

# A “Confidence” Game

How a concerted campaign of misinformation convinced TV personalities, and some other people, that Social Security is in trouble, and distracted the nation from a real crisis

**Alex Lawson, Social Security Works**

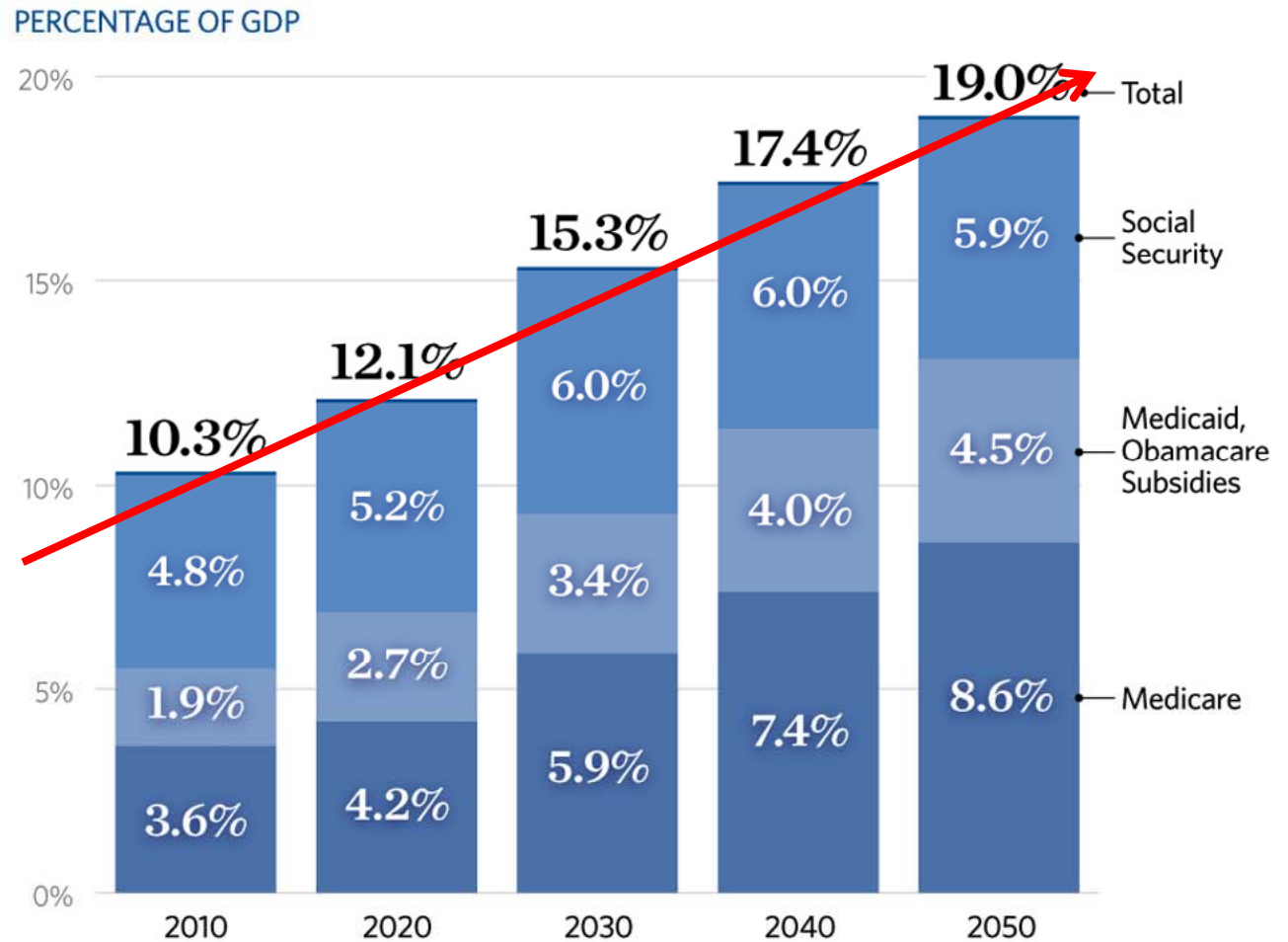
# Lack of Confidence



*The economy and government are in a bad place and there is no guarantee that the money from Social Security will be there. – 32-year old moderate, AL*

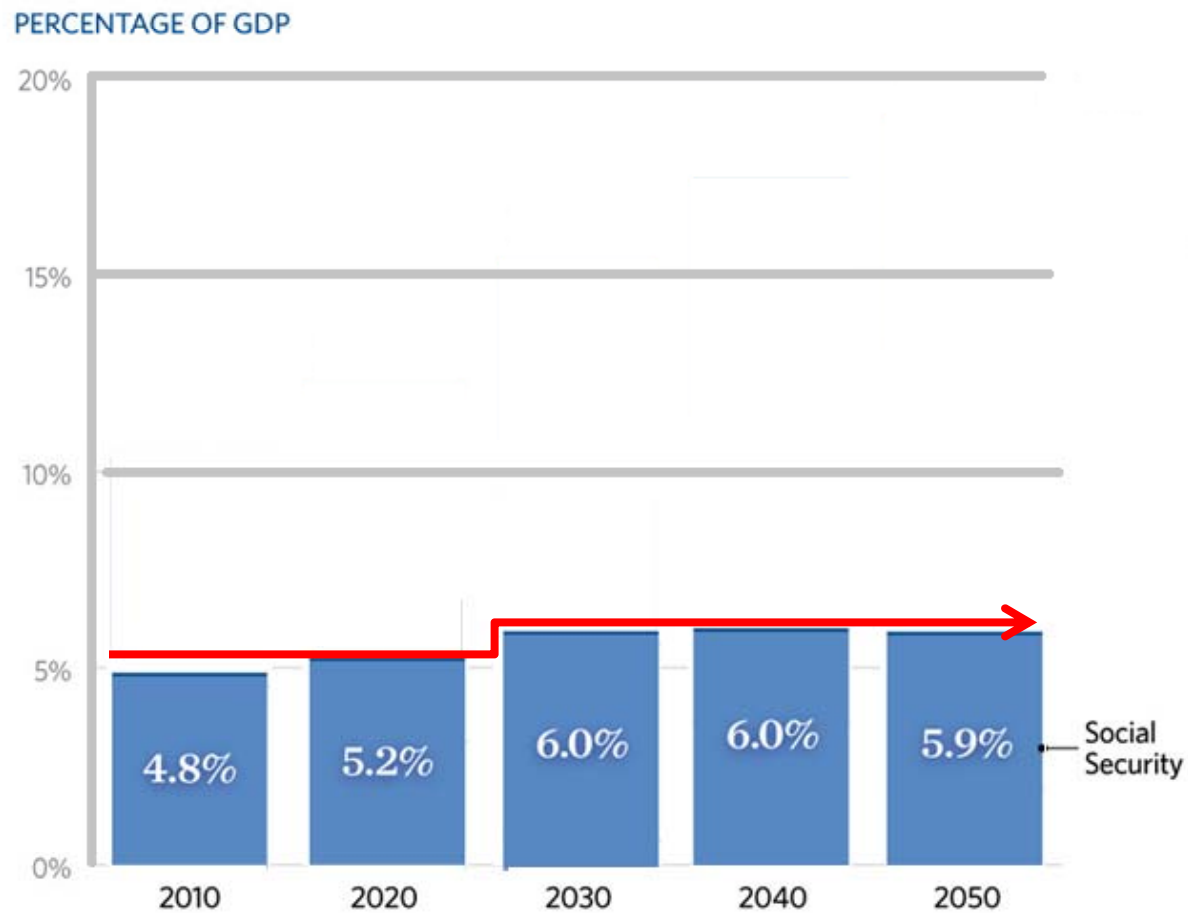
## Entitlement Spending Will Nearly Double by 2050

