

Americans Make Hard Choices on Social Security:

A Survey with Trade-Off Analysis

value security benefits protection future stability contributions strengthen Social
Security increase COLA benefits trade-off preferred package critical revenue
Americans want value future generations minimum benefit retirement age
value taxes choices benefits means test pay more stability full benefits shortfall
strengthen Social Security taxes security and stability value hard choices trade-
off disability working Americans poverty Social Security lawmakers tax cap
benefits value financing gap security benefits protection future stability
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pay more full benefits shortfall strengthen Social Security taxes security and
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About This Study



- **A three-part study:**
 - Two focus groups
 - A survey of Americans' attitudes about Social Security and preferences for future changes
 - An interactive exercise (trade-off analysis) to learn what package of Social Security changes Americans want and are willing to pay for
- **Conducted in partnership with Greenwald & Associates.**

Social Security Facts



- **Social Security is the foundation of retirement security for almost all Americans.**
 - Benefits are modest, averaging \$1,296 per month
 - Benefits keep more than 22 million Americans out of poverty.
- **Social Security can pay full benefits until 2033, but only about $\frac{3}{4}$ of benefits thereafter.**
- **In order to pay 100% of benefits over the next 75 years, Social Security needs some changes.**

Americans Value Social Security and Don't Mind Paying for It

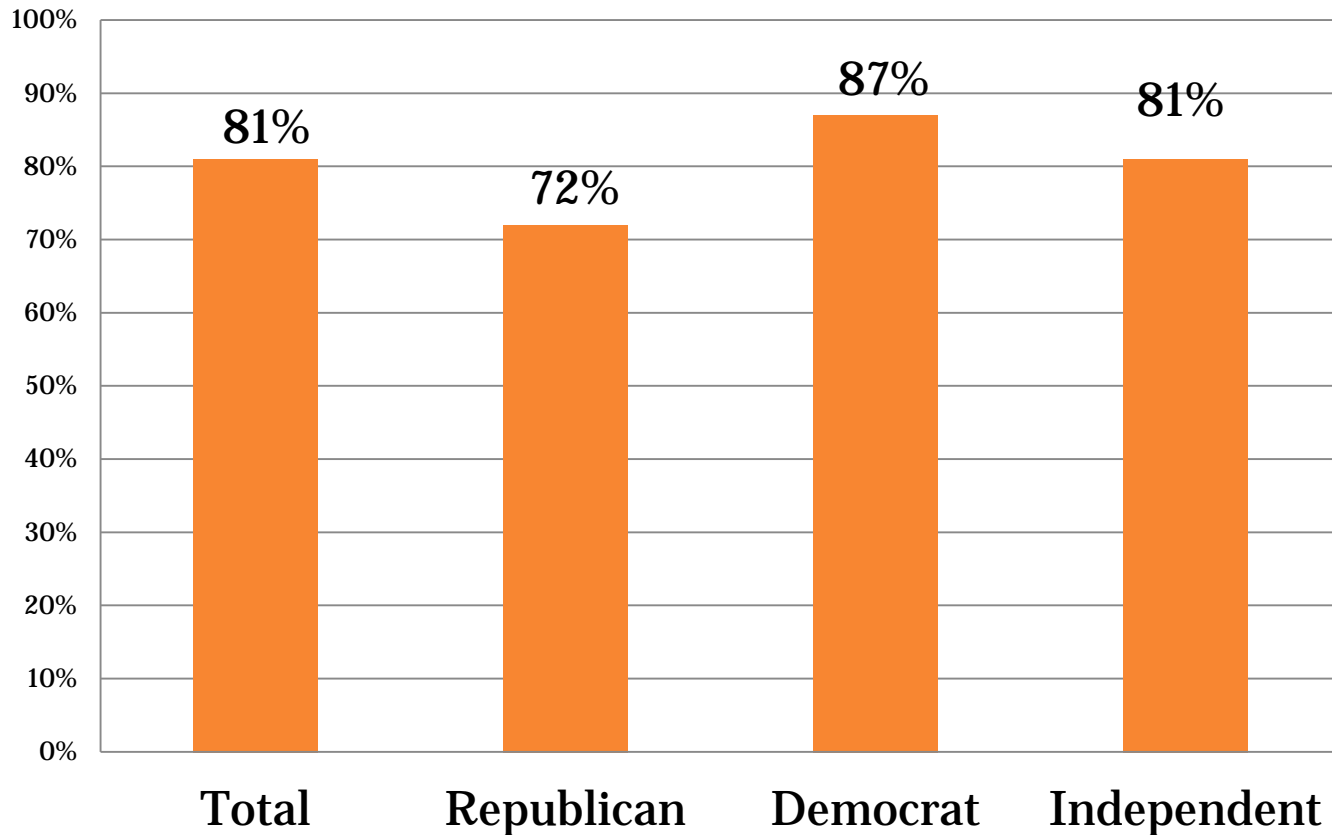


- Nearly 7 in 10 respondents say that, without Social Security, they'd have to make significant sacrifices or wouldn't be able to afford food, clothing, or housing in retirement.
- Americans say they don't mind paying for Social Security because they value it:
 - For themselves (73%)
 - For their families (73%)
 - For the security and stability it provides to millions of Americans (81%)

Across Party Lines, 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, disabled individuals, and the children and widowed spouses of deceased workers.*



Americans Agree Benefits Are Critically Important and Could Be Improved



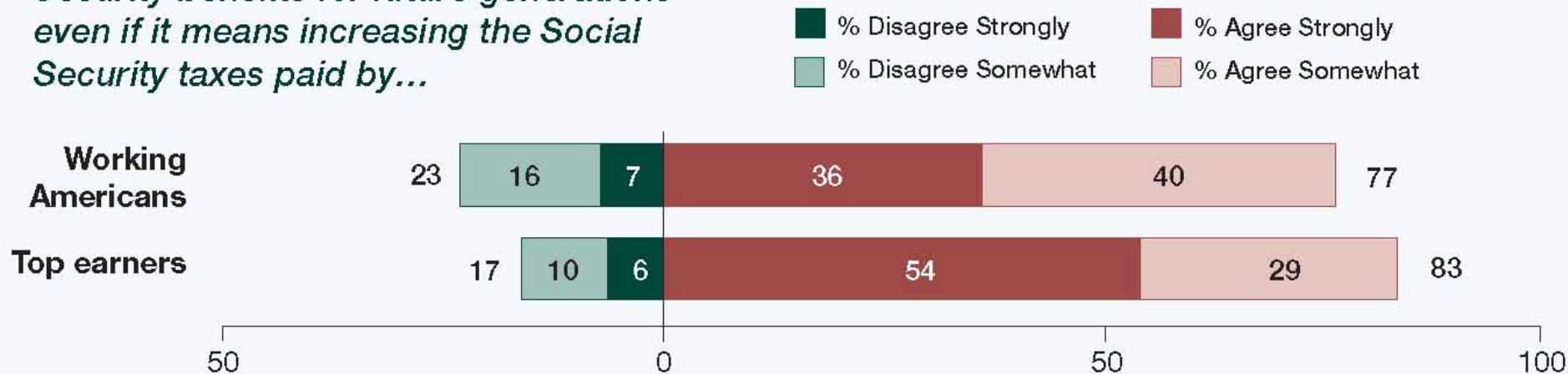
- 85% of Americans agree that “Social Security benefits now are more important than ever to ensure that retirees have a dependable income.”
- 86% believe current Social Security benefits do not provide enough income for retirees.
- 72% believe we should consider increasing benefits to provide a more secure retirement for working Americans.

Willingness to Pay More



Figure 2. **Views on Paying More to Preserve Social Security**

It is critical that we preserve Social Security benefits for future generations even if it means increasing the Social Security taxes paid by...



