



RETIREMENT ASSOCIATION

SOCIAL SECURITY WORKS FOR EVERYONE! PROTECTING AND EXPANDING THE INSURANCE AMERICANS LOVE AND COUNT ON

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presentation for

University of Wisconsin Retirement Association
March 23, 2021

Today's Talk

The Story

(1) SUMMARY

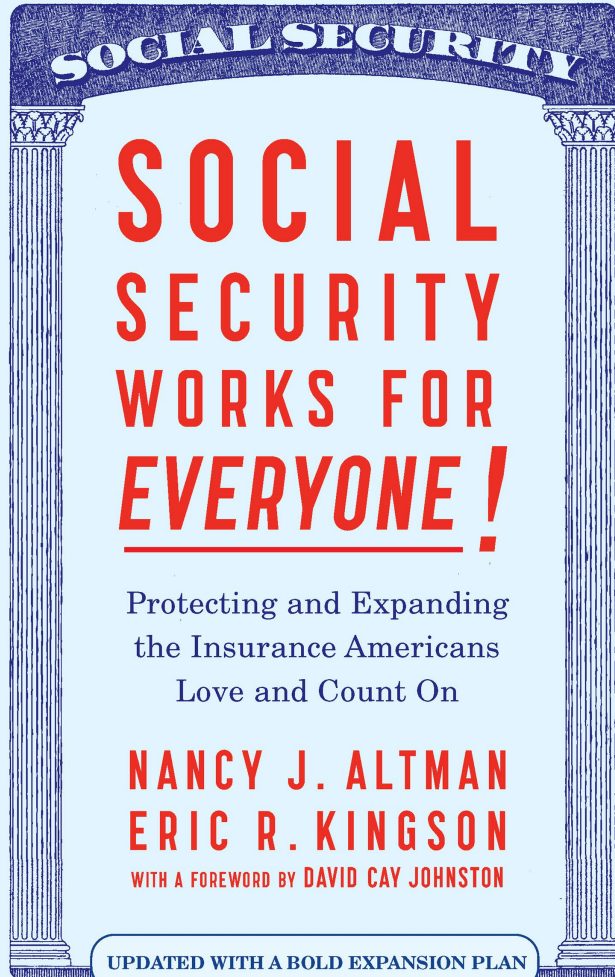
(2) WHAT WE BUILT, WHY WE BUILT IT
AND WHY & HOW IT WORKS

(3) HISTORICAL CONTEXT AND
EVOLUTION OF SOCIAL SECURITY

(4) STRATEGIES TO UNDERMINE SOCIAL
SECURITY

(5) FOUR, REALLY FIVE,
CONTEMPORARY CHANGES

(6) STRATEGIES AND PROPOSALS TO
EXPAND SOCIAL SECURITY FOR ALL
GENERATIONS



To begin, a few comments about why Nancy Altman and I wrote the book, that is why we rewrote Social Security Works!



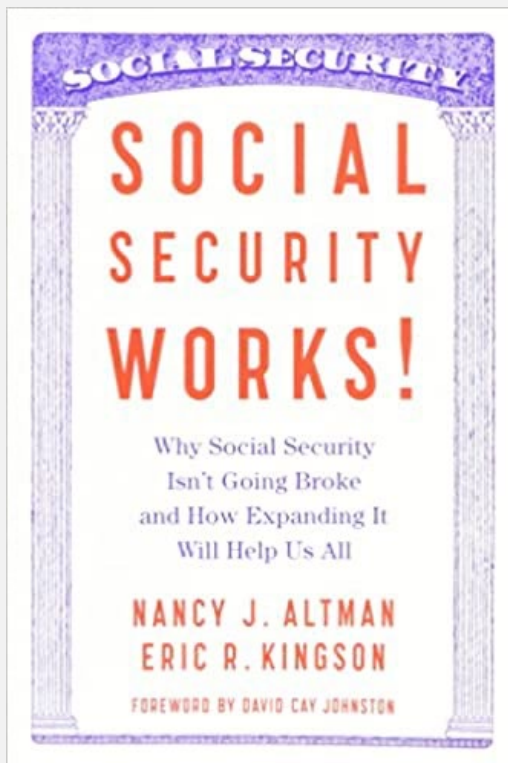
The world changed



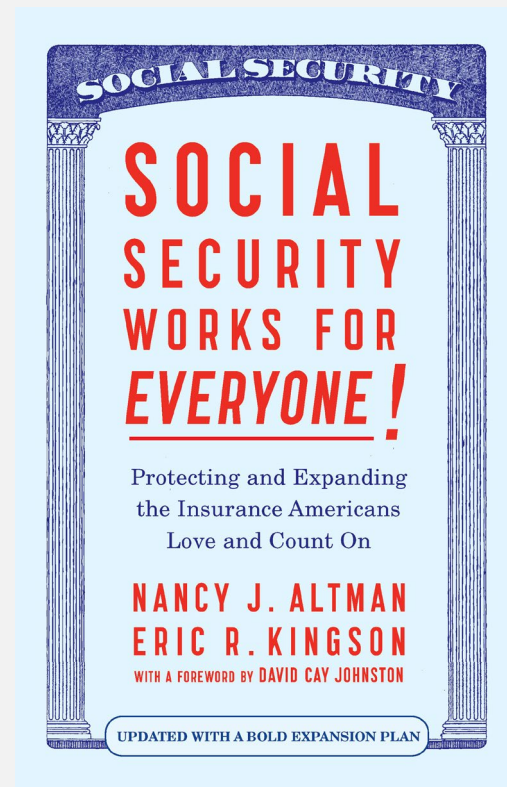
Window of opportunity opened



Time to move goalposts back



2015



April 2021

(I) SUMMARY POINTS

Social Security Works

Wage Insurance

Protections Families Can Depend On

Too Modest: Needs Expansion

Exceptionally Popular

Crisis Rhetoric Used To Create Misunderstandings & Undermine Confidence

The Billionaires' Campaign Against Social Security

The Real Crises

Expanding Social Security Addresses Crises

Expansion Is Matter Of Political Will, Not Economic Possibilities

Window Of Opportunity

Important Values At Stake

THE VALUES SERVED BY SOCIAL SECURITY:
THE MORAL BASIS

An Expression of Community

Mutual Aid & Self-Help

Concern for Neighbors

Dignity

Faith in Democracy & Government

Compact between Generations

(2)

WHAT WE BUILT, WHY WE BUILT IT
AND WHY & HOW IT WORKS

Generations of Americans Built SS

Our Social Security is critical system that serves us all, like the military or the highway system. SS is the foundation of our retirement security. It is the basic protection for our families if we become disabled or die.

Each generation has done its part to build and maintain its foundations for 85 years.

Why we built it

Our Social Security is vital because it is by far the most secure, most efficient, most universal, and most reliable way for Americans to guarantee their retirement savings.

Private retirement investments are inherently risky. Even sophisticated investors can lose everything. And, we have a responsibility to secure the dignity of our families and ourselves when wages stop at retirement, disability or death of a worker.

SOCIAL SECURITY:

1 SYSTEM



2 FUNDS



3 INSURANCE PROTECTIONS

Social Security is **ONE SYSTEM** of family risk protection

Social Security protects your family against loss of earnings through life's ups and downs.



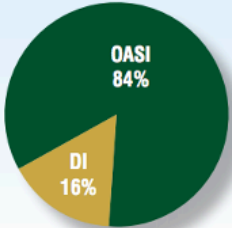
Life Phase	Childhood	Working Age	Old Age
Risk	Working parent becomes disabled, dies, or retires	1 in 3 chance of becoming disabled or dying before turning 67	Worker retires, outlives savings, or dies

Social Security's finances are administered through **TWO FUNDS**



Disability Insurance (DI) is a modest share of overall Social Security spending.

DI and Old Age and Survivors (OASI) as a Share of Total Social Security Spending



Social Security insures against **THREE RISKS**



NATIONAL
ACADEMY
OF SOCIAL
INSURANCE

Social Security will be there for you and your family when you need it, in all phases of life.

Source: Elliot Schreur and Benjamin W. Veghte, 2016. Social Security: One System, Two Funds, Three Insurance Protections. National Academy of Social Insurance: Washington, DC. Visit www.nasi.org.



