

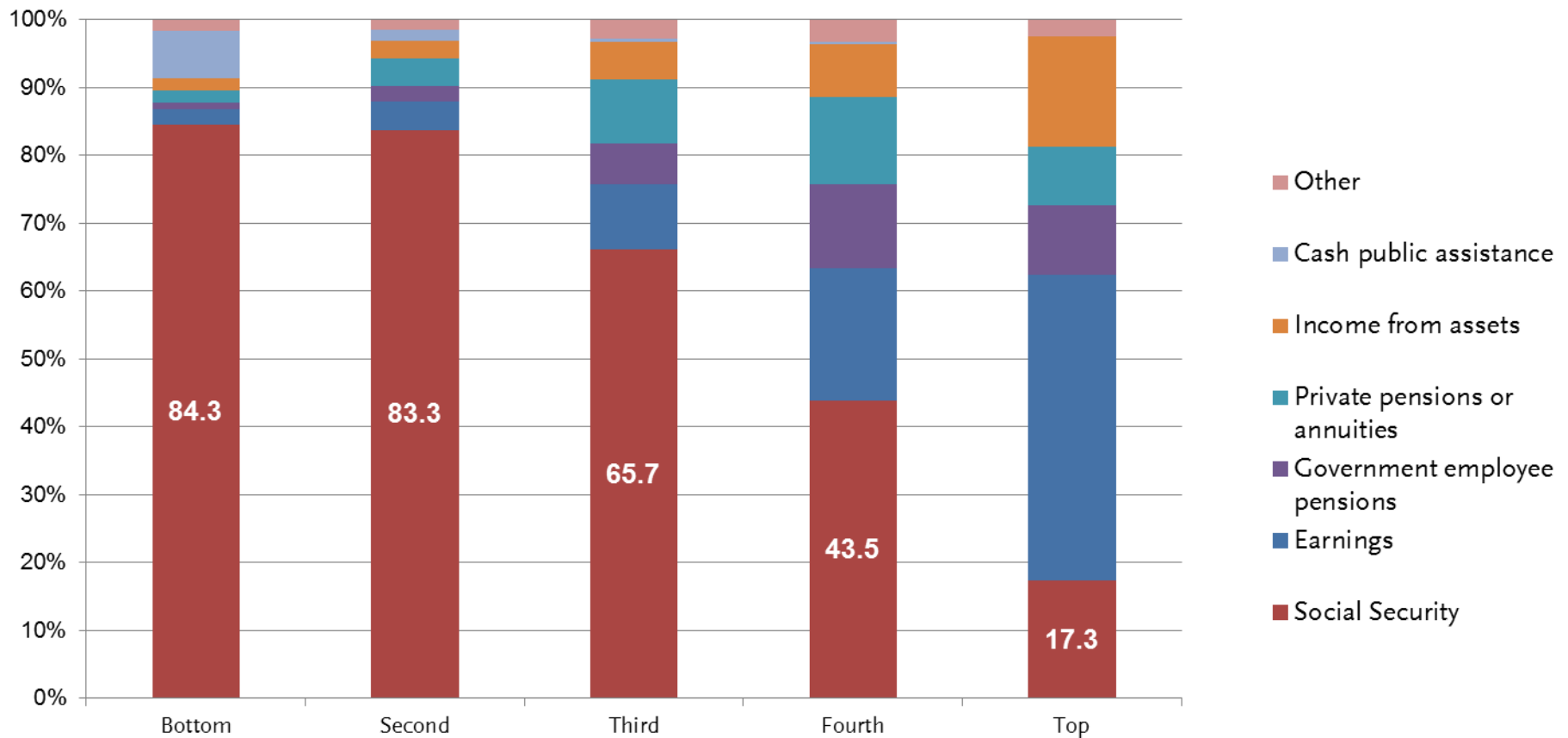
BEYOND THE CONSENSUS: NEW IDEAS FOR BETTER RETIREMENT SECURITY

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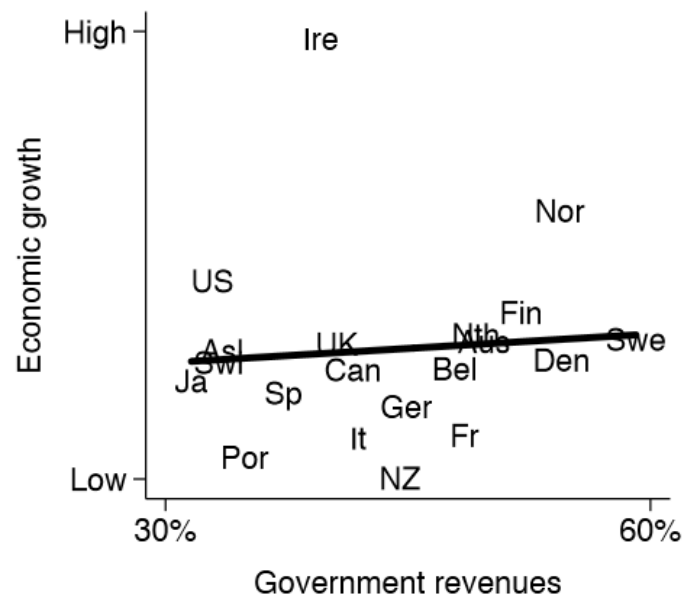
REMARKS FOR THE NATIONAL ACADEMY OF SOCIAL INSURANCE