Spending on Medicare, Medicaid, Social Security, and the Obamacare subsidies will soar as 78 million baby boomers retire and health care costs climb. Total spending on federal health care programs will more than double. Future generations will be left with an untenable debt burden.



Source: Congressional Budget Office (Alternative Fiscal Scenario).

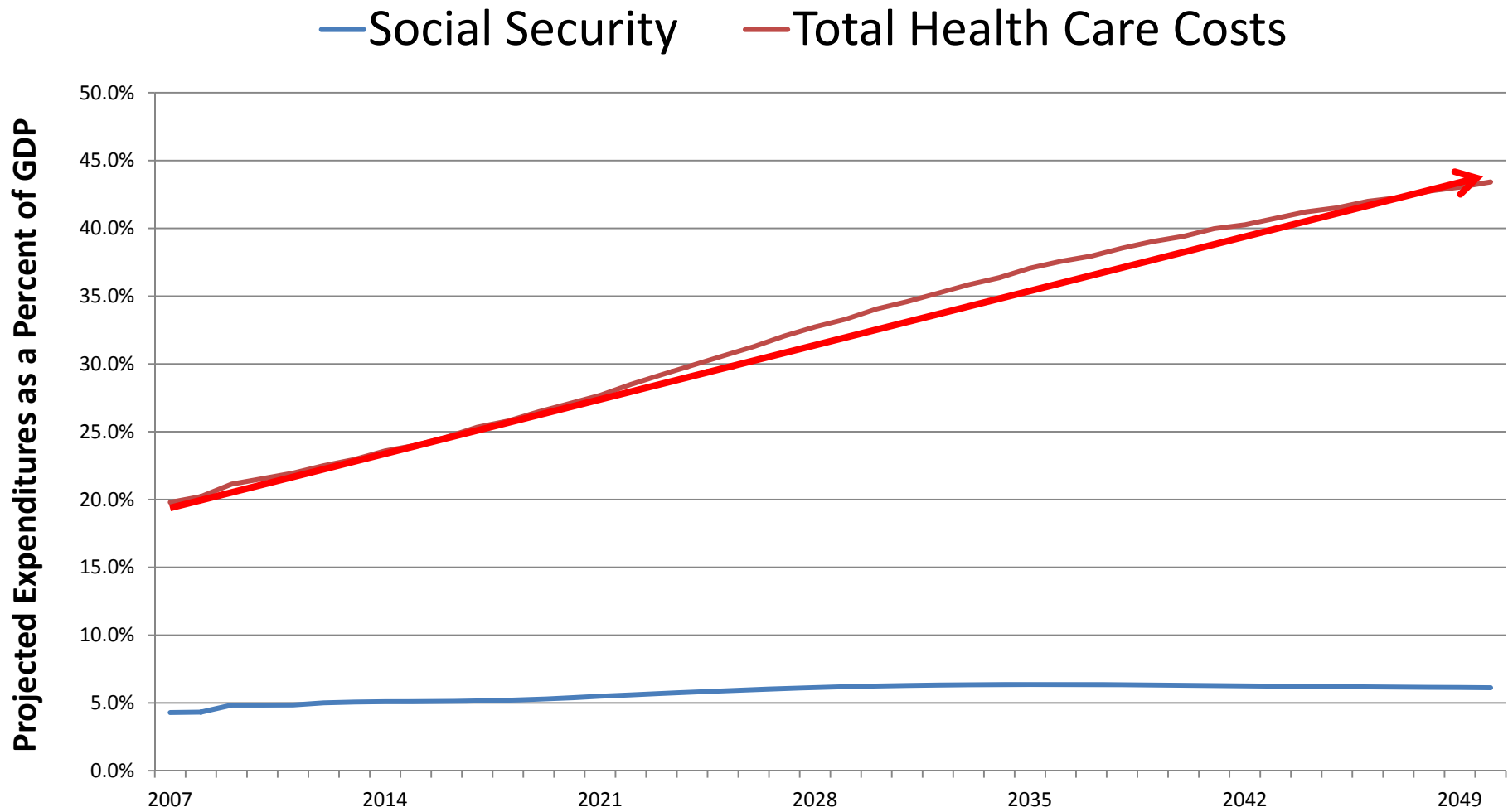
**Social Security spending will rise modestly as the baby boom generation retires.**



Source: Congressional Budget Office (Alternative Fiscal Scenario).