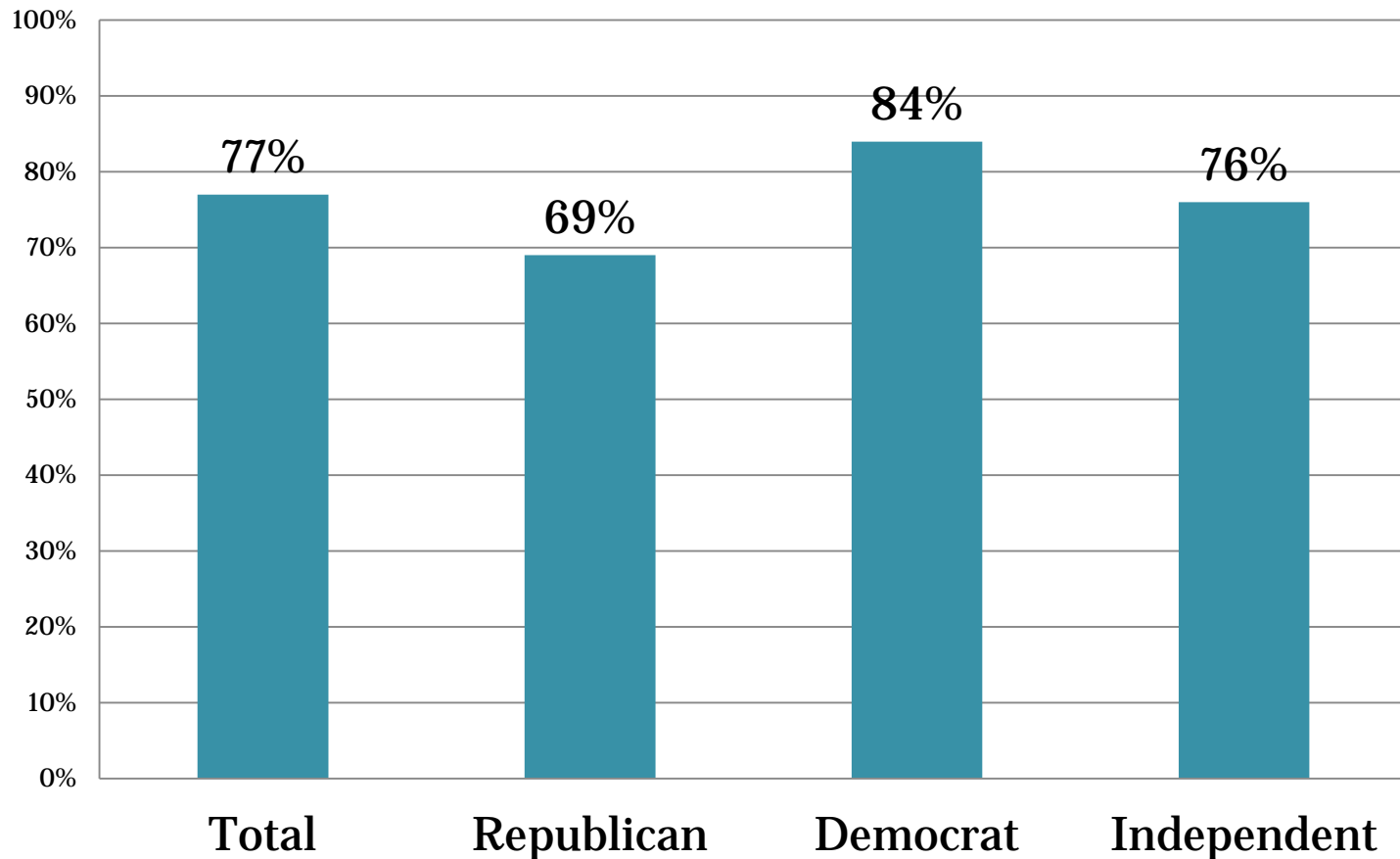
Source: National Academy of Social Insurance Survey, June 2014

Bars may not total due to rounding.

Across Party Lines, Americans Want to Preserve Social Security Even if Workers Have to Pay More