Figure 1: Sources of Income for Americans aged 65+, by Income Quintile



Source: U.S. Social Security Administration, *Income of the Population 55 or Older, 2010*

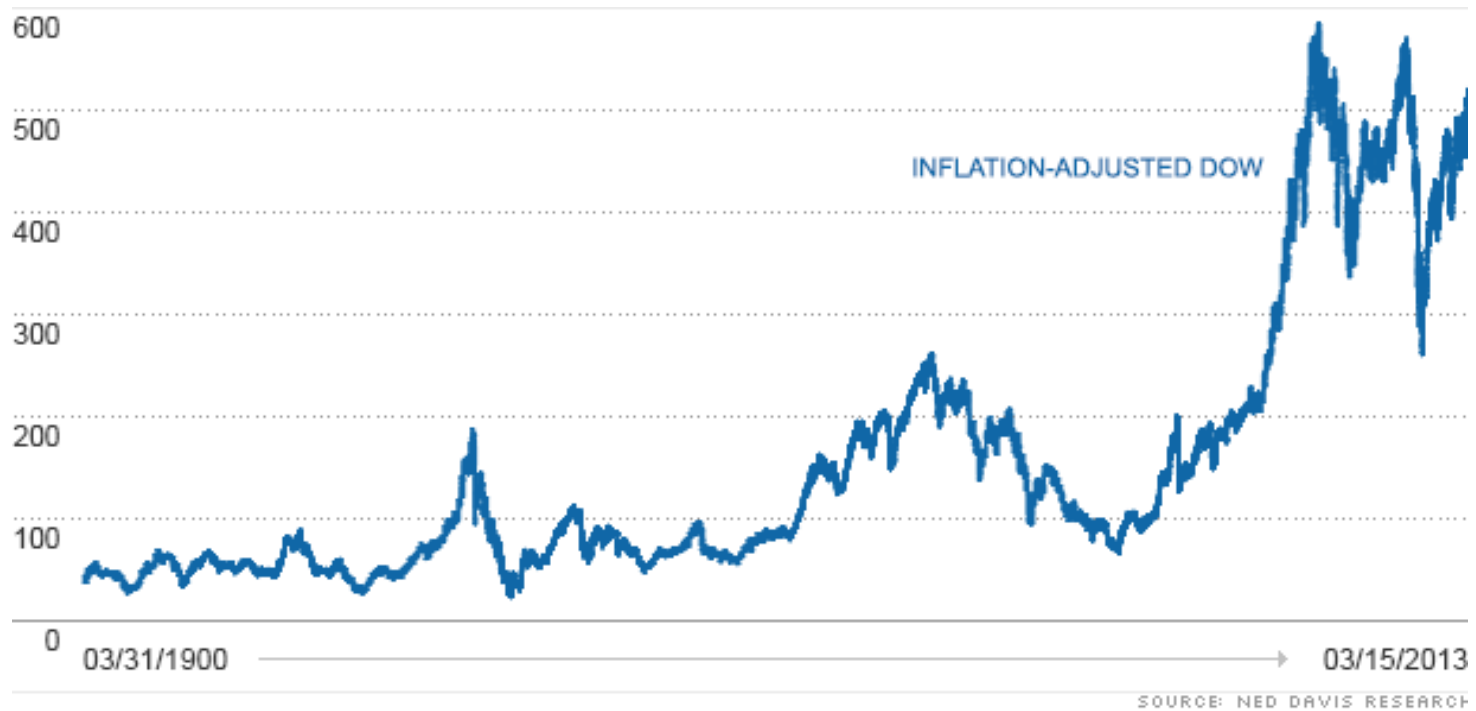
Government and economic growth, 20 countries, 1979-2007



