

Employer Perspective on the Social Security Policy

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Kenneth W. Porter

Actuarial & International Benefits Consultant

American Benefits Council

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Executive Director, American Benefits Institute



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Agenda

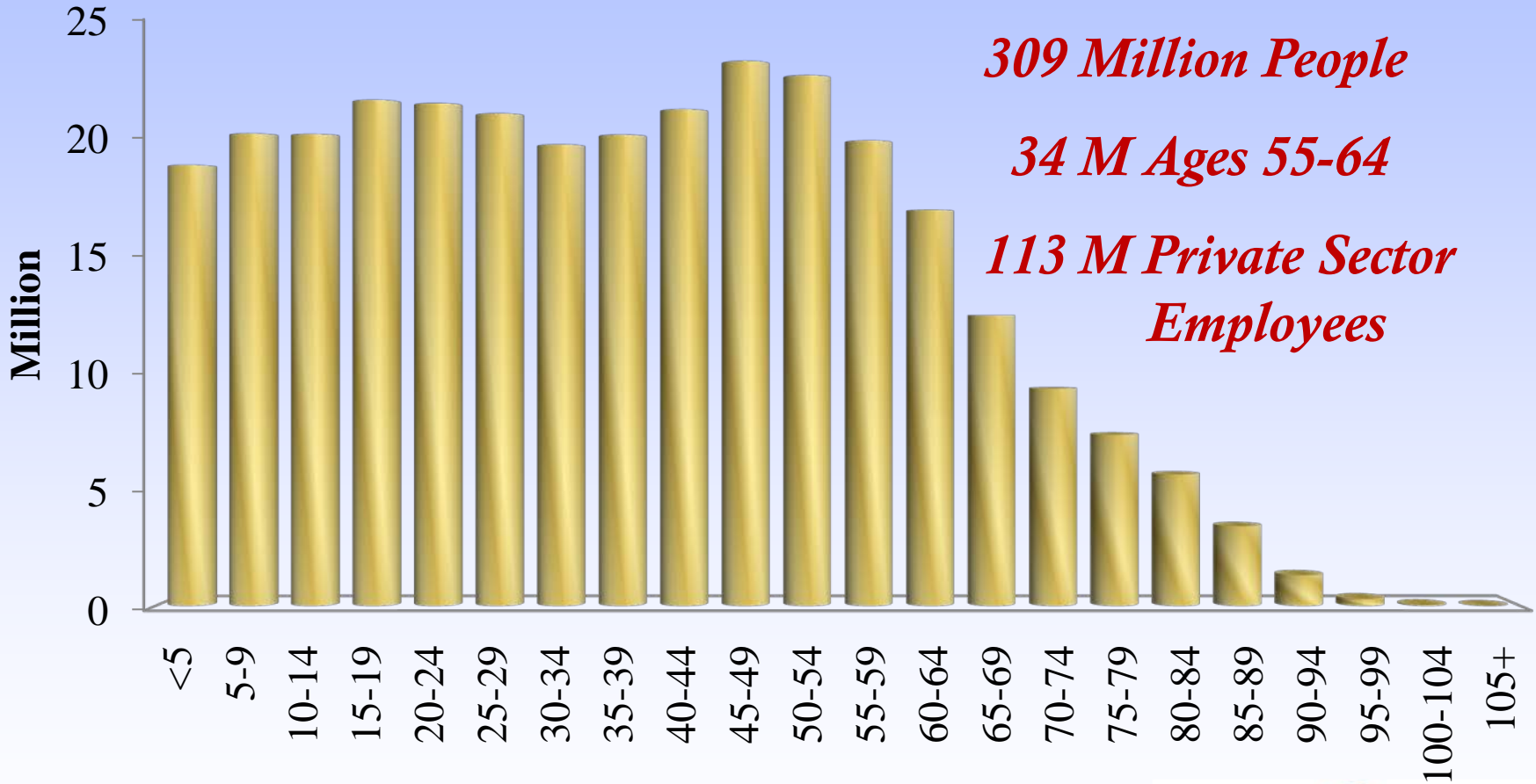
- Demographic Context
- Economic Context
- Employer Perspectives

These comments do not constitute an official position of the American Benefits Council. The Council's position on Social Security has not been formally reviewed in light of current economic conditions and the Debt Commission report.