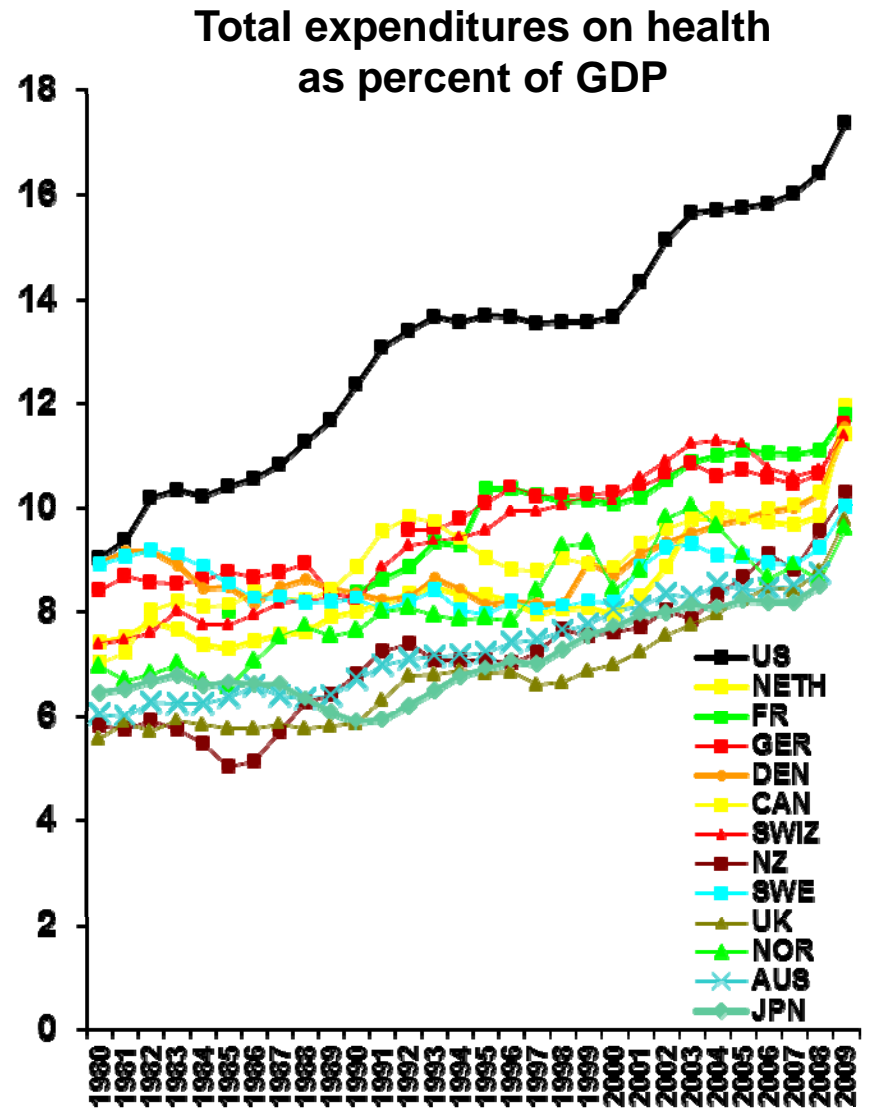
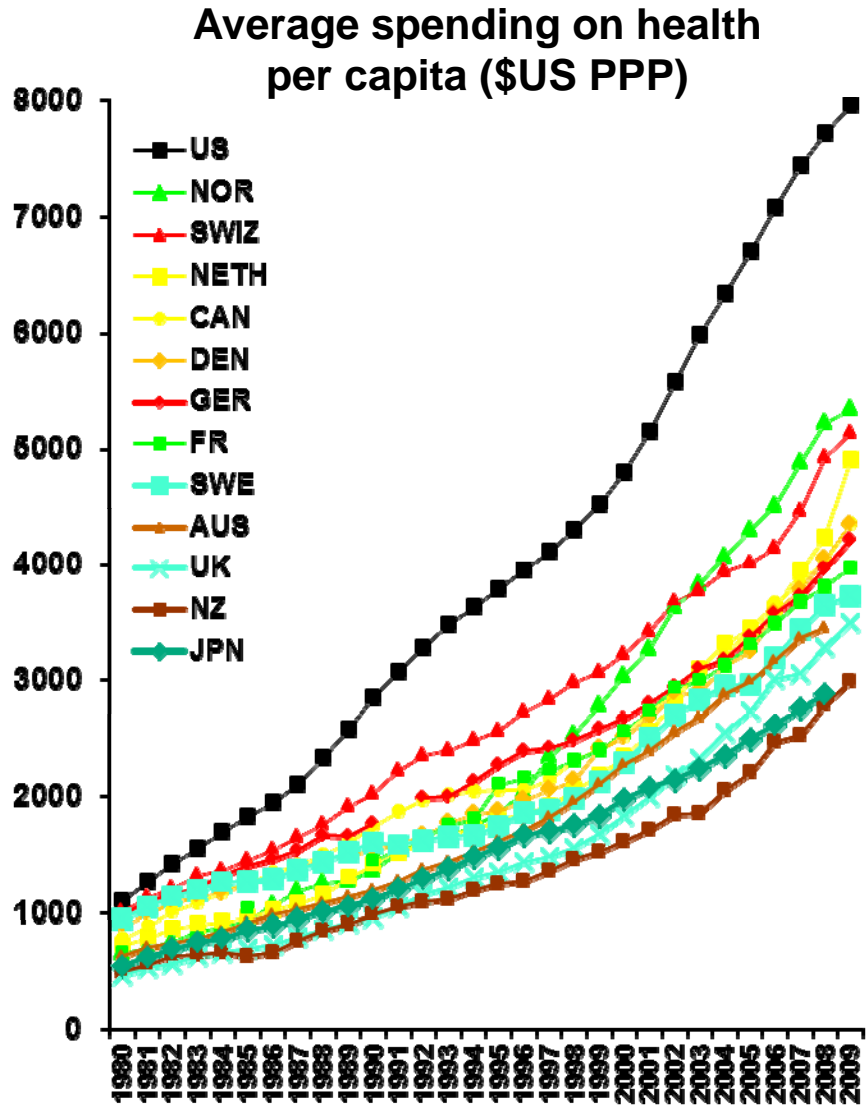
**Altered** Entitlements Chart 1 • Federal Budget in Pictures 2012

**A little unfair?**



Sources: Congressional Budget Office (CBO), Projected Long-Term Spending and Revenues, 2011, June 1, 2011.  
 CBO, Supplemental Data for CBO's 2012 Long-Term Projections for Social Security, October 2, 2012.