⏪ ⏩ ⏮ ⏭ 0:01 / 3:45



Social Security: Just the Facts

<https://www.nasi.org/research/2012/video-social-security-just-facts>

THE VALUE OF SOCIAL SECURITY

- Inflation protection
- Life Insurance
 - \$580,000 for a young family*
- Disability Insurance
 - \$550,000 for a young family*
- Portable Retirement protection
- Only plan for 6 out of 10 private sector employees
- Progressive benefit structure
- Freeing up the generation in the middle to concentrate resources on their children

*** A 30-year old worker earning around \$30,000 holds Social Security life insurance protection for his/her spouse and two young children with a present value of \$580,000, had s/he died at the beginning of 2006. That same thirty year old has Social Security disability insurance protection with a present value of over \$550,000**

THE SOCIAL INSURANCE APPROACH TO PROTECTING AGAINST IDENTIFIABLE RISK

- Human dignity
- Universal
- Widespread Basic Protection
- Earned benefit
- Adequacy “trumps” Individual Equity
 - But both count
- Uses insurance principles
- Compulsory
- Earnings related
- Adequate financing
- Caring for Family, Neighbor and Self

SOCIAL SECURITY WORKS FOR THE UNITED STATES

65 million received Social Security benefits 1 in 5 (19%) as of December 2020

About 49 million retired workers & their spouses

8.3 million disabled workers and their spouses

3.7 million widows and widowers

4.0 million children

\$1.1 TRILLION expenditures in 2019

5.0% of GDP

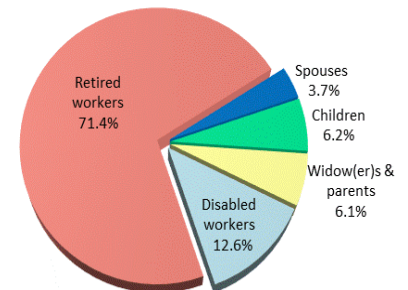
**SOCIAL
SECURITY
WORKS
FOR
THE UNITED
STATES**

2019 Report



socialsecurityworks.org

Beneficiaries as of December 31, 2020



Sources: Social Security Works, SSA Office of the Chief Actuary, SSA Office of Research, Statistics & Policy Analysis

<https://socialsecurityworks.org/wp-content/uploads/2019/08/United-States.pdf>

SOCIAL SECURITY WORKS FOR WISCONSIN

1,260,000 receive Social Security benefits in December 2019

1 in 5 (21.6 %) receive Social Security benefits

About 960,000 retired workers & their spouses

158,000 disabled workers and their spouses

67,000 widows and widowers

47,000 children

About \$22 BILLION

to Wisconsin homes in 2020

(4 percent of State's GDP)

**SOCIAL
SECURITY
WORKS
FOR
WISCONSIN**

2019 Report



socialsecurityworks.org

<https://socialsecurityworks.org/2019/08/12/social-security-works-for-wisconsin-2019/>

Sources: Social Security Works, SSA Office of the Chief Actuary, SSA Office of Research, Statistics & Policy Analysis

Social Security: American's Agree



FINANCING SOCIAL SECURITY

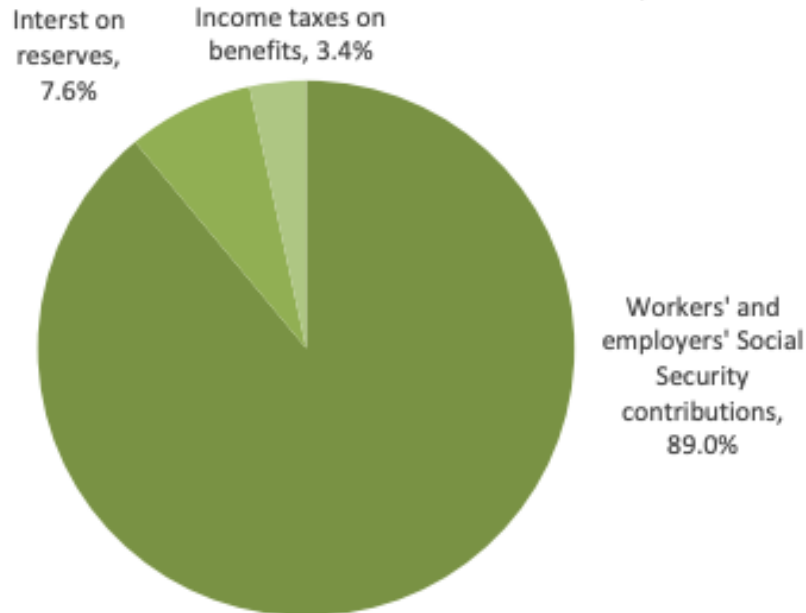
Three Sources of Revenue

Payroll Contributions
Taxation of Benefits Income
Interest on Trust Fund Investments

Two Trust Funds

Old-Age Survivors Trust Funds (OASI)
Disability Insurance Trust Fund (DI)

Figure 1. Shares of Income to the Trust Funds, 2019

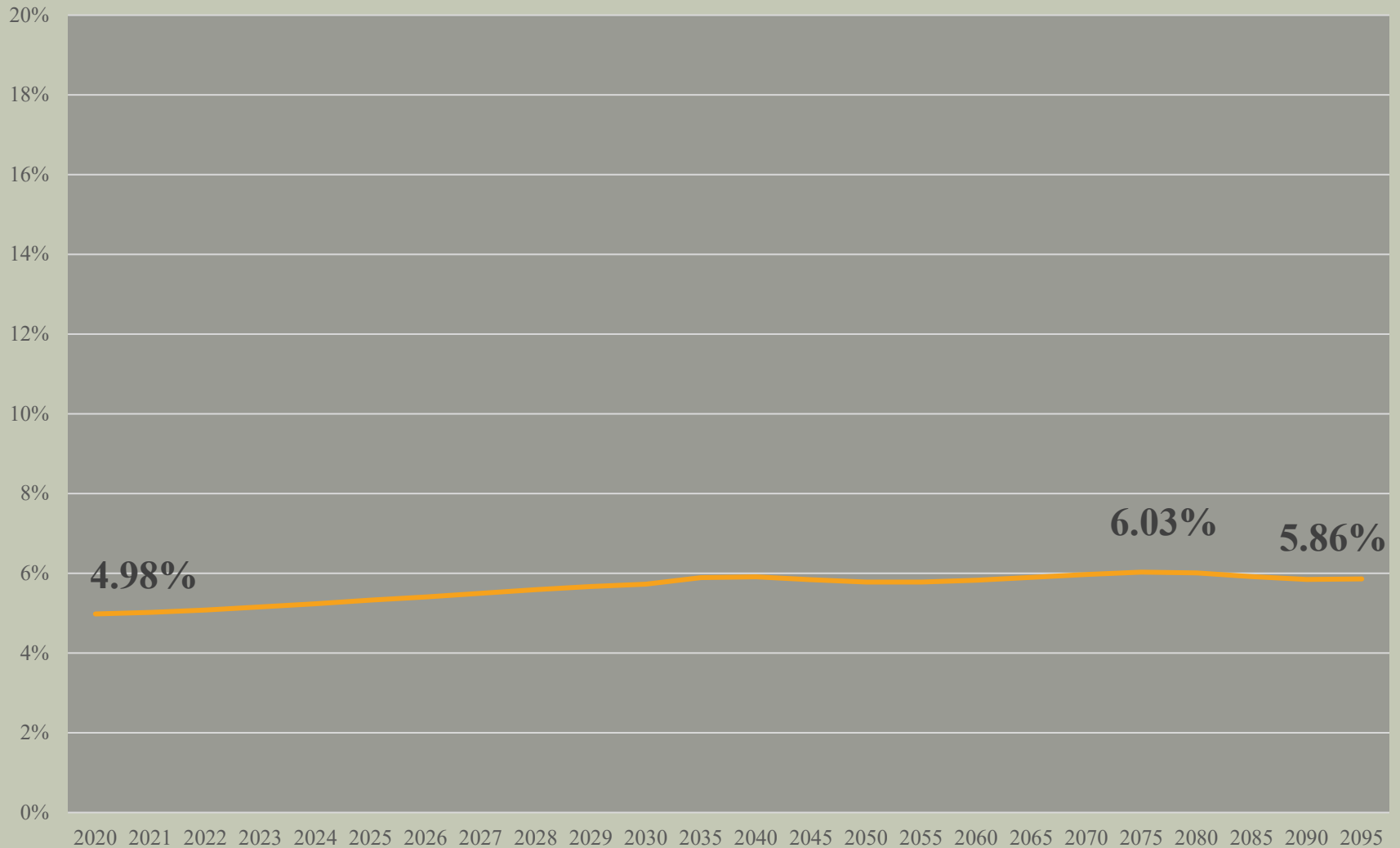


Source: Board of Trustees, 2020: Table IV.A3.

https://www.ssa.gov/OACT/TR/2020/IV_A_SRest.html#3

Social Security Is Fully Affordable

Social Security as a Percent of GDP, 2020-2095



Source: 2020 Social Security Trustees Report: Table VI.G4.

FINANCING SOCIAL SECURITY (CALENDAR YEAR 2020 ESTIMATES)

Revenues from Payroll Contributions \$1,003 billion

**6.2 % payroll contributions on employees &
employers**

\$142,800 ceiling

Revenues from taxation of benefits \$41 billion

Revenues from Trust Fund Investments \$76 billion

164 million covered workers & their families

Receipts \$1,118 billion

Disbursements \$1,096 billion

Trust Fund Assets at end of 2020

Trust Fund Assets \$2.9 trillion at year's end

Administrative costs \$6.3 billion

Key Solvency Dates

Beginning 2021

Tax revenues not sufficient to meet all obligations

Begin redeeming bonds in trust funds

2035

Trust funds depleted

3.21% of taxable payroll shortfall

79% of benefits payable after 2035 if Congress doesn't restore long-term solvency

To address long-term solvency, payroll contributions would need be increase 6.2 to 7.77 percent, on employer & employee

Or, benefits cut by 19%

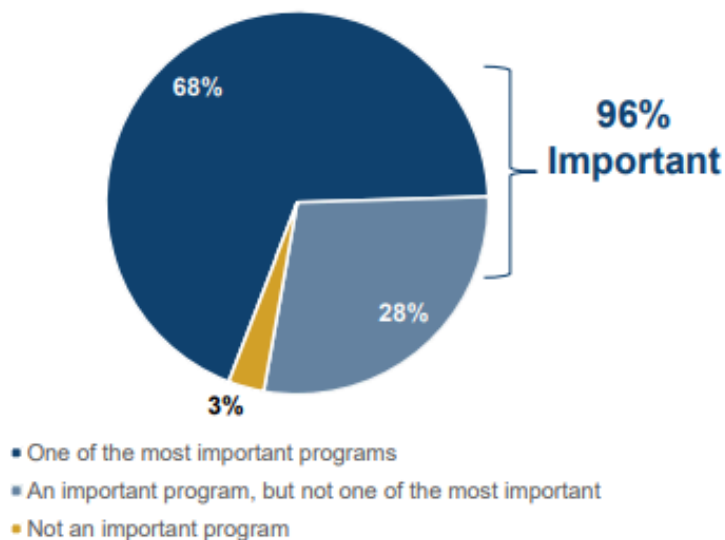
Sources: [National Academy of Social Insurance](#) and [2020 Trustees Report](#)