Demographic Context

Projected Distribution of 2010 Census Totals



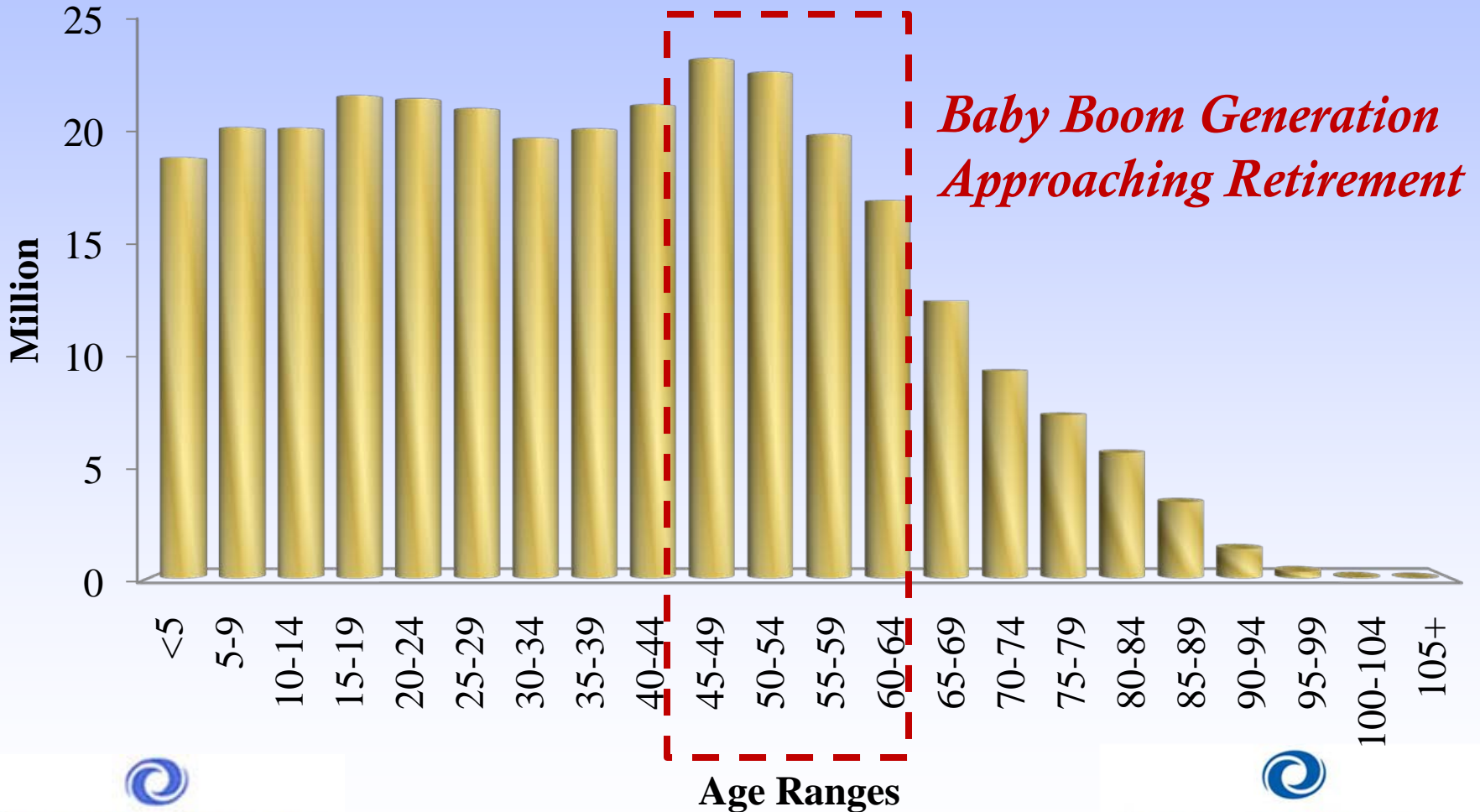
309 Million People

34 M Ages 55-64

113 M Private Sector Employees

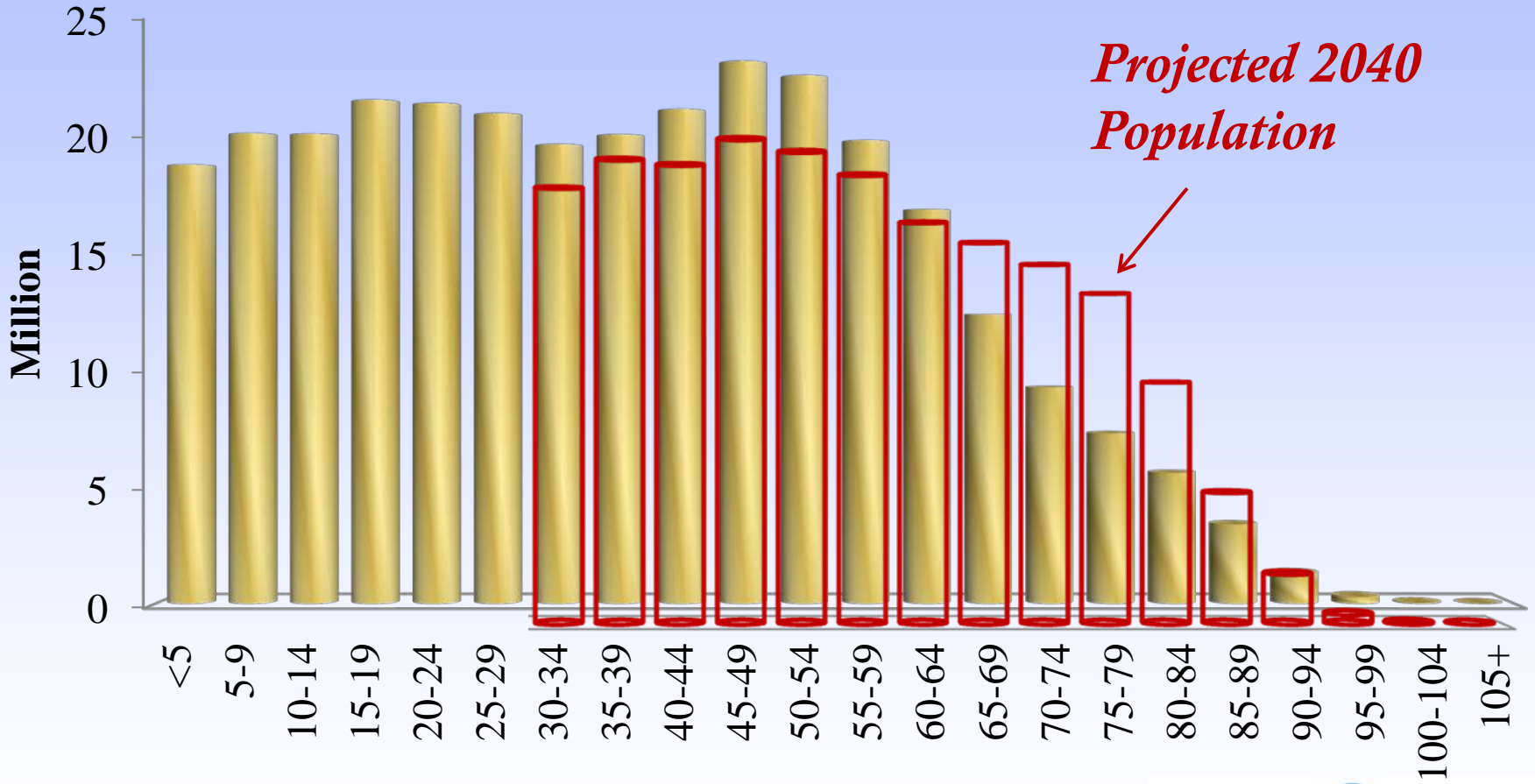
Demographic Context

Projected Distribution of 2010 Census Totals



Demographic Context

Projected Distribution of 2010 Census Totals



Age Ranges

Economic Context

➤ Basic Social Security Economic Reality:

Workers Pay Taxes = Income

Retirees Collect Benefits = Expense

*If a Worker Retires,
Expense Goes Up and Income Goes Down*

Baby Boom Generation Goes from “Givers” to “Takers”

Per Capita Cost for Remaining Workers Goes Up



Economic Context

2010 U.S. Census	309 Million
Non-Gov't Workers	113 Million
Number of People Per Non-Gov't Worker	2.7
2010 Annualized Soc. Sec. Payout Rate	\$ 685 Million
Average Cost Per Civilian Worker	\$ 6,082
Average Cost Per Civilian Worker if 5 Million Continue Working	\$ 5,459 10% less



Employer Economic Context

- Increasing Tax Burden Pressures
 - Health Reform
 - Employment Shift Toward Government Jobs
 - Economic Stimulus
 - Expanding Deficit
 - State/Municipal Pension Crises
- Exploding Employer DB Funding
- Global Competition



Social Policy Needs

- More Workers Stay Employed
 - Positive Environment to Remain Employed
 - Facilitate Phased Retirement