## International Comparison of Spending on Health, 1980–2009

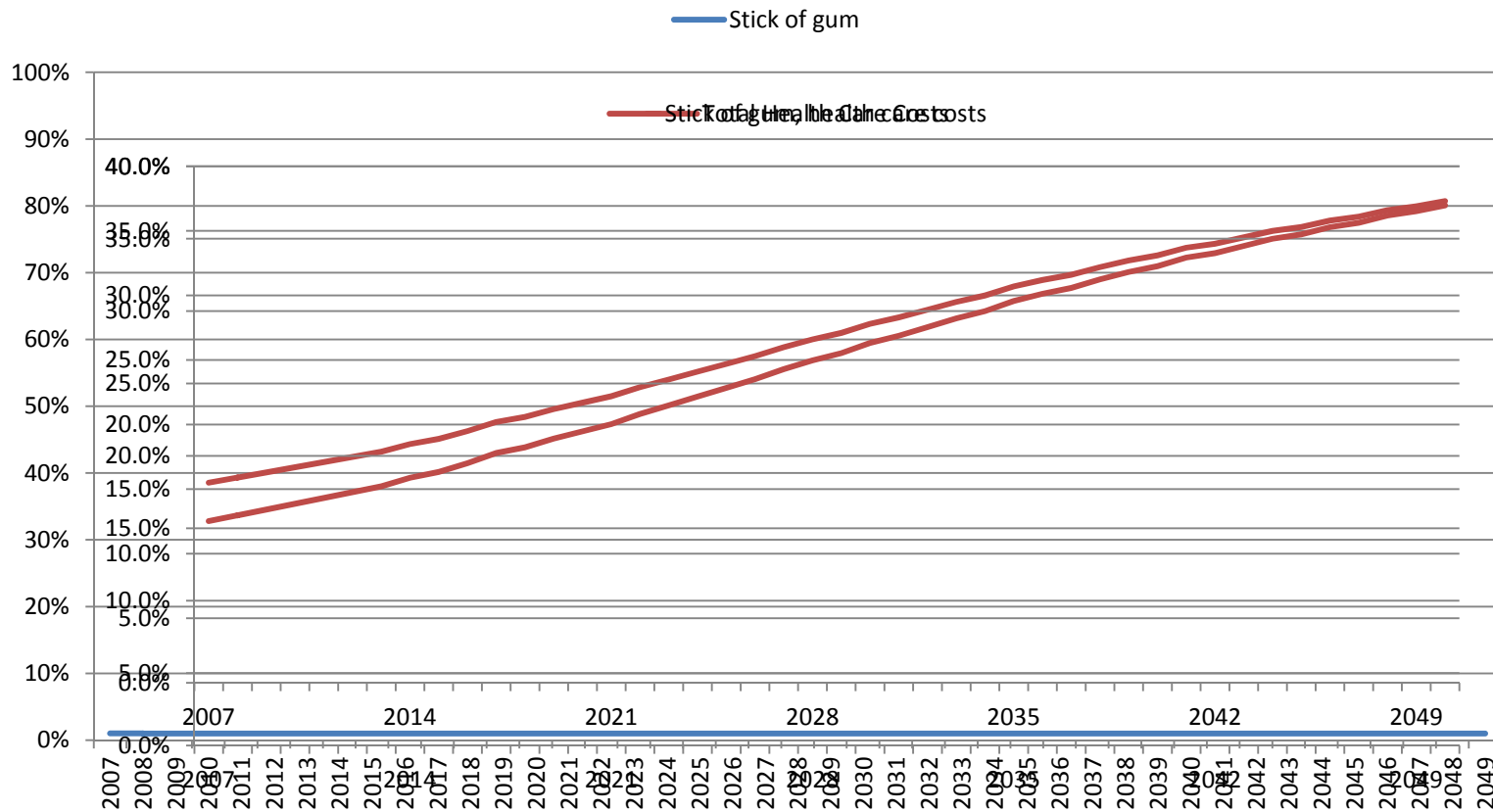


Note: PPP = Purchasing power parity—an estimate of the exchange rate required to equalize the purchasing power of different currencies, given the prices of goods and services in the countries concerned.

Source: OECD Health Data 2011 (Nov. 2011).

# What does this have to do with Social Security?

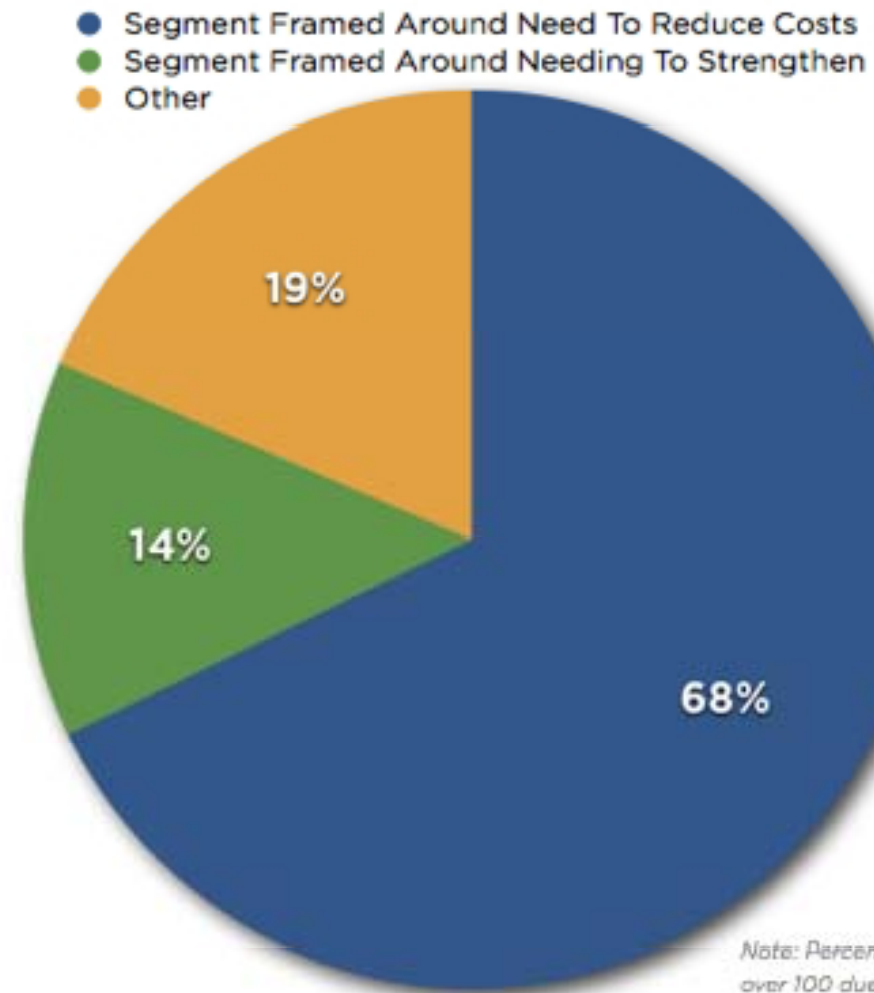
- A stick of gum is bankrupting the nation





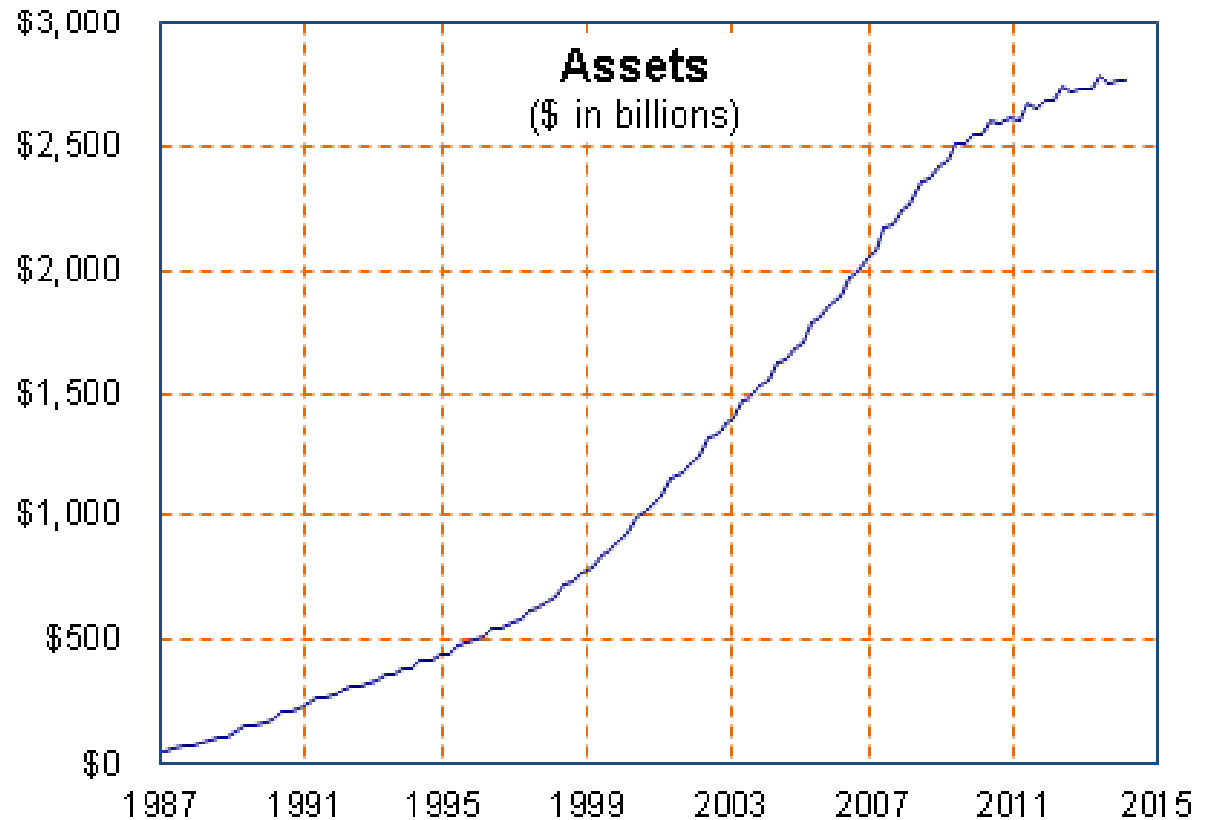
## Majority Of Segments On Social Security Framed Around Need To Reduce Costs

