

Context for News from the Social Security Trustees Report

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B-318 Rayburn House Office Building

Overview

- Benefits are modest, yet essential
- Social Security is efficient
- Social Security remains affordable
- Benefits are already being cut more than most people realize
- Americans are willing to pay
- What do Americans prefer?

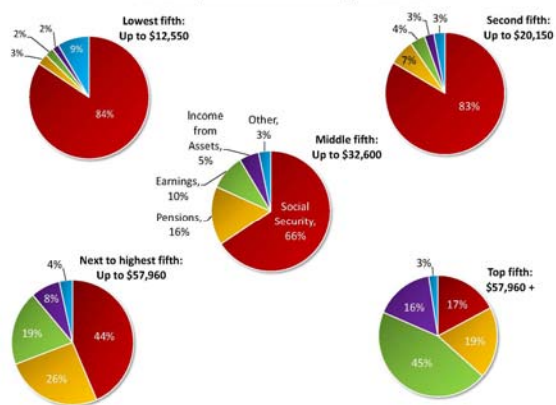
Benefits are modest, yet essential

- Average retiree received \$1,264 in January
- Benefits lift 21 million out of poverty:
 - 1 million children; 6 million adults under 65;
 - 14 million seniors
- Main source of income for most seniors

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Shares of Income by Source

2010: Couples and Unmarried Persons 65 and Older



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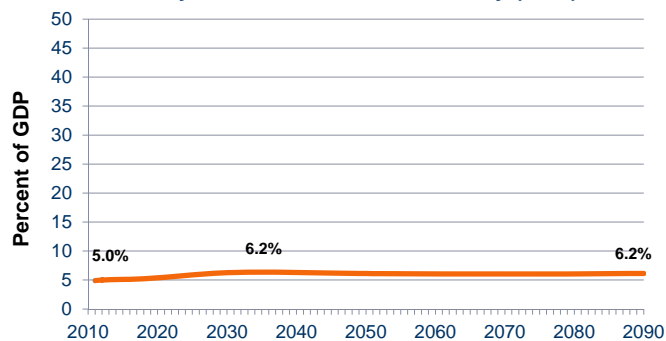
Social Security Is Efficient

- Less than 1 penny out of every dollar spent is for administrative costs.
- The rest goes directly to beneficiaries.

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Social Security Remains Affordable

Social Security as a Percent of the Economy (GDP), 2011-2090



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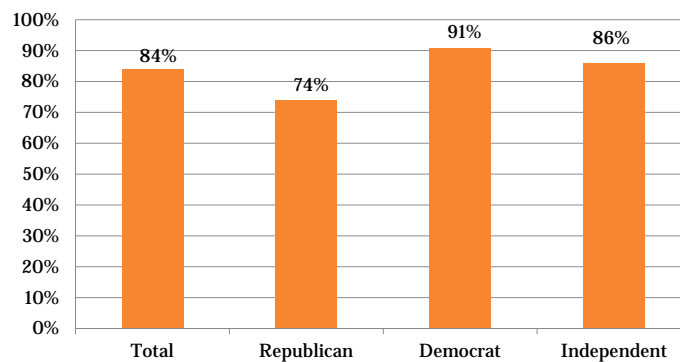
Benefits Already Being Cut

Increase retirement from 65 to 67	13.3%
Tax a growing share of benefits and send funds to Social Security and Medicare	9.5%
Delayed the cost-of-living adjustment by ½ year	1.4%
Total Benefit Reduction:	24.2%

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Americans Don't Mind Paying for Social Security

Percent Agreeing: *I don't mind paying Social Security taxes because it provides security and stability to millions of retired Americans, the disabled, and children and widowed spouses of deceased workers.*

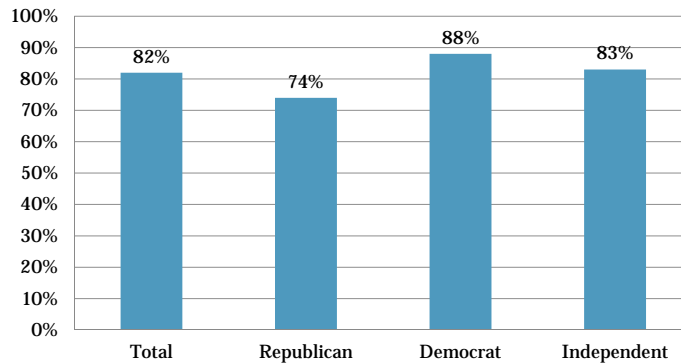


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Willing to Have Working Americans Pay More

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Percent Agreeing: *It is critical that we preserve Social Security for future generations, even if it means increasing working Americans' contributions to Social Security taxes.*

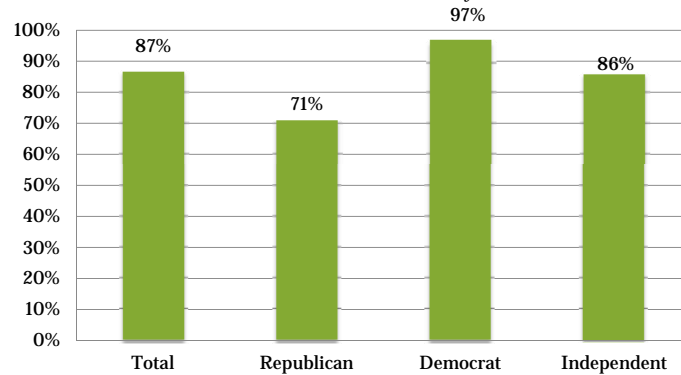


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Willing to Have Wealthier Americans Pay More

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INSURANCE

Percent Agreeing: *It is critical that we preserve Social Security for future generations, even if it means increasing wealthy Americans' contributions to Social Security taxes.*



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Study Used Market Research to Learn What Changes Americans Prefer

Assessed packages using 12 elements.

- 4 tax increases:
 - Lift the cap 2 ways; raise rate 2 ways
- 4 benefit reductions:
 - Raise retirement age 2 ways; lower COLA; means test
- 4 benefit increases:
 - \$60 more a month for all; increase COLA; minimum benefit; student benefit

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Americans' Preferred Social Security Package

- Increases taxes in two ways
- Increases benefits in two ways
- Does not cut benefits
- Eliminates the long-term shortfall

- Preferred by 7 in 10 Americans, across generations and income lines.

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Details of the Package

- Over 10 years, phase out the cap (\$113,700)
- Over 20 years, increase the 6.2% rate to 7.2%
- Increase the minimum benefit so a 30-year worker can retire at 62 and not be poor
- Base COLA on inflation experienced by seniors

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Impact on Finances (as percent of GDP over 75 Years)

- Current benefits cost 6.0%
- Current revenues are 5.0%
- Shortfall is 1.0%

Package Americans Want:

- Increase benefits: 0.2%
- Increase revenues: 1.3%
- Small surplus

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