THE COST FOR AMERICAN FAMILIES OF A REPUBLICAN DEFAULT

Montana

Every American will pay a price if House Republicans force a default on our debt obligations by not raising the debt ceiling. Refusing to raise the debt ceiling poses a cataclysmic danger to the stability of our markets and the economic security of our middle class. While no one knows with certainty the full extent of the damage, American families will potentially face higher interest rates for mortgages, auto loans, student loans, and credit cards, a drop in retirement savings, and disabled veterans and seniors not receiving their earned benefits on time. A debt limit increase simply allows Treasury to pay the bills for spending Congress has already approved and does not add one cent to the debt. **House Democrats agree with President Obama that the full faith and credit of the United States is non-negotiable.**

- **Higher mortgage costs.** If a default were to increase mortgage interest rate spreads by as much as they did when Republicans *threatened* default in 2011 – 0.7 percentage points – the average homebuyer will pay an extra $100 a month. [Treasury Department] This would cost families $36,000 over the life of a typical 30-year home loan.
    - 30,190 Montana residents took out a home mortgage or refinanced their existing mortgage last year.

- **Lost retirement savings.** American workers retirement accounts – pension funds, 401(k) plans, and Individual Retirement Accounts (IRAs) – are at risk with a government default as much of them are invested in the stock market. Private pension balances were 26 percent lower than they would have been if House Republicans had not *threatened* to default in July 2011. [The American Society of Pension Professionals and Actuaries] If a default caused retirement assets to shrink that much again, it will drop the average American's 401(k) by $15,000 and the average IRA by almost $23,000. And the cost would be worse for workers' nearing retirement – dropping an average near-retirement worker's 401(k) more than $37,000.
    - 185,000 people in Montana have employer retirement plans that would be at risk.

- **Seniors may not get their monthly Social Security checks.** Fifty-eight million Americans, including seniors, widows, disabled workers and children, rely on Social Security to make ends meet every month. If Republicans force default, more than 10 million Americans won't get their Social Security on October 23rd. On November 1, Social Security is scheduled to pay another 26 million Americans.
    - 203,292 residents in Montana rely on their earned Social Security benefits.

- **Disabled veterans may not receive their pensions.** Nearly 4 million disabled veterans receive monthly payments in recognition of their service and their sacrifice. If Republicans force default, they will not receive their benefits on November 1.
    - 19,084 Montana veterans receive disability compensation.
    - 1,552 very poor and disabled veterans in Montana receive a pension to live on.

- **Student loans will cost significantly more.** Even a brief default might increase the cost of college. For a freshman who starts school in 2014 and takes out the maximum annual student loan, their student loan costs are estimated to jump by about $1,000, increasing loan payments by 10 percent. [The Institute for College Advancement and Success (TICAS)] A longer default could increase payments by $2,000.
    - 28,317 students rely on loans to go to college in Montana.

- **Doctors and Hospitals may not get paid for taking care of Americans with Medicare.** More than a million doctors and hospitals that take care of Medicare beneficiaries have submitted bills for services they already provided. If Republicans force a default and Treasury is unable to pay them, they may not be able to continue caring for disabled workers and seniors.
    - 177,835 Montana seniors and disabled workers rely on Medicare for their health care.