- First six months of 2013, the three largest broadcast and cable news networks had 300 segments on Social Security.
- **More than two-thirds** of those segments framed the entire Social Security debate as a problem of long-term solvency and the national debt, which can only be solved through drastic cuts to beneficiaries.



# Social Security is in Surplus and has \$2.8 trillion in the Trust Fund

Operations in calendar year 2013 [In billions]	
Income	\$855.0
Outgo	822.9
Difference	32.1



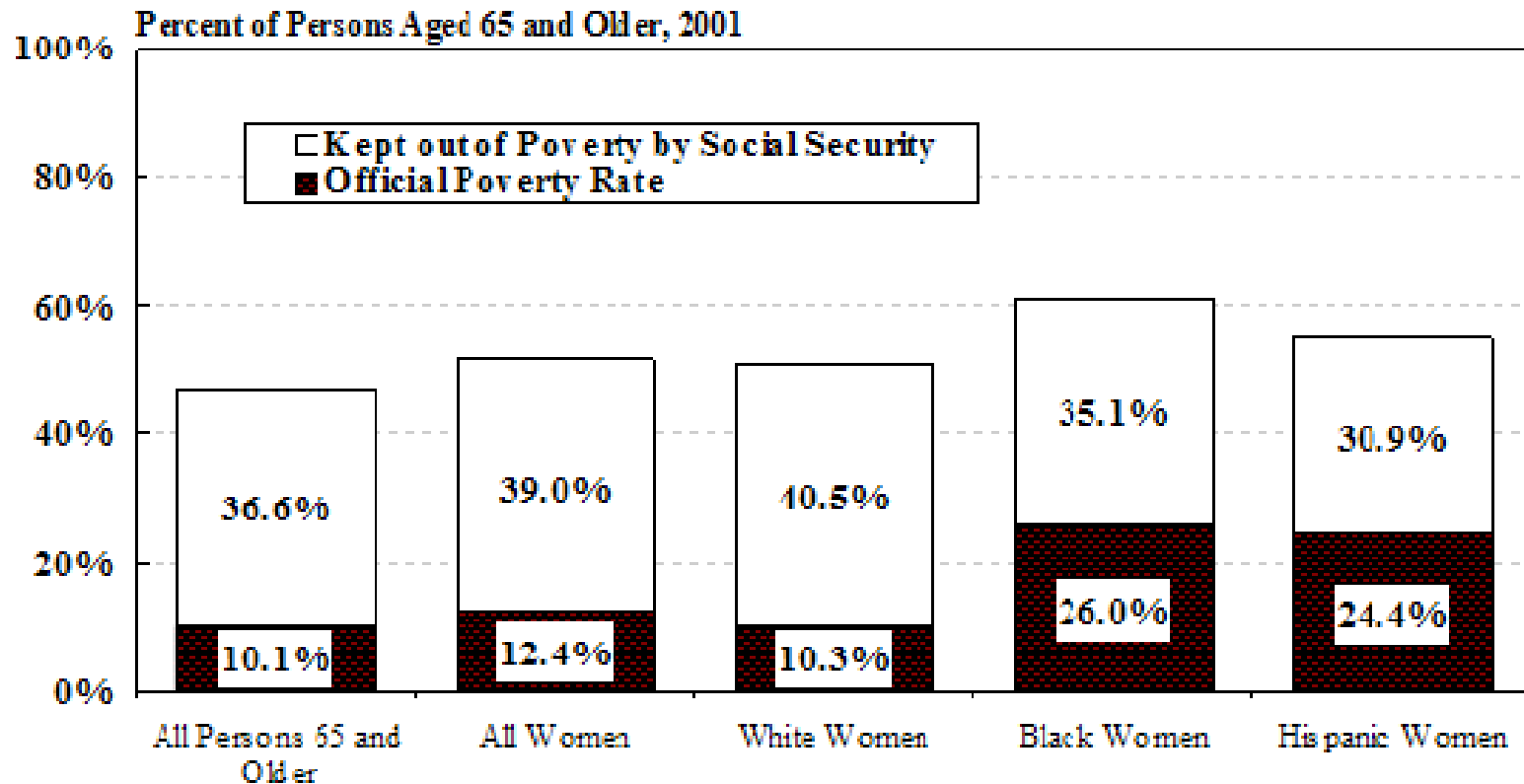
Assets grew from about \$47 billion at the end of December 1986 to about \$2,762 billion (\$2.8 trillion) by the end of March 2014.