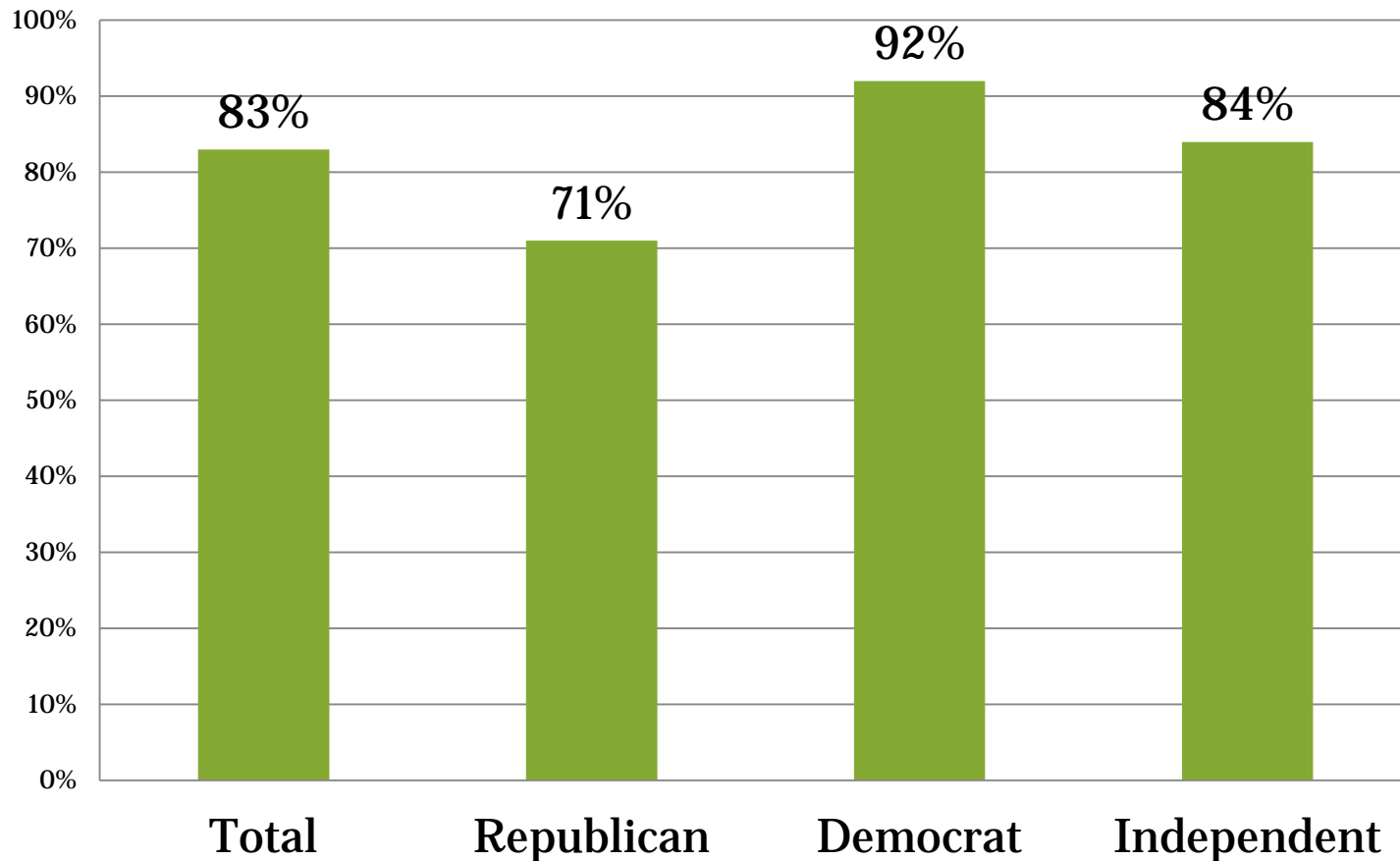
Percent Agreeing: *It is critical that we preserve Social Security benefits for future generations, even if it means increasing working Americans' contributions to Social Security taxes.*



Across Party Lines, Americans Want to Preserve Social Security Even if Top Earners Have to Pay More



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



What is Trade-Off Analysis?



- We used trade-off analysis to learn which Social Security changes Americans prefer *and* are willing to pay for.
- We included 12 policy changes that have been proposed for Social Security:
 - 4 revenue increases
 - 4 benefit cuts
 - 4 benefit increases