2020 AARP POLL 18 AND OVER (N=1,441)

Social Security remains incredibly popular

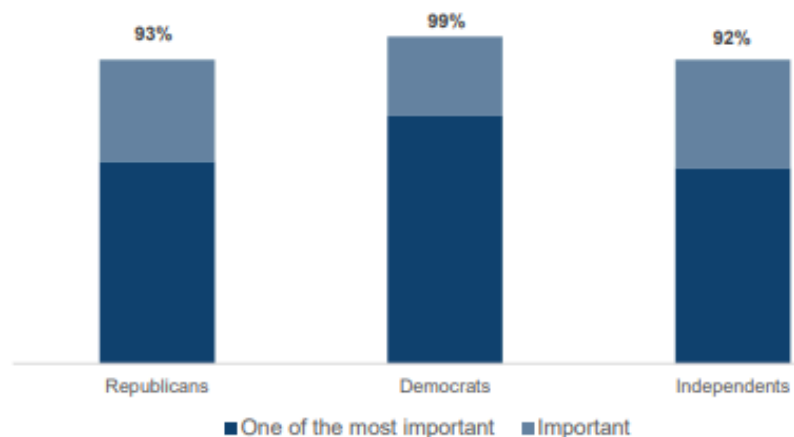
Recognition of the important role that Social Security plays in retirement is nearly universal. 96 percent say it is an important program compared to other government programs. In fact, over two thirds (68%) indicate it is one of the most important programs.

Importance of Social Security



Q9. Compared with other government programs, how important a program do you think Social Security is? Base: Total Respondents. Republicans, n=335; Democrats n=604; Independents, n=207.

Importance of Social Security by party



Social Security enjoys strong support across party lines, with 93% of Republicans, 99% of Democrats and 92% of Independents all agreeing that it is an important program.

(3)

HISTORICAL CONTEXT & EVOLUTION OF SOCIAL SECURITY

Emergence of social insurance

1900s to mid-1930s

Industrial economy

More industrial accidents & more old

Growing awareness of risks facing the old

Poor house fears

Reform ideas introduced

BARRIERS TO SOCIAL INSURANCE

FEDERALISM/STATE DOMINATION IN SOCIAL WELFARE

STATE RIGHTS CONCERNS

INDIVIDUALISM

VOLUNTARY TRADITION

LACK OF SOCIAL DEMOCRATIC TRADITION

NO TRADITION OF A PATERNALISTIC ARISTOCRACY

INSTITUTIONALIZING SOCIAL INSURANCE: INCREMENTAL EXPANSION 1939 TO MID- 1970S

- 1939, 1950, 1956, 1965, 1972
- Programs & Benefits added
- Benefit amounts increased
- Strong favorable Consensus

Downloaded from: Social Security Administration History Website
<http://www.ssa.gov/history/history.html>



*Social Security institutionalized:
Mid-1930s to mid 1970s*

Social Security Act of 1935

Favorable consensus

Growing economy

Aging interest groups

Compassionate stereotype of old

Incremental improvements in Social Security

Programs, Coverage & benefits added

1939, 1950, 1956, 1965, 1972

Medicare, Medicaid, OAA, SSI

FAVORABLE CONSENSUS EXEMPLIFIED BY PRESIDENT DWIGHT D. EISENHOWER'S LETTER TO HIS BROTHER, EDGAR EISENHOWER

Should any political party attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid.

November 8, 1954

<http://www.eisenhowermemorial.org/presidential-papers/first-term/documents/1147.cfm>

FINANCING ISSUES DOMINATE THE AGENDA: MID-1970S TO 1980S

1977 & 1983 Social Security Legislation

Response to

Projected shortfalls driven by high inflation and high unemployment

Rising cost of health care

Economic challenges

Demographic changes

Aging of Baby Boom

(4)

STRATEGIES TO UNDERMINE SOCIAL
SECURITY

Coordinated Anti-Social Security Strategies Emerge after 1983 Amendments

Generational equity/ “Greedy Geezer” Strategy

The Leninist Strategy

Spaghetti Strategy

Unfair to rich, to poor, to women, to...

Privatization Strategy

THE LENINIST STRATEGY AT WORK

A watershed election in 2001

Legitimization of radical change

Campaign to privatize Social Security

Partial privatization of Medicare

New Federal Deficits & Growing Debt

Tax cuts

Military expenditures

Pharmaceutical benefits

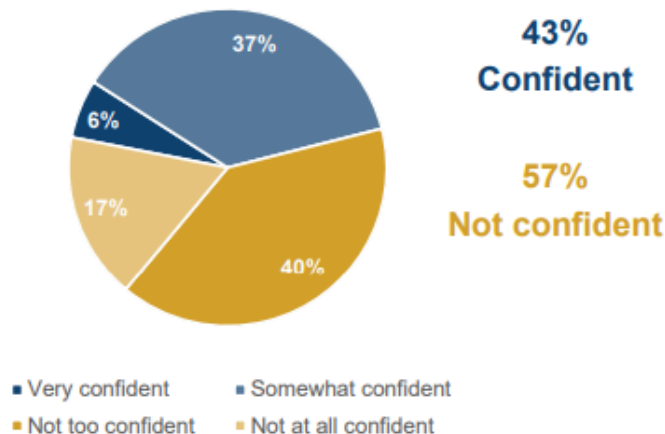
Pressures on state & local governments

ANTI-SOCIAL SECURITY CAMPAIGNS DIMINISHED CONFIDENCE IN

Lack of confidence in Social Security's future expressed by a majority

Nearly 3 in 5 (57%) say they are not confident in the future of the Social Security program, a finding that is similar across parties. The top reasons for this lack of faith include their lack of trust in the government to keep its promises (29%), that the money is running out (26%), and that politicians have taken money from the program in the past (16%). In fact, more than three quarters (76%) express concern that Social Security will not be there for them when they need it.

Confidence in future of Social Security



Q12. How confident are you in the future of the Social Security system? Base: Total Respondents.

Reasons for confidence

34% - It has been around for many years
27% - It has always paid its benefits
21% - Trust the government to keep its promises

Reasons for lacking confidence

29% - Do not trust the government to keep its promises
26% - Think the money is running out
16% - Politicians have taken money from the program in the past

Q13a/b. You indicated you are confident/not confident in the future of the Social Security system. Which of the following is closest to the primary reason you feel that way? Base 13a: n=625 Base 13b: n=816.

THE TRUMP YEARS STRATEGIES

- **Attacks on Disability Insurance & Beneficiaries**
- **So-called payroll tax holiday proposal to defund Social Security by undermining its dedicate revenues**

Deaths by a thousand cuts

Desire to permanently eliminate payroll contributions after 2020 election

- **Poison Pill – undermines dedicated financing of Social Security**
- **Proposals to trade-off future retirement benefits to support cost of childcare or other existing family care expenses**

DEMISE OF PRIVATIZATION AND RISE OF DEFICIT / DEBT STRATEGY

Billionaire funded federal deficit strategy

Proclaiming Social Security in “crisis”

Turning “Entitlement” into a four letter word

Everyone knew Social Security not sustainable

Everyone knew it was a cause of the deficit & rising debt

Obama & Focus on Deficit

Deficit Commission

**GOING FORWARD:
BEWARE OF ZOMBIE PROPOSALS**

DECLARATIONS OF DEFICIT CRISIS, PART 3

**SEEMINGLY SENSIBLE CALLS FOR BIPARTISAN
COMPROMISE**

**A COMMISSION WITH FAST - TRACK
AUTHORITY (E.G., *THE TRUST ACT*)**

PROPOSALS THAT WOULD RADICALLY CHANGE SOCIAL SECURITY

Partial Privatization

4 Percentage Point “Carve-Out”

(Diverts 4 percentage points of payroll tax from Social Security to private accounts)

Progressive Price Indexing

No reduction in benefits for people born before XXXX

No reductions in benefits for bottom 30% of earners

Very large reduction in benefits for middle and high income earners

(5)