Source: SSA, Social Security Income, Outgo, and Assets, Retrieved July, 9, 2014

<http://www.socialsecurity.gov/OACT/ProgData/assets.html>

# Social Security Works for Women

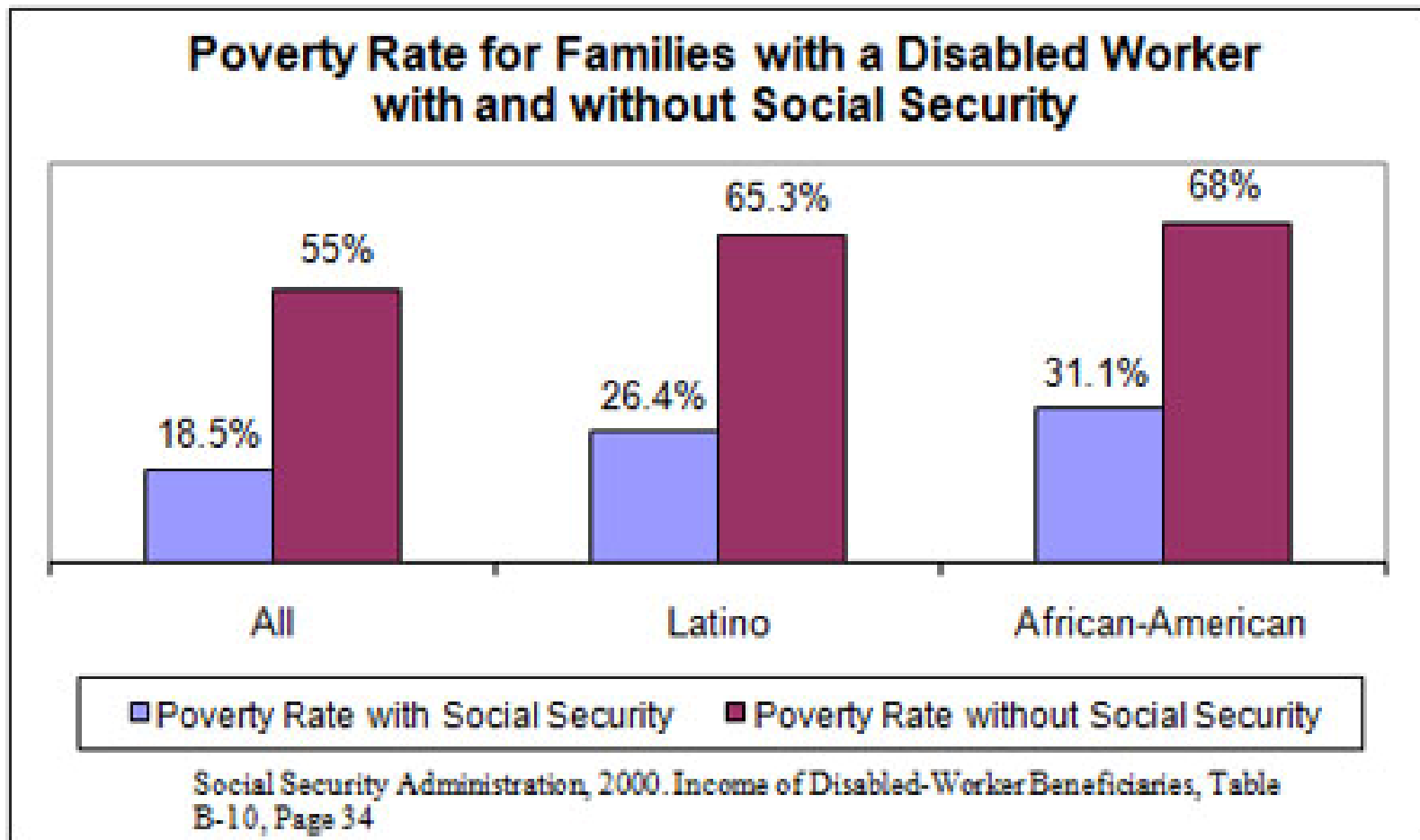
## Social Security Reduces the Percent of Women Age 65+ Living in Poverty



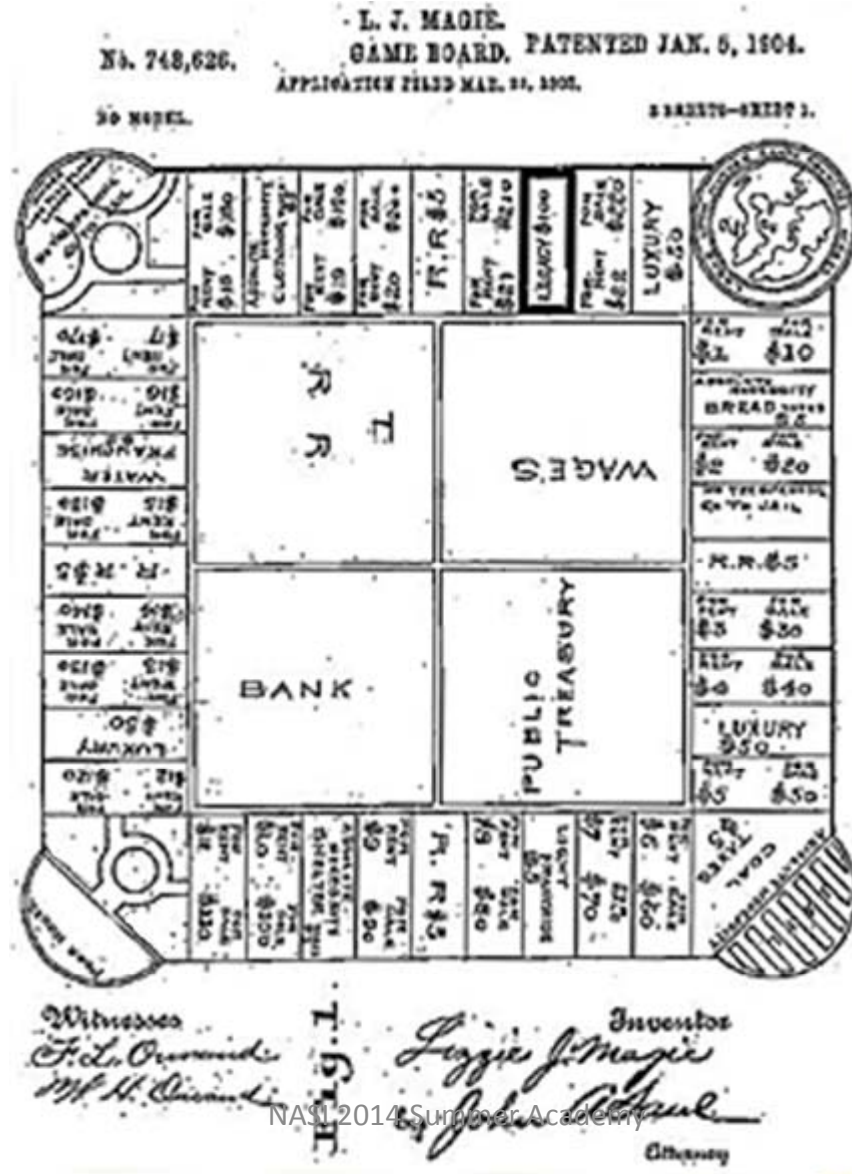
Source: U.S. Bureau of the Census, March 2002 Current Population Survey

