

Better Alternatives to the Simpson-Bowles Plan

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Better Alternatives to the Simpson Bowles Plan

- Gradual taxable wage increase- by 2030, 90% of employee and employer wages to be included in tax base
- New bend point of 5% for annual indexed earnings above \$150k
- Include newly hired public workers in 2020
- More flexibility in investments- up to 15% of Trust Fund
- Adopt chain cost of living for annual benefits adjustments (Bowles-Simpson)
- Adopt increase in benefits for seniors and special minimums (Rivlin-Domenici)
- Treat all salary reduction plans like 401(k's)
- Require consideration of flexible retirement age in discussion of increasing retirement age
- Bowles-Simpson Plan, **RECOMMENDATION 5.10: BEGIN A BROAD DIALOGUE ON THE IMPORTANCE OF PERSONAL RETIREMENT SAVINGS-** A serious bipartisan conversation need to take place regarding incentives to generate personal retirement savings that supplement Social Security and address the gap between what Americans need for retirement and what they currently have.

The Issue is bigger than Social Security, it's about Retirement Security

- 78% of Americans concerned about having adequate retirement savings
- 2010 Allianz Life Insurance poll:, 92% state there is a retirement crisis/ 61% more afraid of outliving assets than they are of death.
- Social Security Administration estimate: 2010 retirees with avg. annual earnings eligible at 65 for only 40% of their pre-retirement earnings (\$16,500)
- 2008: 90% of people over age 65 received SS benefits, were the major source of income for 57% of families
- “We need to solve our budget problems, of course, but in a way that doesn't worsen our retirement problems.” – Ezra Klein (Washington Post, 11/29/2010)