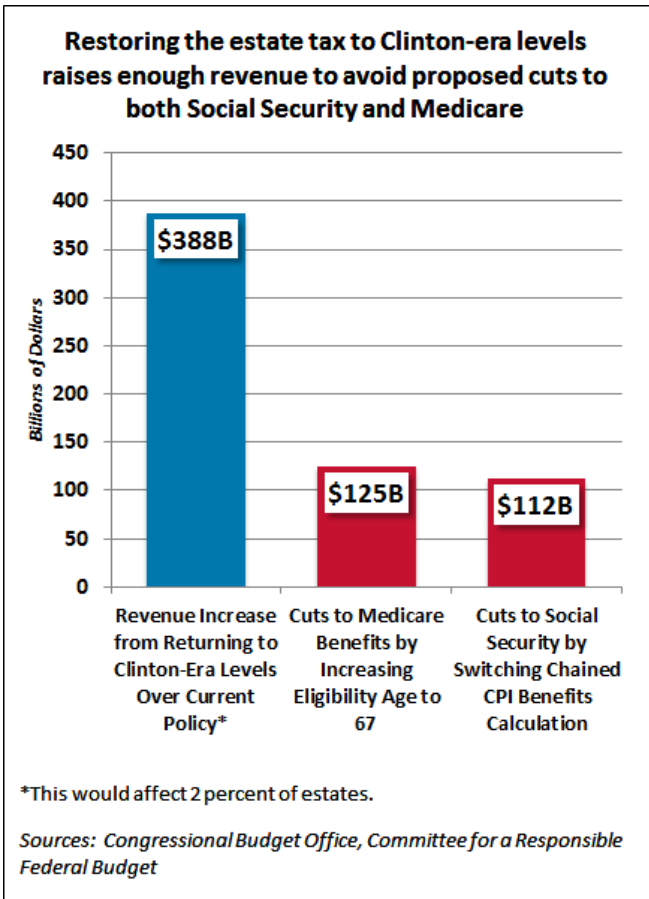




Restoring Estate Tax Rates to Earlier Levels Raises More Revenue than Cuts to Social Security and Medicare

New OMB Watch charts show that raising current, historically low estate tax rates could prevent cuts in Social Security and Medicare, rendering unnecessary House proposals to increase the eligibility age for Medicare from 65 to 67 or to impose a lower cost of living increase for Social Security beneficiaries. Rolling the estate tax back to 2009 levels would reduce the federal deficit by a larger amount than cutting these programs and would affect only the top 0.3 percent of estates. Restoring the estate tax to Clinton-era levels would raise enough revenue to avoid cuts to Social Security and Medicare.



Among the four options, restoring the estate tax to Clinton-era levels would reduce the deficit by \$388 billion over ten years. Only two percent of estates would be affected.

Rolling back the estate tax to 2009 levels was proposed by President Obama in his budget offer to Speaker Boehner last month. This proposal would reduce the deficit by \$135 billion over ten years. This proposal would only affect the top 0.3 percent of estates. In other words, 99.7 percent of estates would face no estate tax at all under this proposal.

Both estate tax options would produce more deficit reduction than two other ideas currently being considered.

One is increasing the eligibility age for Medicare from 65 to 67, which would reduce federal spending by \$125 billion over ten years, according to the Congressional Budget Office. This proposal would shift the burden of solving the nation's deficit problems onto the nation's seniors, employers, and the states.

Another proposal by Speaker Boehner would lower Social Security benefits by using a lower annual inflation-adjustment to calculate benefits. This proposal would adopt a measure called the "chained consumer price index" and lower Social Security benefits by an estimated \$120 billion over ten years, according to the Congressional Budget Office.

Congress should not be cutting Social Security and Medicare benefits to preserve low tax rates on inheritances from multi-millionaires.