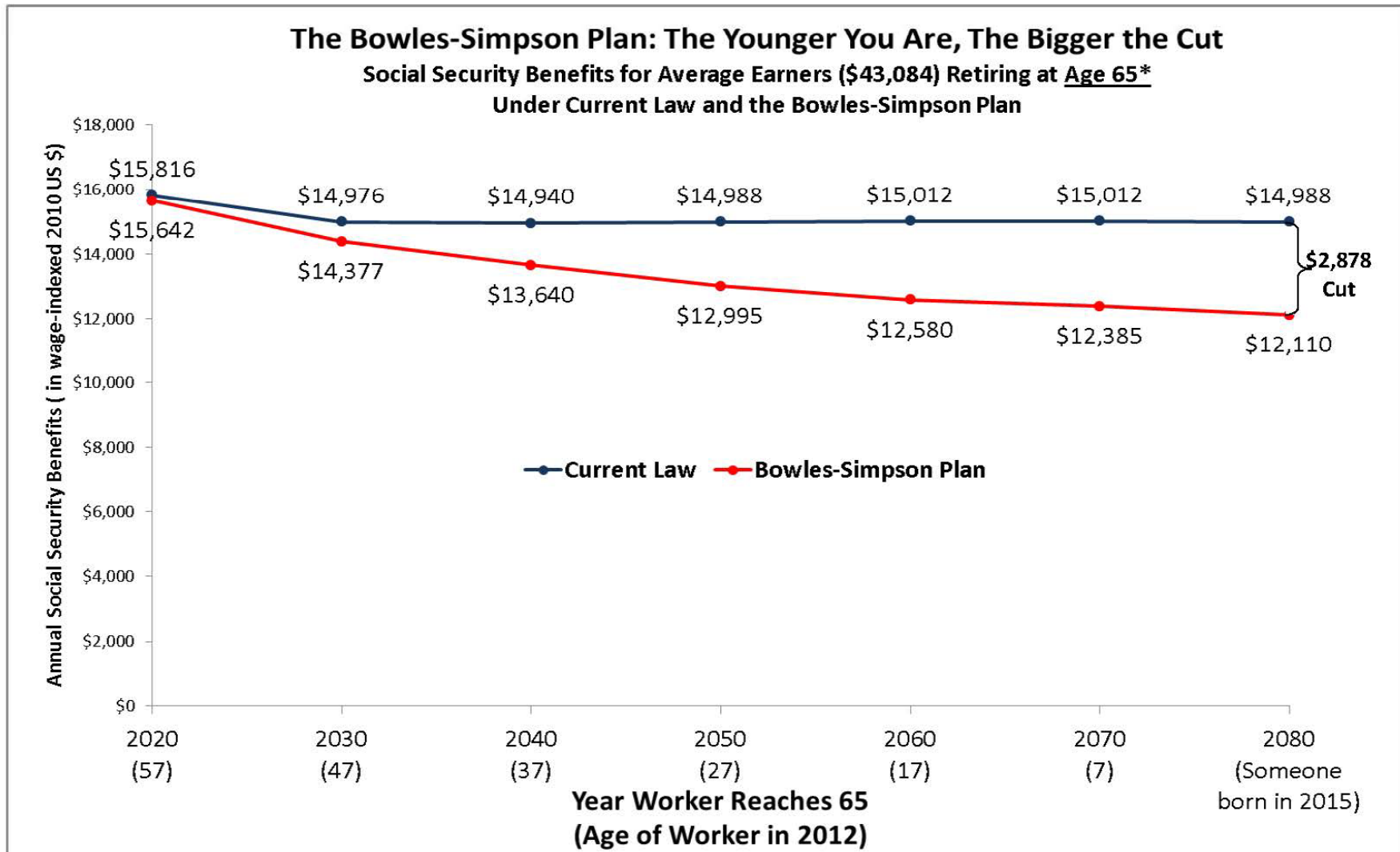
Prepared by AARP  
Public Policy Institute

# Social Security Works for People with Disabilities



# Before Social Security





Source: Social Security Administration, Office of the Chief Actuary, Table B.1, "Estimates of the OASDI Financial Effects of the plan developed by National Commission on Fiscal Responsibility and Reform, December 1, 2010," December 1, 2010. [http://ssa.gov/oact/solvency/FiscalCommission\\_20101201.pdf](http://ssa.gov/oact/solvency/FiscalCommission_20101201.pdf)

\*Earnings figures are for illustrative earners in 2010, the year in which the Bowles-Simpson proposal was made. Benefit figures at age 65 were used, because the SSA estimates of the Bowles-Simpson plan only provide benefit figures for workers claiming benefits at age 65. Decline in benefits under current law reflects the gradual increase in the NRA, which will reach 67 for workers born in or after 1960.

# Compared to the risky alternatives

- Social Security is the rock that people can count on
- 79 years and it hasn't missed a single promised payment
- While people watched their 401k's and home equity decimated in 2008

# **As the most efficient and effective system to provide retirement security**

- Social Security is the solution and not the problem
- We need to expand Social Security
- 8 expansion bills in the 113<sup>th</sup> Congress
- Sen. Harkin's bill S.567
  - Switch to the more accurate CPI-E
  - Provide an \$800 increase to almost all beneficiaries
  - Extends solvency of the trust fund by decades
  - Pays for it by having millionaires and billionaires pay the same rate as the rest of us



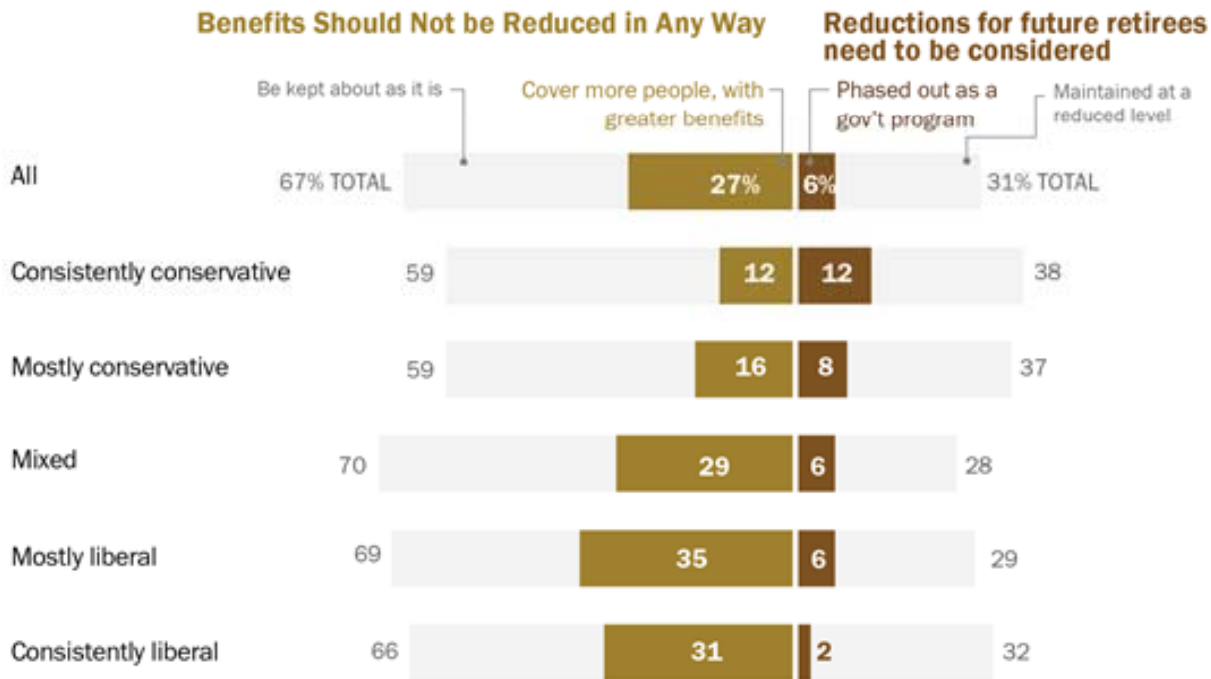
## SOCIAL SECURITY WORKS ALL GENERATIONS PLAN\*