FOUR, REALLY, FIVE CONTEMPORARY
CHALLENGES

FOUR CRISES THAT EXPANSION ADDRESSES IN WHOLE OR PART

Tenuous economic security of large portion of today's older populations

Retirement Crisis of young and middle aged workers

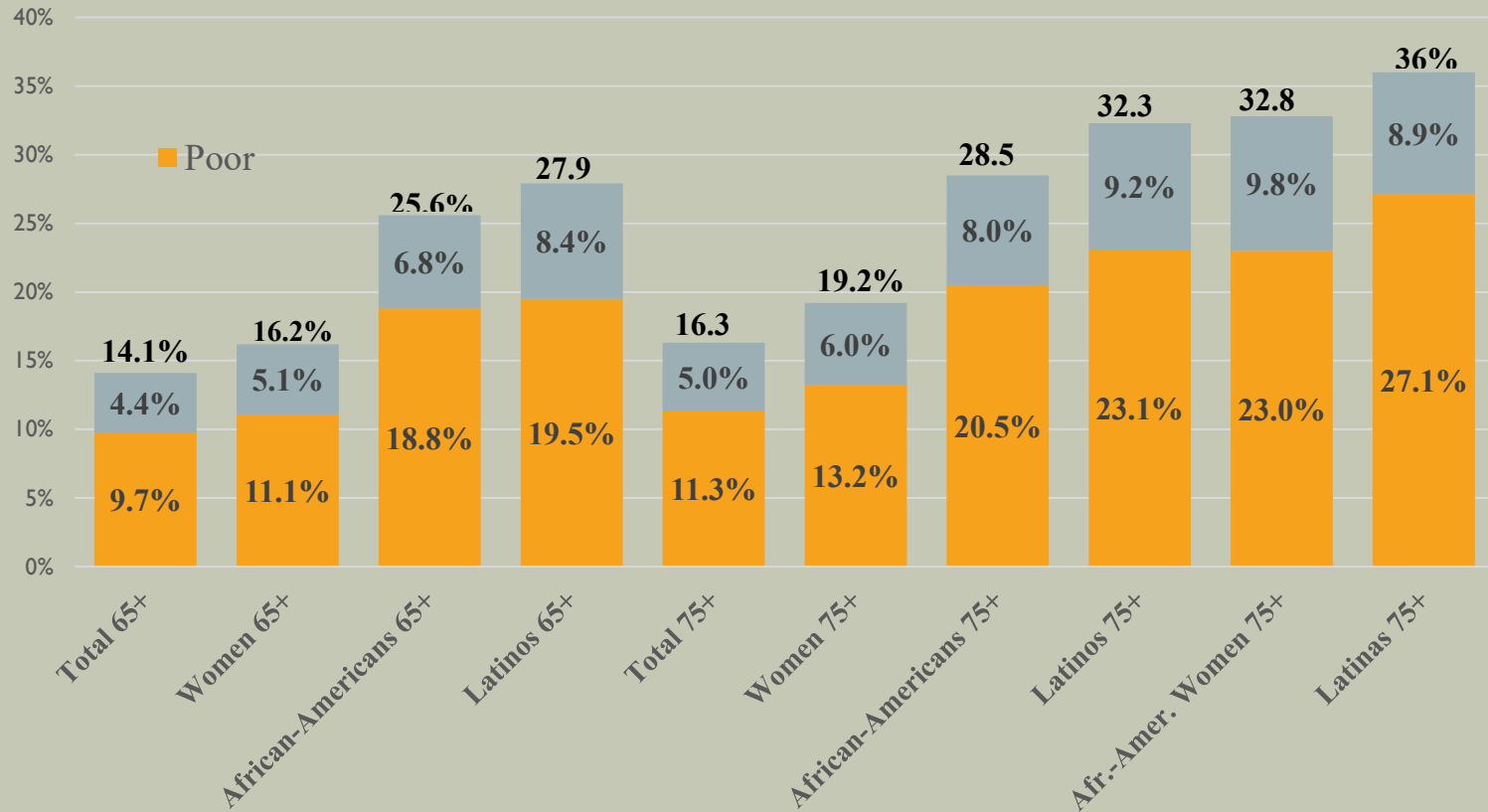
Caregiving crisis

The New Guilded Age: Income & wealth inequality

And a Fifth – divisiveness, incivility & empathy deficit

TENUOUS ECONOMIC SECURITY OF LARGE PORTION OF TODAY'S 65+ POPULATIONS

Seniors in Poverty or Near Poverty (125% of Poverty) Based on Official Poverty Measure (Based on Family Income, 2018)



Source: U.S. Census Bureau, "POV-01. Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race," Current Population Survey (CPS) Annual Social and Economic Supplement,

2018 POVERTY THRESHOLD 65+ | SINGLE \$12,043 & COUPLE \$16,247

Before The Coronavirus Pandemic, Many Medicare Beneficiaries Lived On Limited Income And Had Modest Savings

Per capita income and savings among more than 60 million Medicare beneficiaries, 2019

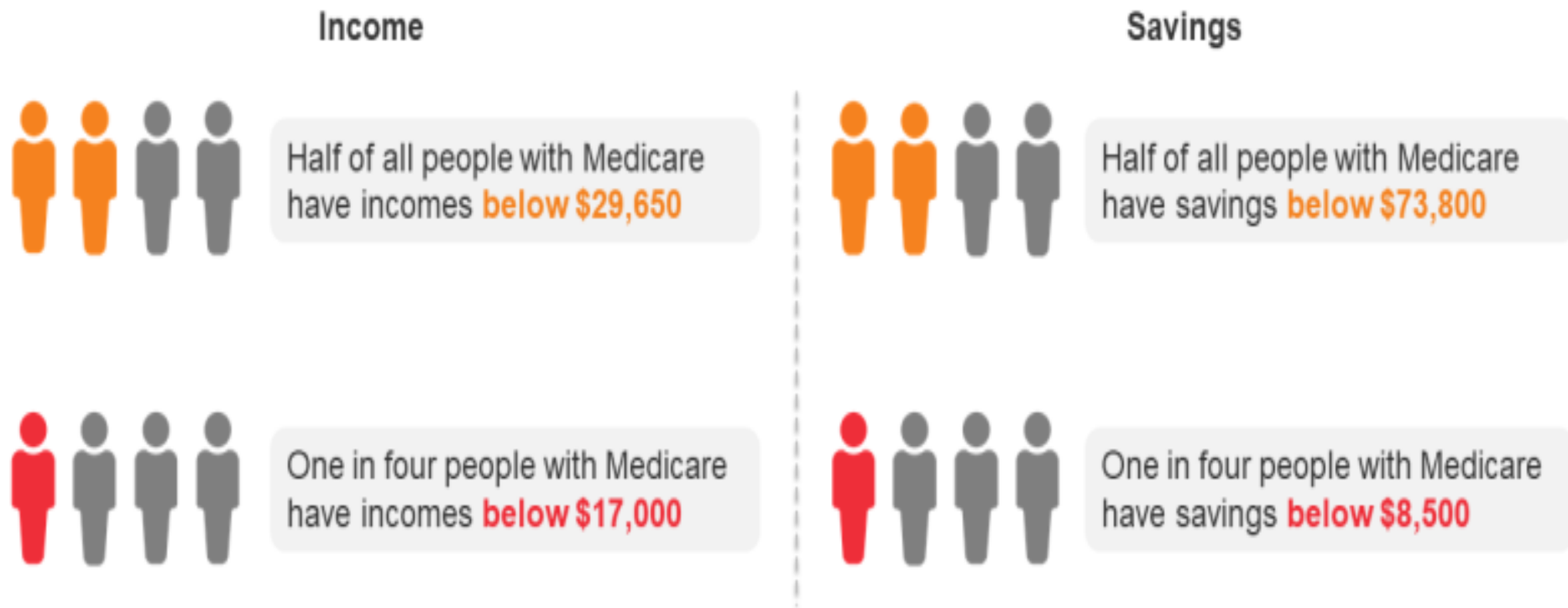
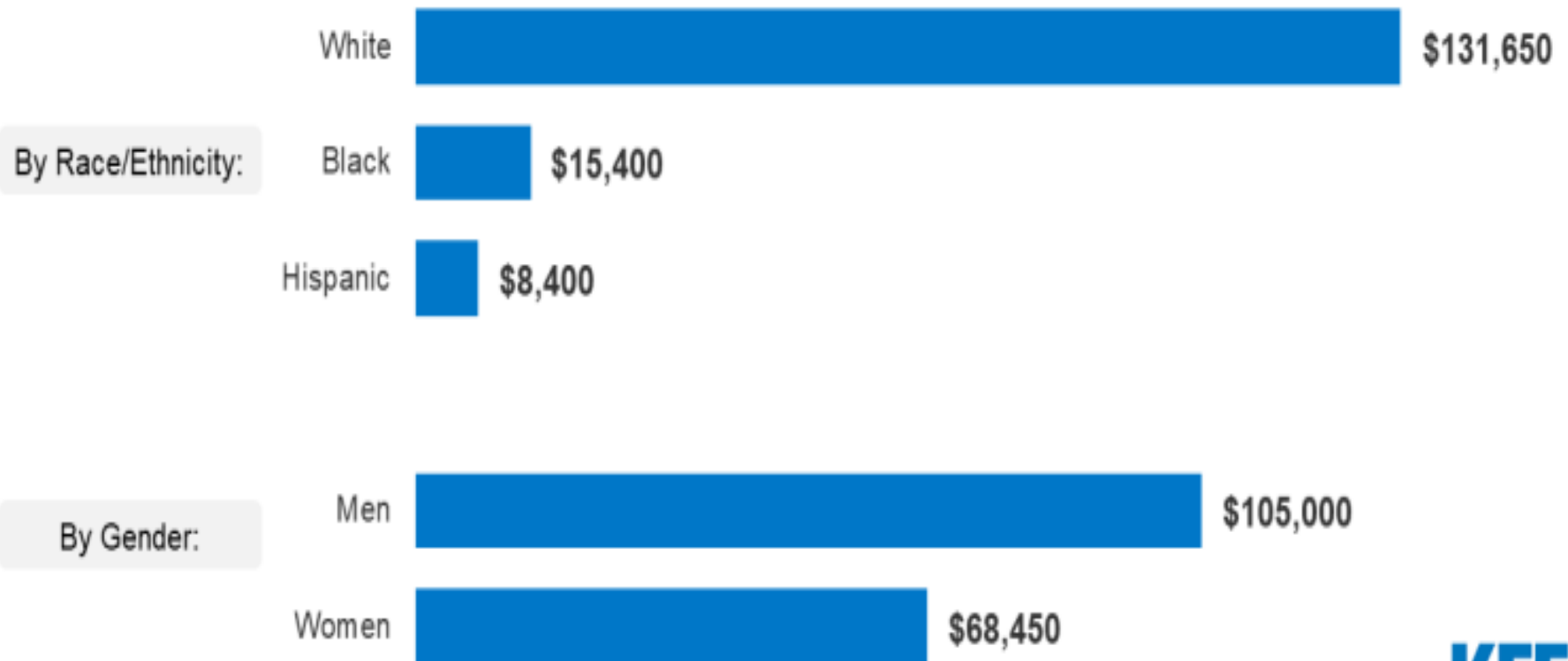