Government revenues: Average level of government revenues as a share of GDP, 1979-2007. Includes all levels of government: central, regional, and local. Data source: OECD. Economic growth: Average annual rate of change in GDP per capita, adjusted for initial level ("catch-up"), 1979-2007. Data source: OECD.

Source: Lane Kenworthy, U. of Arizona

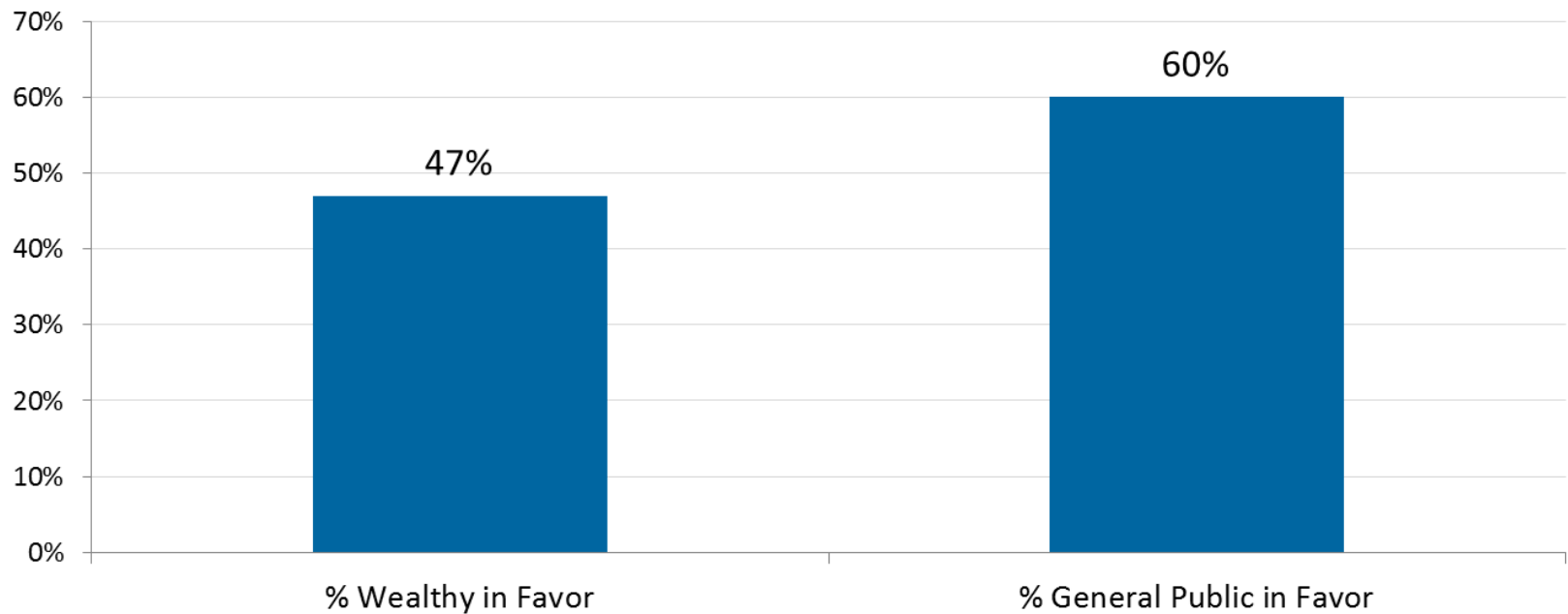
RISKY BUSINESS



Source: CNN.com, from Ned Davis
Research

RETIREMENT SECURITY: THE RICH VS. THE PUBLIC

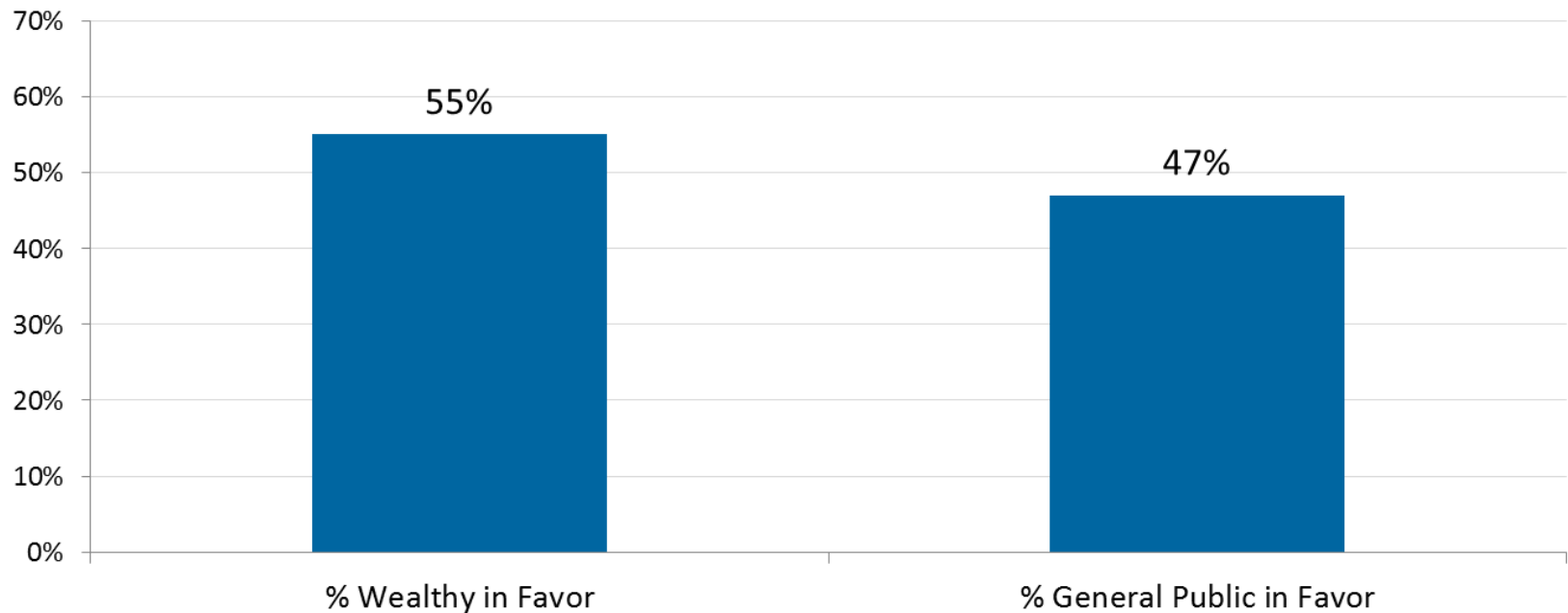
At present, people do not have to pay any Social Security payroll taxes on money they earn beyond about \$107,000. This amount should be raised [rather than lowered or kept about the same] so that high-income people pay more in payroll taxes



Source: Bartels et al.

RETIREMENT SECURITY: THE RICH VS. THE PUBLIC

Workers who are currently under age 55 should be given the option of investing a portion of their Social Security taxes in the stock market and in bonds, while at the same time reducing the guaranteed Social Security benefit they get when they retire



Source: Bartels et al.