- Employment Shift Toward Private Sector
- Establish a Comprehensive National Retirement Income Policy



Employer Perspective on Social Security

➤ Guiding Principle

Problems are System Wide
Solutions Must Also Be System Wide



Social Security Benefits Employers May Support:

- Essentially Universal Coverage
- Primarily a Source of Retirement Income
- Increased, Indexed Retirement Age
 - Actuarial Reduction for Early Retirement
- Broad, Integrated Context for Reform



Employer Perspective on Social Security Financing

- System Financial Stability – 75 Year Plan?
- Employers May Oppose
 - Means Testing
 - Higher Tax Base and Rate
 - Impact on Globalization of Jobs
 - Compounds Impacts of Aging Population
 - Compounds Impacts of Other Likely Taxes



Kenneth W. Porter

Ken is actuarial and international benefits consultant for the American Benefits Council. Ken works with the rest of the policy and advocacy staff on the full array of U.S. health, retirement and non-qualified deferred compensation matters on behalf of Council members. In addition, Ken has primary responsibility for international activity. Ken also serves as executive director of the American Benefits Institute, the policy and research affiliate of the American Benefits Council. He coordinates the Institute's efforts to provide original research and collaboration for reports, analyses and information sharing forums that assist public policy makers, the media, Council members and other interested parties to enhance their understanding when considering timely and vital domestic and international employee benefits policy matters.



Before joining the Council staff in 2009, Ken was the Council's Board of Directors representative (and onetime chair) from The DuPont Company. As DuPont's director, corporate insurance & global benefits financial planning, Ken was responsible for the company's global property and casualty programs, for its captive insurance companies, and for the worldwide financial planning and actuarial policy with respect to the company's employee benefits plans. He also served as the corporate chief actuary and as treasurer of ChemFirst, Inc., a chemical manufacturing subsidiary of DuPont.

Ken has served under the direct appointments of senior administration and congressional officials of the U.S. government. He has also testified before committees and subcommittees of the U.S. Congress, the Department of Labor, the Department of the Treasury, and the Pension Benefit Guaranty Corporation. He is a member of the Wharton Executive Education Advisory Board, and has served in a variety of leadership capacities for the actuarial profession in the United States.