Figure 1

Among Adults Ages 65+, Median Savings Are Significantly Lower For Black And Hispanic Than White Seniors And Lower For Women Than Men

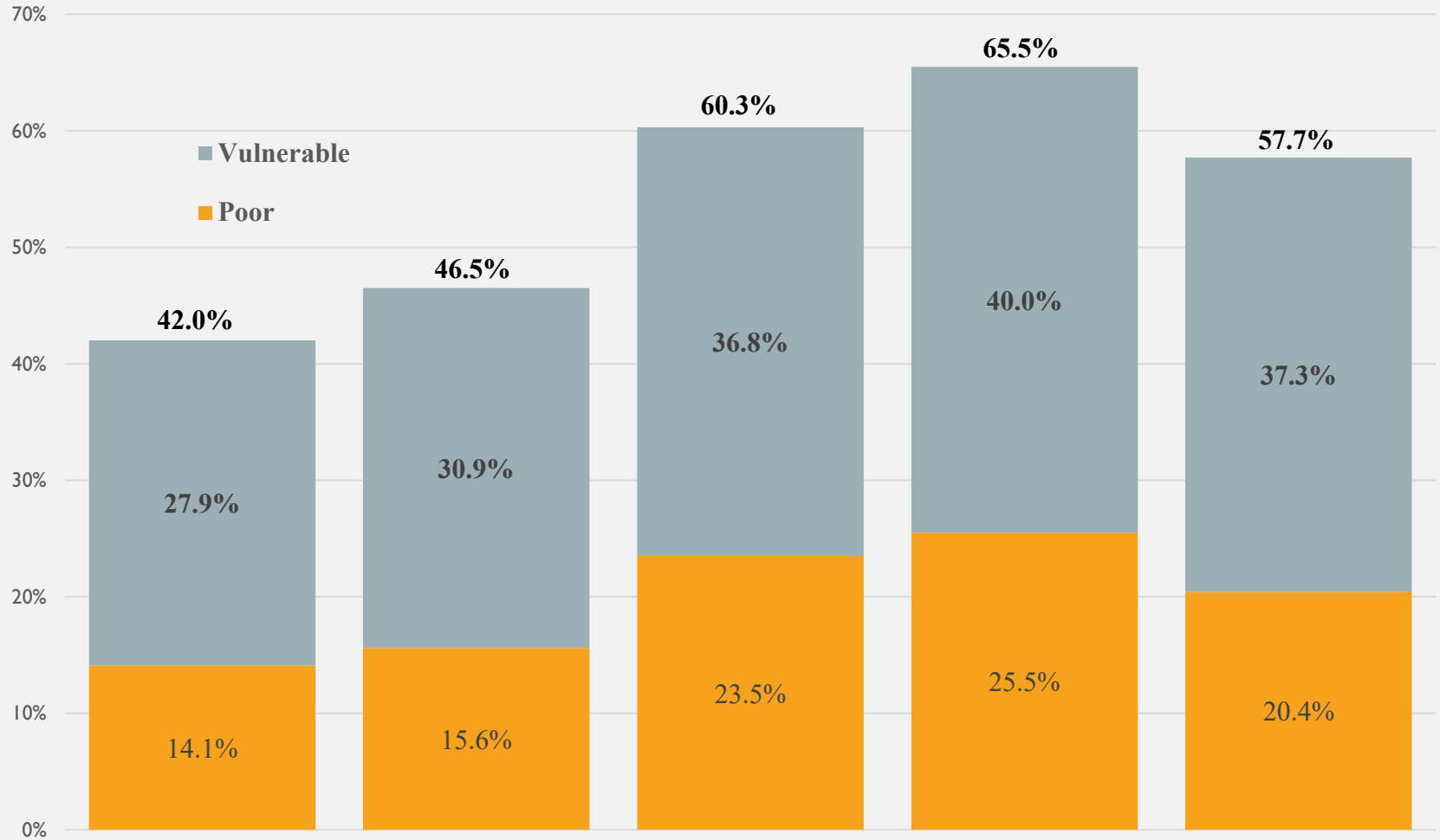
Median per capita savings by demographics, age 65 and older, 2019:



NOTE: Among Medicare beneficiaries age 65 and older.

SOURCE: Kaiser Family Foundation, "Medicare Beneficiaries' Financial Security Before the Coronavirus Pandemic," 2020.

Nearly Half of All Seniors Are Economically Vulnerable (Incomes in 2017 Under 200% of Supplemental Poverty Measure)



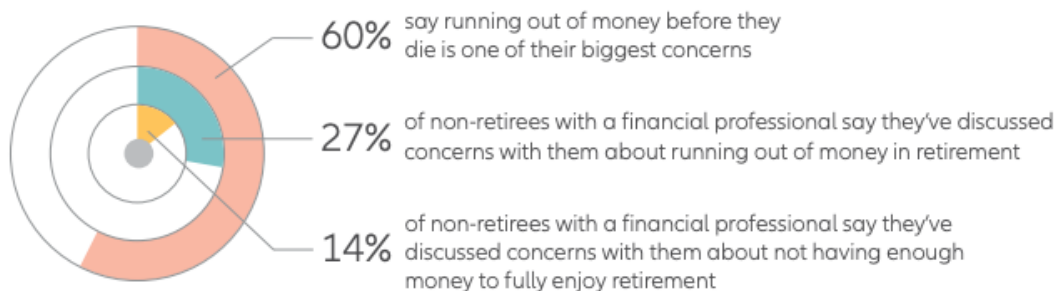
Source: Figures 3-5. Kaiser Family Foundation. How Many Seniors Live in Poverty? by Juliette Cubanski, Wyatt Koma, Anthony

Supplemental Poverty Measure (SPM) is the “sum of cash income, plus noncash benefits that resource units can use to meet their FCSU needs, minus taxes (or plus tax credits), work expenses, medical expenses, and child support paid to another household.” United States Census Bureau [P-60-272](#) September 2020

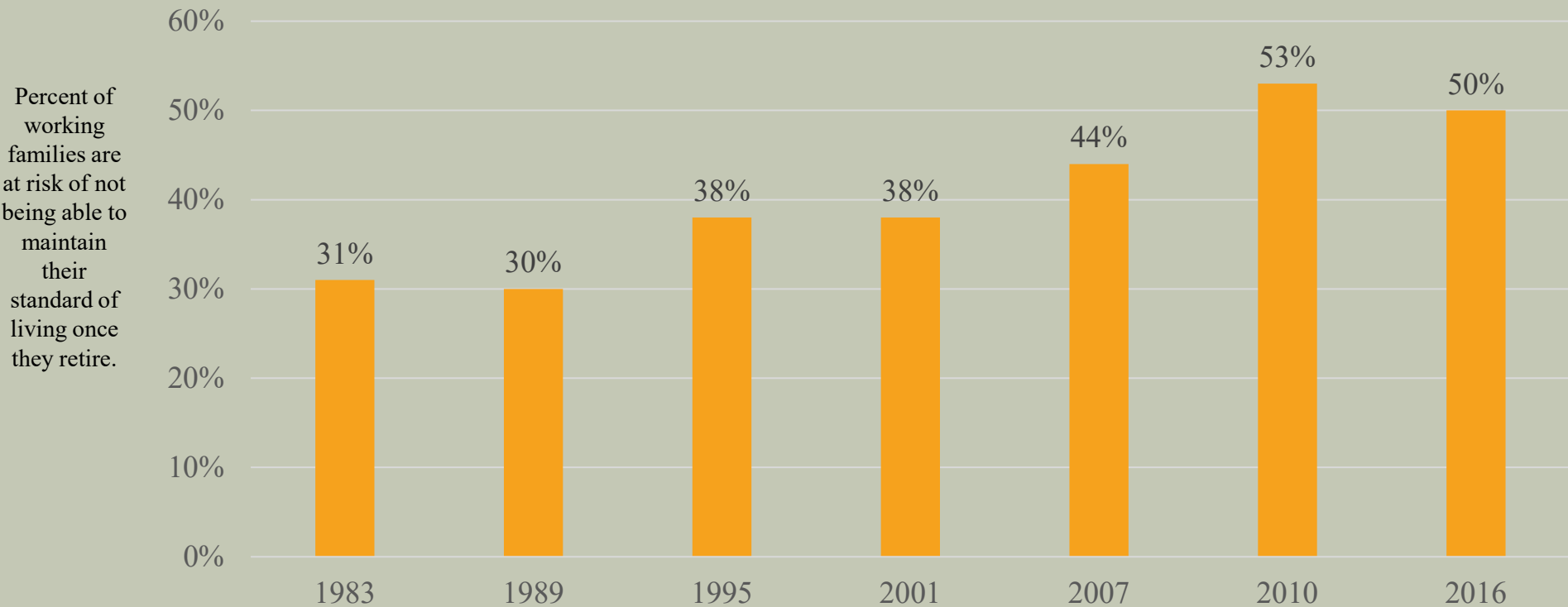
RETIREMENT INCOME CRISIS

- 2/3^{rds} unable to maintain standard of living in retirement ([NRRI](#))
- \$6.6 trillion retirement income gap, ages 32-64 ([Pension Rights Center](#))
- “38.3 million working-age households (45%) do not have any retirement account assets” ([NIRS](#))
- “Four out of five working households have retirement savings less than one times their annual income” ([NIRS](#))
- 55% of 45-54 report being “totally unprepared for retirement” ([2021 Alliance Life Insurance Survey](#)). Sample of 25+ with \$50,000 single/ \$75,000 couple (n=1000)
- Declining confidence in ability to afford retirement

A MAJORITY OF NON-RETIRES FEAR GOING BROKE IN RETIREMENT - BUT FAR FEWER ARE TALKING TO THEIR FINANCIAL PROFESSIONAL ABOUT IT.