WHAT THE PUBLIC PREFERS

Social Security Policy Changes Favored by More Than Seven in Ten Americans:

- Eliminate the cap on earnings taxed for Social Security
- Gradually raise the Social Security payroll tax from 6.2% to 7.2%
- Increase Social Security's cost-of-living adjustment (COLA)
- Raise Social Security's minimum benefit above the poverty line

Source: Jasmine V. Tucker, Virginia P. Reno and Thomas N. Bethell, "Strengthening Social Security: What Do Americans Want?" National Academy of Social Insurance, January 2013

INCREMENTAL REFORM: THE HARKIN PLAN

- USA Retirement Funds: Universal, low cost, guaranteed pension program

- Small improvements to Social Security

 - Eliminate cap on payroll taxes*

 - Increase Cost-of-Living Adjustment with CPI-E measure of inflation*

 - Increase progressivity of benefit levels*

EXPANDED SOCIAL SECURITY

- Maintain original Social Security (OASI) program
- Additional universal flat retirement benefit
- Reduce tax-favored private savings programs
- Funding from general revenues or a new value-added tax

Figure 5: Replacement Rates by Earnings Level, 2035, Current Social Security vs. Proposed Expansion (60% Replacement Rate)

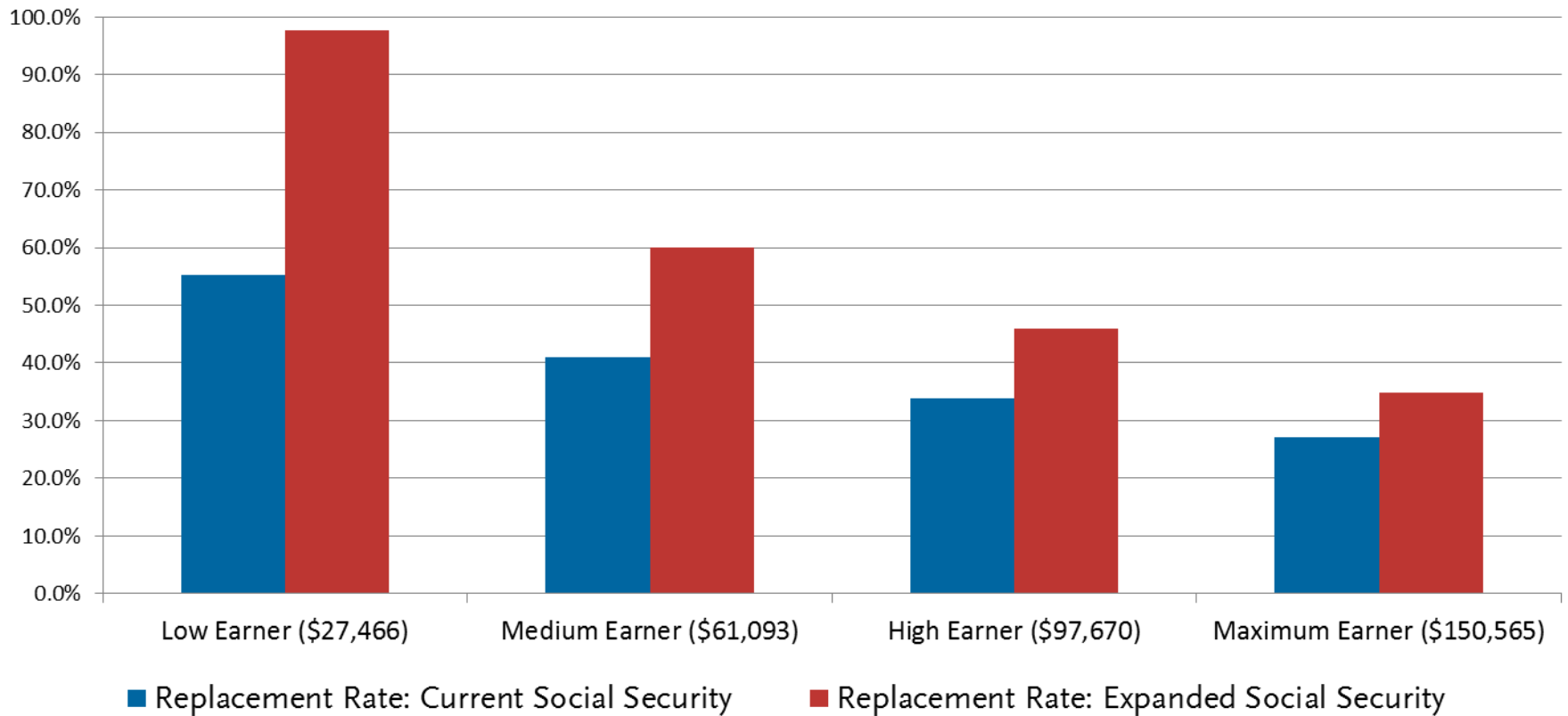
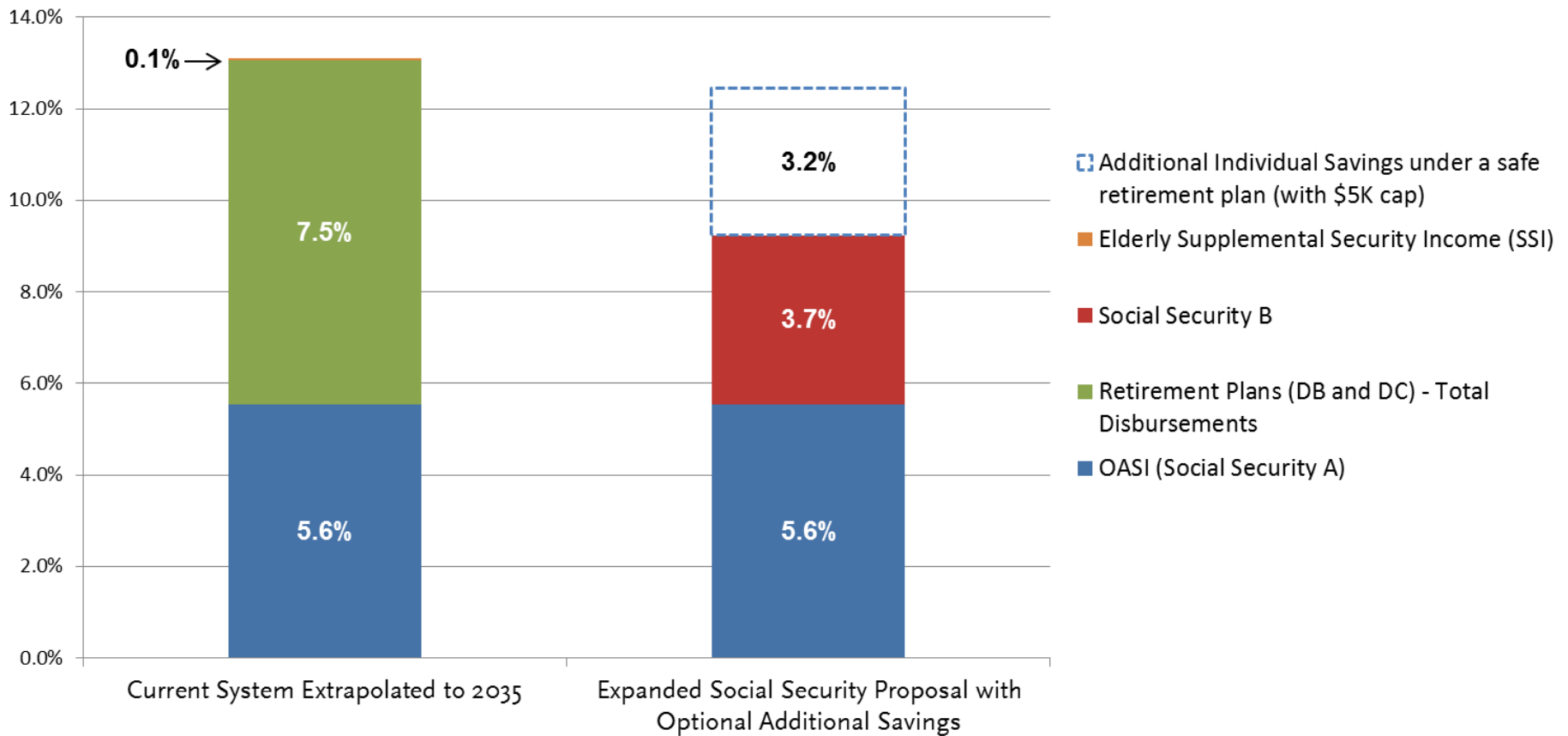


Figure 6: Estimated Total Publicly-Sponsored Retirement as Share of GDP, 2035, Current System vs. Proposal



Source: Authors' calculations from CBO and SSA projections