Current Projected 75 year shortfall as a percent of taxable payroll	-2.72
<b>Addressing the Retirement Income Crisis</b>	
	Cost/Savings as percent of taxable payroll
Increase benefits for all current and future beneficiaries by 10%, up to a maximum of \$150 a month (adjusted for inflation after 2014)	-1.20
Ensure that benefits do not erode over time by enacting the more accurate CPI-E	-.37
Provide a minimum benefit, at full benefit age, of 125 percent of poverty for covered workers, who have 30 years of work	-.19
<b>Strengthening Family Protections for All Generations</b>	
Provide up to 12 weeks of paid family leave upon the birth or adoption of a child, the illness of a covered worker or family member	-.40
In recognition of the value of care-giving, give credits towards future Social Security benefits for up to five years of caring for a child under age 6.	-.25
Facilitate higher education by restoring student benefits for children up to age 22 whose covered parents have died or become disabled	-.07
Provide \$1,000 new child benefit at birth or adoption of a child	-.07
Encourage work and support family caregiving by not applying the Family Maximum when Disabled Adult Children do not live at home	-.01
Provide equity for disabled widow(er)s by eliminating both the age 50 requirement and 7-year rule, and by providing unreduced benefits	-.04
<b>Securing Social Security's Financing for Generations to Come</b>	
Starting in 2016, gradually eliminate the maximum taxable wage base, giving credit for these contributions, up to a maximum benefit	+1.95
Enact a new dedicated 10% marginal income tax rate on yearly incomes in excess of \$1 million (No additional tax on the first \$1 million of yearly income)	+1.50
Treat all salary reduction plans the same as 401(k) plans with respect to the definition of wages under Social Security	+.25
Increase Social Security contribution rate by 1/20th of a percentage point per year, on employers and employees each, from 2020-2039, until rate reaches 7.2 percent on both employers and employees	+1.41
Invest 40% of Trust Funds in equities, phased in from 2014-2028	+.59
Combine the OASI Trust Fund with DI Trust Fund	0
<b>LONG-RANGE SURPLUS</b>	<b>+0.38</b>

# About the only thing Americans agree about

## Little Support for Phasing out Social Security

*Thinking about the long term future of Social Security ...*

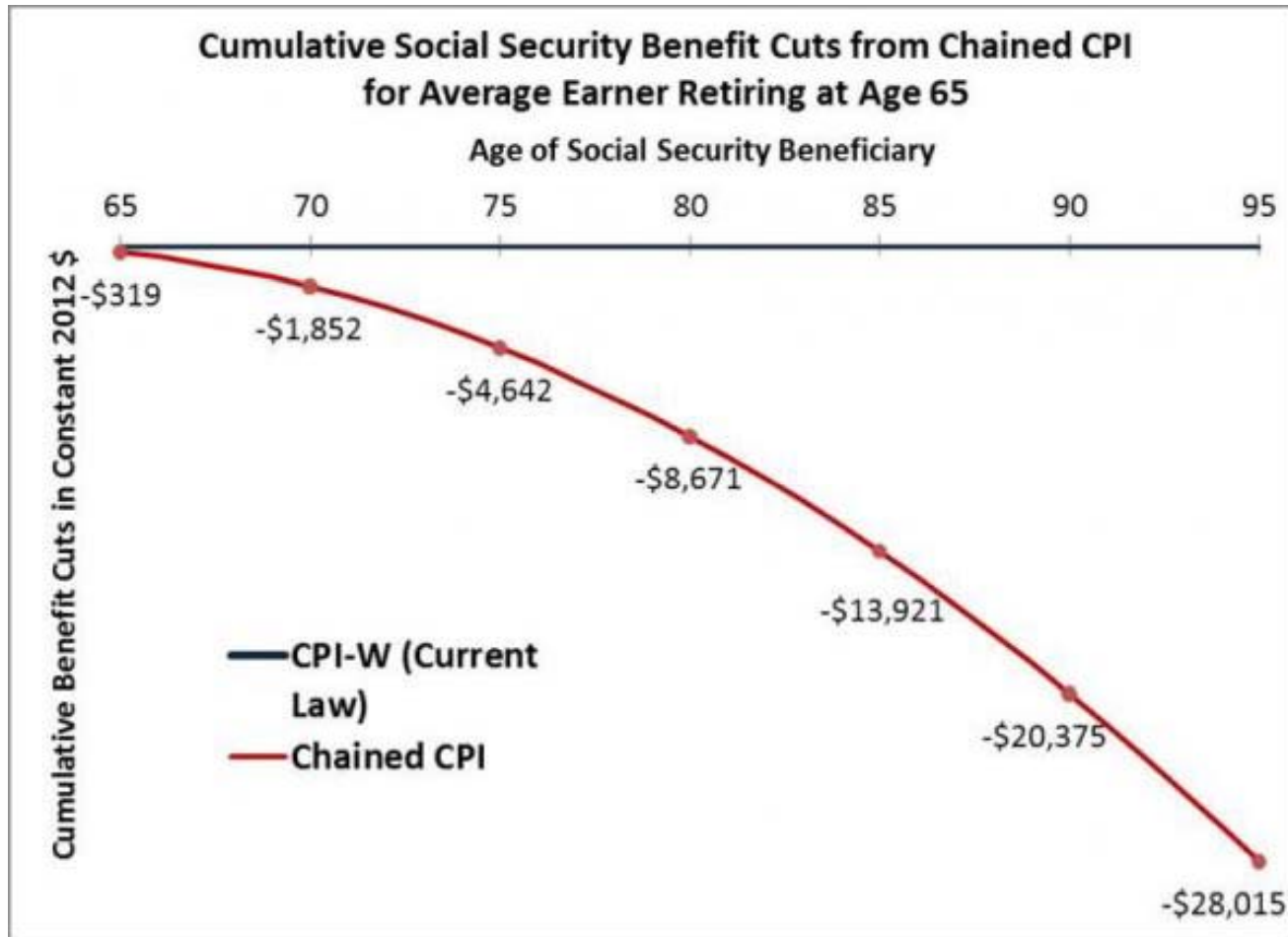


Source: 2014 Political Polarization in the American Public.

Notes: "Don't know" responses not shown. Ideological consistency based on a scale of 10 political values questions (see Appendix A)

PEW RESEARCH CENTER

# Chained CPI Benefit Cut



# Extremely Stringent Eligibility Criteria