Very Large Percentage of American Workers Face a Retirement Income Crisis



Source: Alicia H. Munnell, Wenliang Hou, and Geoffrey T. Sanzenbache, "How Would More Saving Affect the National Retirement Risk Index?" Issue Brief 19-16, The Center for Retirement Research at Boston College, October 2019.

COVID EXACERBATES RETIREMENT INCOME CRISIS

- Increased acceptance of reduced early retirement Social Security benefits
- More than 540,000 people have died, many of whom needing survivors
- More than two-thirds (68%) of retired respondents said they retired earlier than expected, up from 50% in 2020. ([2021 Alliance Life Insurance Survey](#))
- Unknown whether people with longterm effects will be able to return to work and require disability
- Savings spend-downs
- Without legislative fix, possible notch problem from COVID-related economic fallout
- 65+ less affected because Social Security and most employment-based pensions not affected

CAREGIVING CRISIS

- *“There are only four kinds of people in the world - those who have been caregivers, those who are currently caregivers, those who will be caregivers and those who will need caregivers.” Rosalyn Carter*
- Parents of young children often in a proverbial pressure cooker as they juggle work in the home, paid employment, child care, children’s schedules, and the rest of life.
- Parents caring for children with serious disabilities are often overwhelmed providing special physical care, supporting their child, accessing special services, and caring for their other children.
- Older parents who have been caring many years for their now adult developmentally disabled children, often fear what will happen to their children once they themselves die
- Persons providing significant, ongoing care for family and friends experiencing major illness (e.g., COVID, cancer, HIV/AIDS,) or whose disabilities severely limit activities.
- The health of very old caregivers is put at risk because of the absence of respite and other supports as they care for their spouses, siblings, and others
- Direct Care Crisis -- Pay and respect given to care workers – persons employed by functionally-disabled persons, families, and homecare, group home, nursing home, and behavioral health organizations -- rarely match their responsibilities and personal investment.

NORMAL CAREGIVING

With the [Census Bureau estimating](#) 73.4 million children (22.4 percent of the U.S. population) under age 18 in 2018, it is not surprising that the vast majority of normal care flows from parents and other adults downward to children.

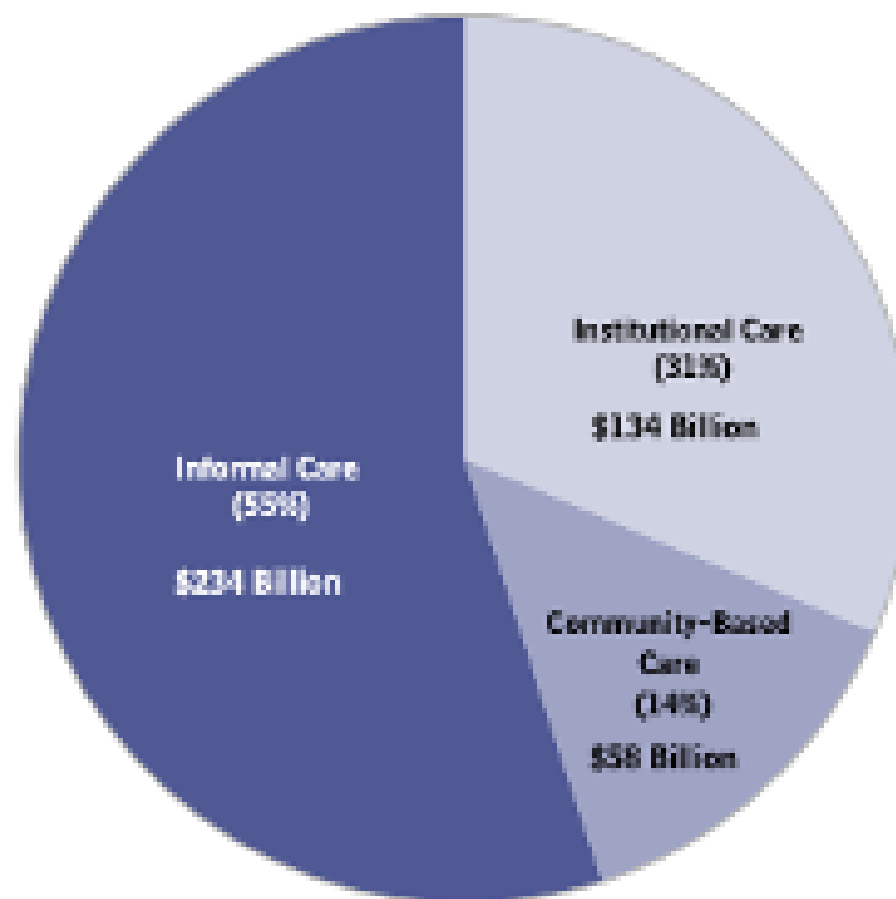
EXTRAORDINARY CAREGIVING

“In 2017, about 41 million family caregivers in U.S. provided an estimated 34 billion hours of care to an adult with limitations in daily activities.” The estimated economic value approximately \$470 billion. [AARP, November 2019](#)

Nearly 7.9 million children under age 18 live in “grandfamilies,”

One in four U.S. households (23 percent) as caring for one or more children with special needs

Estimated Economic Value of Formal and Informal Long-Term Services and Supports for Elderly People in the United States, 2011

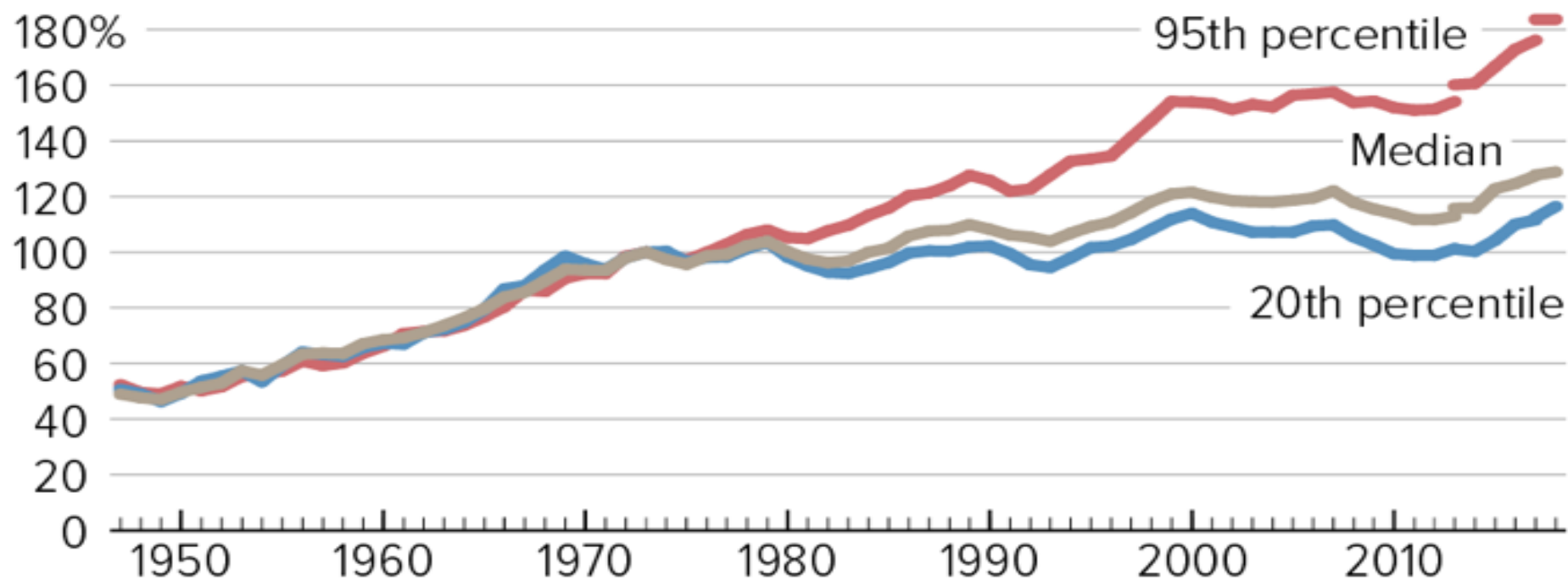


Source: Congressional Budget Office based on information from the Centers for Medicare & Medicaid Services, Office of the Actuary (for estimates of spending for formal care); data from the Health and Retirement Study; and data on average hourly wages of home health aides as reported by MetLife Mature Market Institute. For more information, see the supplemental material for this report.

THE NEW GUILDED AGE: INCOME & WEALTH INEQUALITY

Income Gains Widely Shared in Early Postwar Decades — But Not Since Then

Real family income between 1947 and 2018, as a percentage of 1973 level

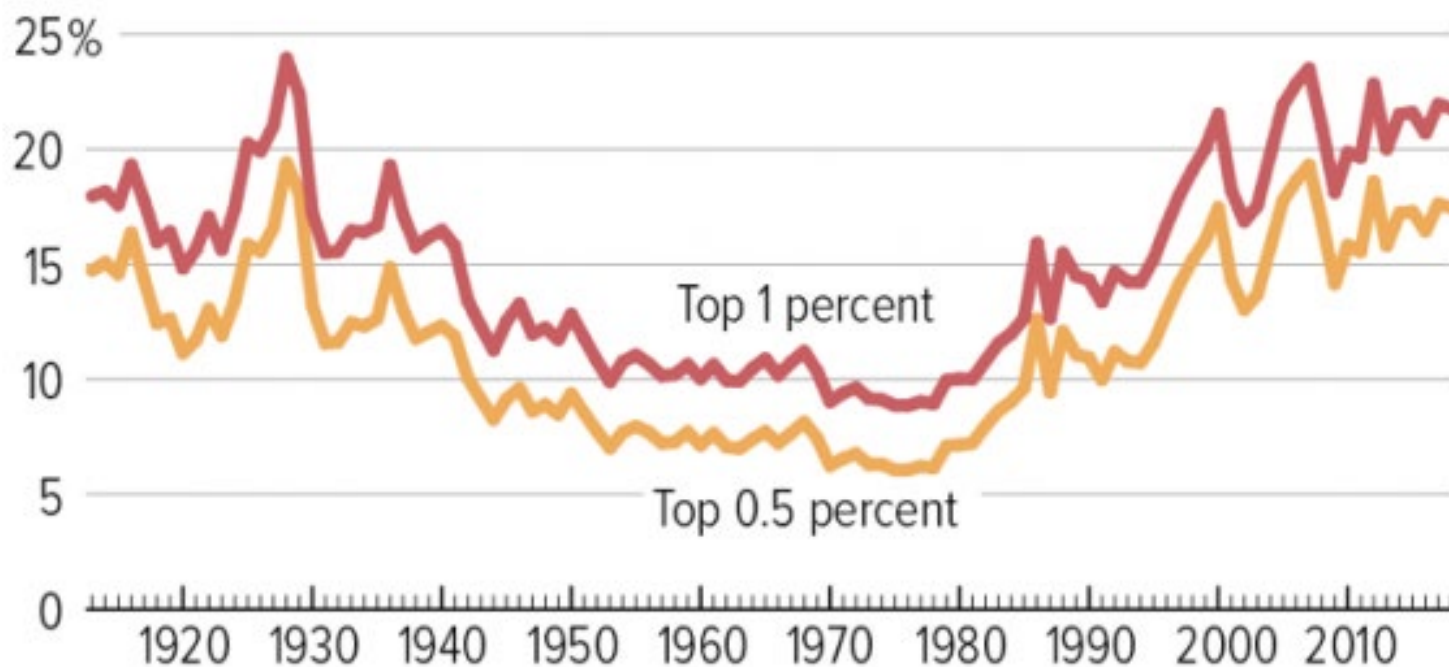


Note: Breaks indicate implementation of a redesigned questionnaire (2013) and an updated data processing system (2017).

Source: CBPP calculations based on U.S. Census Bureau Data

Income Concentration at the Top Has Risen Sharply Since the 1970s

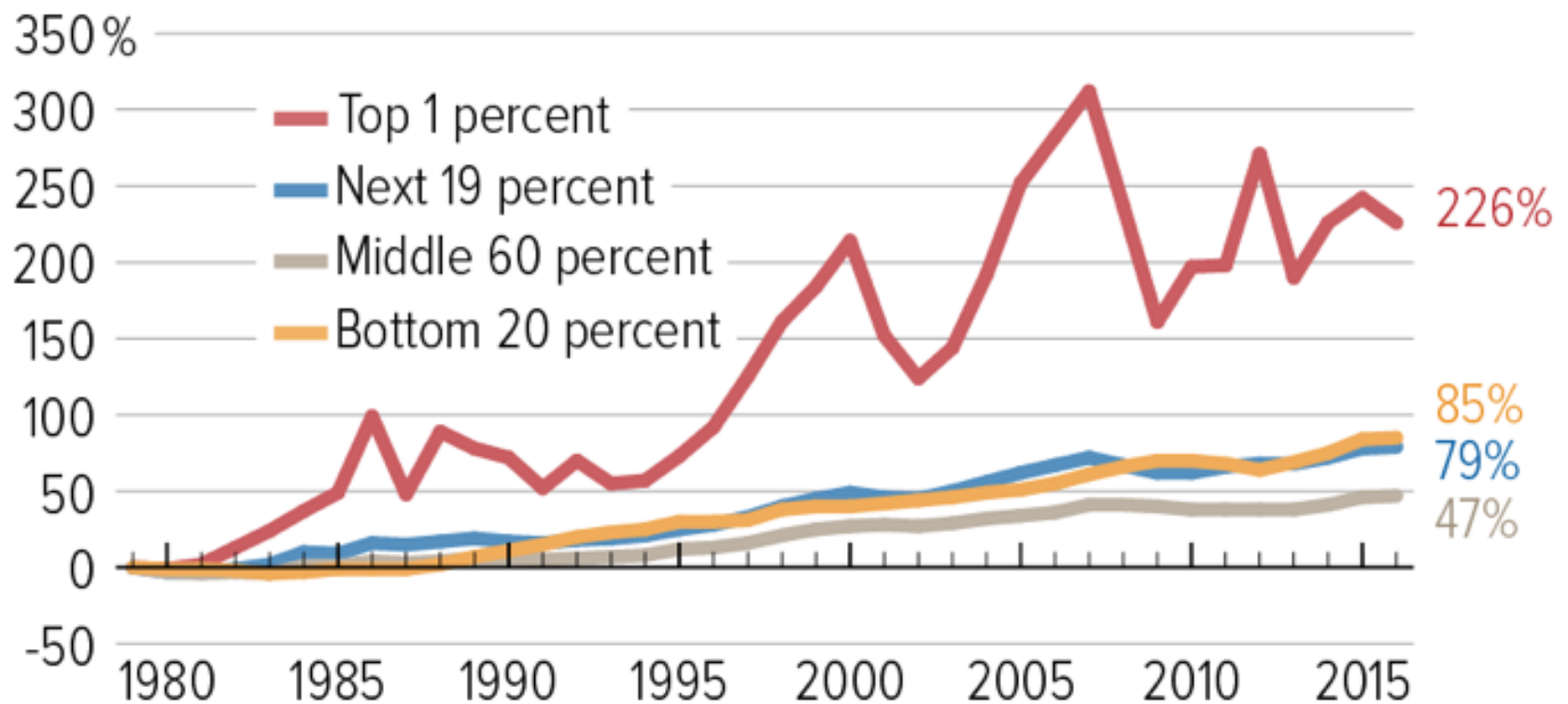
Share of total before-tax income flowing to the highest income households (including capital gains), 1913-2018



Source: Emmanuel Saez, based on IRS data

Income Gains at the Top Dwarf Those of Low- and Middle-Income Households

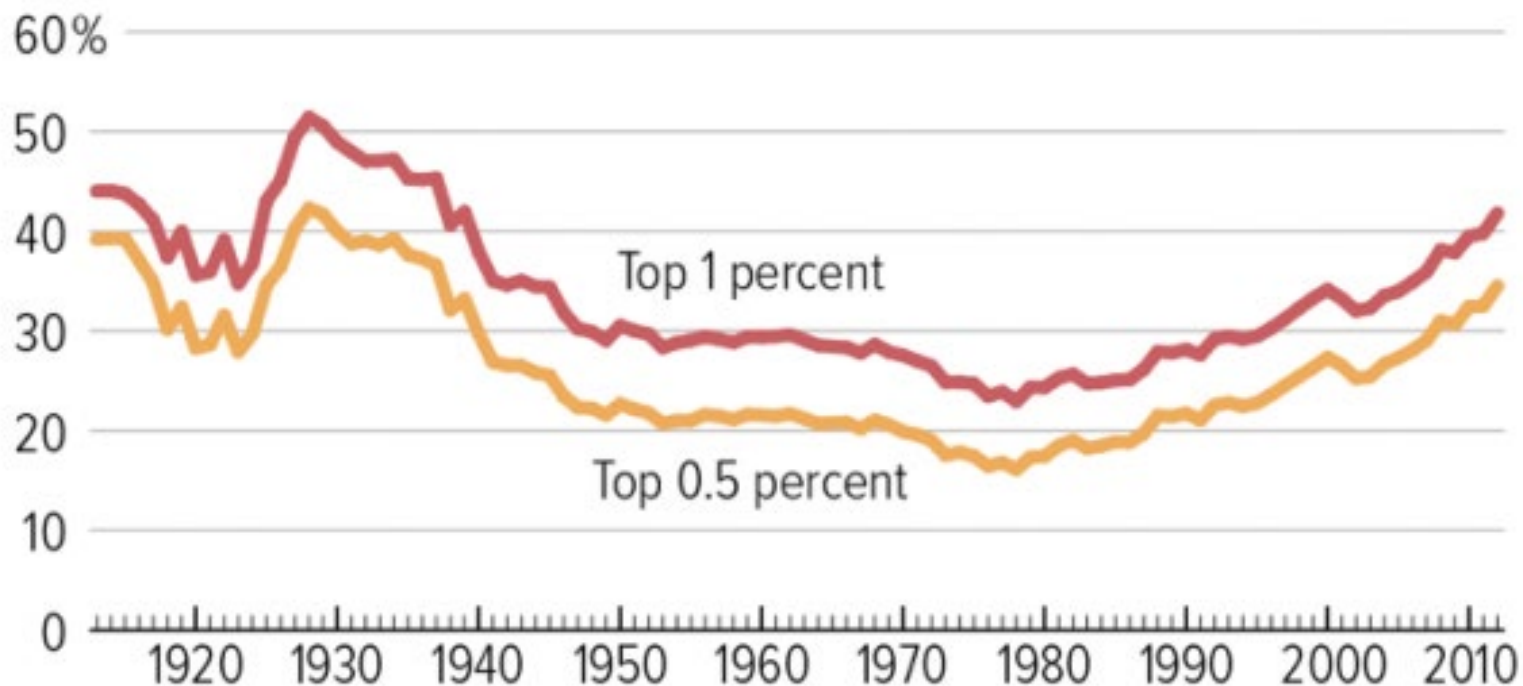
Percent change in income after transfers and taxes since 1979



Source: Congressional Budget Office

Wealth Concentration Has Been Rising Toward Early 20th Century Levels

Share of total wealth held by the wealthiest families, 1913-2012



Source: Saez and Zucman, May 2016

(6)

**PROPOSALS AND STRATEGIES FOR
EXPANDING SOCIAL SECURITY FOR
ALL GENERATIONS**

RE-EMERGENCE OF EXPANSION

- Advocates go on offense
- Slow shift from “whether and how much to cut” towards whether and how much to expand
- More Democrats favorable to expansion
- Bernie Sanders calls for expansion in 2016 presidential campaign
- Hillary calls for expansion
- Obama calls for expansion
- Democratic 2016 Platform very strong on Social Security
- Trump campaign promise to never cut SS&M
- By 2020 210 Democratic members of the House of Representatives co-sponsoring The Social Security [2100 Act](#) (Rep. John Larson)
- And support for many other expansion bills grows

WHY SOCIAL SECURITY IS THE SOLUTION

The one part of the retirement income system that is working

Most realistic mechanism for addressing crisis

The nation can afford to address expand Social Security retirement income and family protections while addressing projected shortfall

A matter of values & politics, not economics

THE SOCIAL SECURITY [2100 ACT](#) (REP. JOHN LARSON)

A STEP TOWARDS CONSENSUS

STRENGTHENS BENEFITS

Benefit increase of roughly 2 percent for all current and future Social Security beneficiaries

Better protection against inflation – Adopts Consumer Price Index for the Elderly (CPI-E)

Protects low-income workers – New minimum benefit 25% above the poverty line

Cuts income taxes for 11 million beneficiaries - Raises income taxation of benefit threshold from \$25,000 for an individual or \$32,000 for couples to \$50,000 and \$100,000 respectively.

• STRENGTHENS TRUST FUNDS

50 cents per week to keep the system solvent – Gradually phase in an increase in the contribution rate beginning in 2020 so that by 2043, workers and employers would pay 7.4% instead of 6.2% today. For the average worker this would mean paying an additional 50 cents per week every year to keep the system solvent.

Have millionaires and billionaires pay the same rate as everyone else. Gradually phase in 50 cents per week increase in the contribution rate beginning in 2020 . By 2043, workers and employers would pay 7.4% each instead of 6.2% today. on wages above \$400,000 Today, they pay nothing on income over \$147,200

Combine OASI and DI trust funds into one fund.

BIDEN'S POSITIONS DURING CAMPAIGN

- Apply payroll contribution rate on all income above \$400,000
 - Provide 5% increase in benefits to oldest Americans receiving SS benefits for 20+ years
 - Minimum benefit of at least 125% for workers with 30 years of covered employment
 - Allow surviving spouses to keep higher share of combined benefits
 - Eliminate penalties for teachers and other public sector employees
 - Lower Medicare eligibility age to 60
- CLEAR THAT THE QUESTION HAS BECOME FOR THE DEMOCRATIC PARTY, "HOW MUCH SHOULD SOCIAL SECURITY BE EXPANDED? ALIGNS WELL WITH WHAT AMERICANS WANT, INDEPENDENT OF PARTY OR POLITICAL VIEWS

Current projected 75 year shortfall as a percent of taxable payroll ²

-2.72

Addressing the Retirement Income Crisis

**Cost/Savings
as percent of
taxable payroll**

- **Increase monthly benefits for all current and future beneficiaries by changing benefit formula so benefits replace 80% of preretirement income of Low-Earner, 72% for Medium Earner and 64% for High Earner with maximum benefit of \$8,200 a month** **-7.00**
- **More accurate inflation adjustment (CPI-E)** **-.41**
- **Enhance minimum benefit to 125% of poverty at full retirement age with 30 years of work** **-.24**
- **Change disability insurance eligibility criteria for older workers 50+** **- .50**
- **Reduce early retirement reductions to 1/3th of one percent for every month retired worker benefits claimed before statutorily-defined full retirement age** **-.60**

Strengthening Family Protections for All Generations

- **Up to 12 weeks paid family leave and paid sick** **-.62**
- **Up to 5 years of caregiver credits for parenting child 6 or caring for seriously ill or functionally disabled family member over 6** **-.40**
- **Provide equity for disabled widow(er)s by eliminating both the age 50 requirement and year rule, and by providing unreduced benefits** **.04**
- **Eliminate 5-month D.I. waiting period** **-.12**
- **Restore student benefits for children from 19 to 22 and extend up to age 26 whose covered. parents have died, retired or become disabled** **.11**

SOCIAL SECURITY WORKS ALL GENERATIONS PLAN ¹

Current projected 75 year shortfall as a percent of taxable payroll ²

-2.72

Addressing the Retirement Income Crisis

Cost/Savings
as percent of
taxable payroll

Increase monthly benefits for all current and future beneficiaries by changing benefit formula so benefits replace 80% of preretirement income of Low-Earner, 72% for Medium Earner and 64% for High Earner with maximum benefit of \$8,200 a month

-7.00

More accurate inflation adjustment (CPI-E)

-.41

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-.24

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Restore student benefits for children from 19 to 22 and extend up to age 26 whose covered. parents have died, retired or become disabled

-.11

New child benefit of \$2,000

-.14

Strengthen disabled widow(er)s benefits. Eliminate age 50 & 7-year rules; do not reduced benefits

-.01

¹ These estimates are preliminary and do not include the interaction effects.

² "Percent of taxable payroll" is the customary way of showing the projected deficits/surplus and cost/savings generated by various proposals over 75years

SOCIAL SECURITY WORKS ALL GENERATIONS PLAN ¹

Current projected 75 year shortfall as a percent of taxable payroll

Securing Social Security's Financing for Generations to Come

Increase Social Security contribution rate by 1/20th of a percentage point per year, on employers and employees each, from 2025-2054, until rate reaches 7.7 on both employers and employees in 2054 and later; and then increase by 1/20th of a percentage point from 2080 to 2094, until it reaches 9.2 percent on both employer and employee. +3.20

Starting in 2021, gradually eliminate the maximum taxable wage base, giving credit for these contributions up to a maximum monthly benefit of \$8200 +2.30

Treat capital gains as ordinary income, reported and taxed annually with proceeds dedicated to Social Security trust funds. +2.00

Tax Financial Speculation +2.80

Treat all salary plans the same as 401(k) plans +.25

Invest 40% of trust funds in equities, phased in over 15 years +.59

Double Immigration +1.00

Restore Federal Estate Tax +.80

Peace Dividend +1.70

Invest in well-being of future generations by repealing tax expenditures enjoyed by fossil fuel industry, and activities destructive to the environment and civil society (e.g., private criminal justice facilities) +.25

Combine OASI Trust Fund with DI Trust Fund + 0

Shortfall (with - 3.31 projected deficit and -10.21 new expenditures equals – 13.52 percent of taxable payroll

Increased Revenues (+14.89 percent of taxable payroll)

Long-range surplus

+1.37

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ADDRESSING THE FIFTH CRISIS: *DIVISIVENESS, INCIVILITY & EMPATHY DEFICIT*

An instrument of civility and democracy, Social Security reflects widely held American values. It stands in sharp contrast to the divisiveness and toxic political climate, which no matter how described or implemented, is oppositional to the very purposes and values that underlie Social Security. It is an important step along the path toward what Martin Luther King called “the beloved community”—where it is understood that “all people [should] share in the wealth of the earth. . . . [where] poverty, hunger and homelessness will not be tolerated because . . . human decency will not allow it, [where] love and trust will triumph over fear and hatred [and] peace with justice will prevail over war and military conflict.”

SOCIAL SECURITY IS NOT JUST ABOUT DOLLARS AND CENTS.
IT'S ABOUT THE KIND OF PEOPLE WE ASPIRE TO BE

Civic cohesion and sharing of risks

Part of restoring confidence in government

Puts widely-shared values into action

Government's capacity to help families and individuals deal
with the uncertainties of life

Caring for the common good versus a narrowly conceived
notion of "individualism"