12 Policy Options in Trade-off Analysis



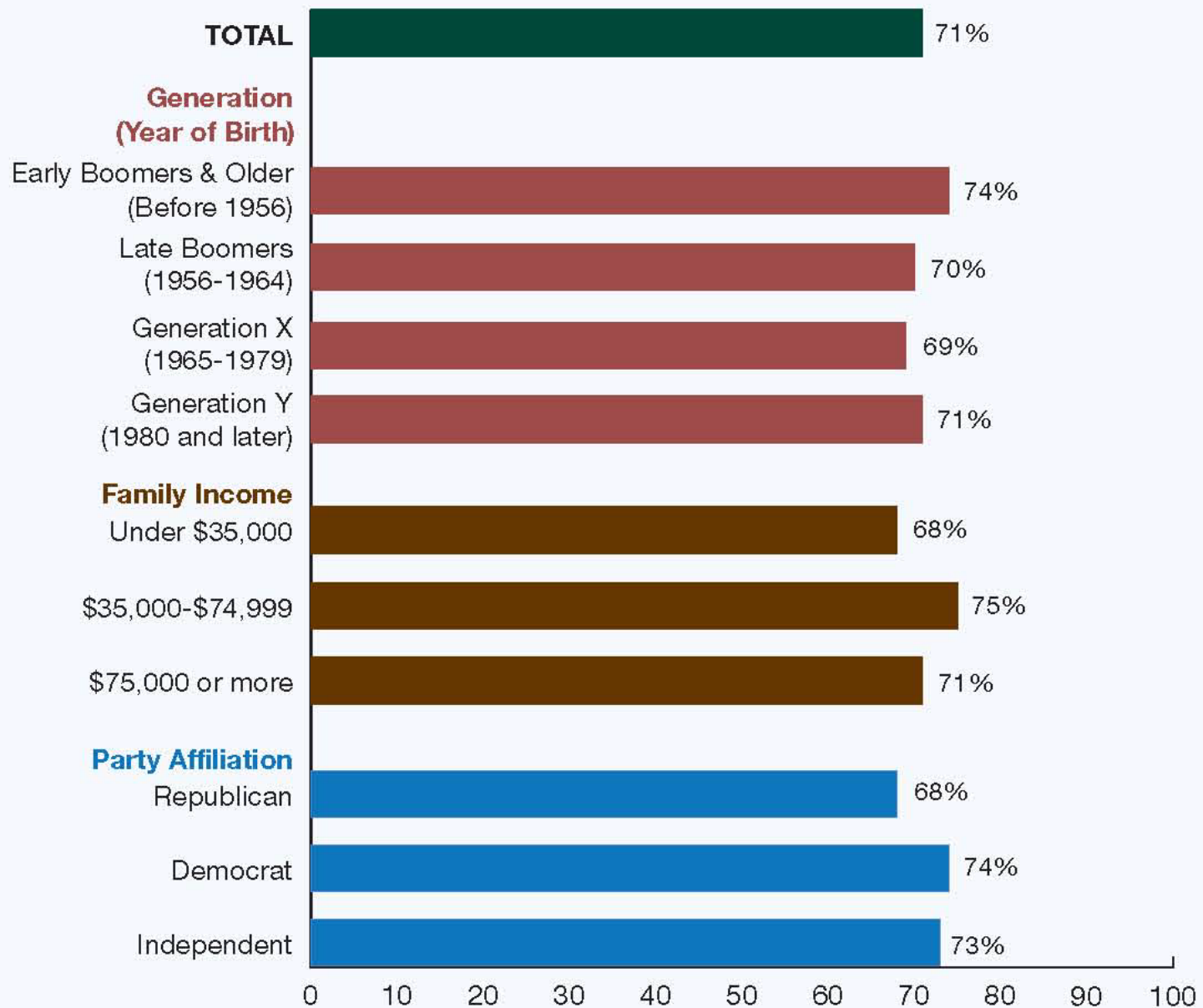
- **Four revenue increases:**
 - Two ways to raise the taxable earnings cap
 - Two ways to raise the 6.2% tax rate
- **Four benefit reductions:**
 - Two ways to further raise the retirement age
 - Chained CPI
 - Means-test benefits
- **Four benefit increases:**
 - Extend children's benefits to age 22 for students
 - Increase benefits for all beneficiaries by \$65 a month
 - Increase the minimum benefit for lifetime low-wage workers
 - Increase COLA to reflect inflation experienced by seniors

Trade-Off Analysis: The Preferred Package



- **The most favored package would:**
 - Gradually eliminate the taxable earnings cap (currently \$117,000).
 - Very gradually raise the tax rate to 7.2% over 20 years.
 - Increase the COLA.
 - Raise the minimum benefit for lifetime low-wage workers.
- **These changes would eliminate 113% of the long-term financing gap projected by Social Security's trustees, providing a margin of safety.**
(* 107% under the assumptions of the 2014 Trustees Report)
- **Preferred over the status quo by 7 in 10 Americans.**

Figure 1. **Support for the Preferred Package of Policy Options in Trade-Off Analysis**



Trade-off Analysis Measures the Appeal of Specific Policy Changes



- Trade-off analysis shows how individual policy changes affect the appeal of a package.
 - Some have *strong* positive or negative impact
 - Some have *weak* or *little* impact

Trade-off Analysis Measures the Appeal of Specific Policy Changes



- **Strong positive appeals:**

- Gradually eliminating the tax cap
- Gradually raising the tax rate to 7.2%
- Keeping the retirement age at 67 rather than raising it
- Increasing the COLA



Trade-off Analysis Measures the Appeal of Specific Policy Changes



- **Strong positive appeals:**

- Gradually eliminating the tax cap
- Gradually raising the tax rate to 7.2%
- Keeping the retirement age at 67 rather than raising it.
- Increasing the COLA

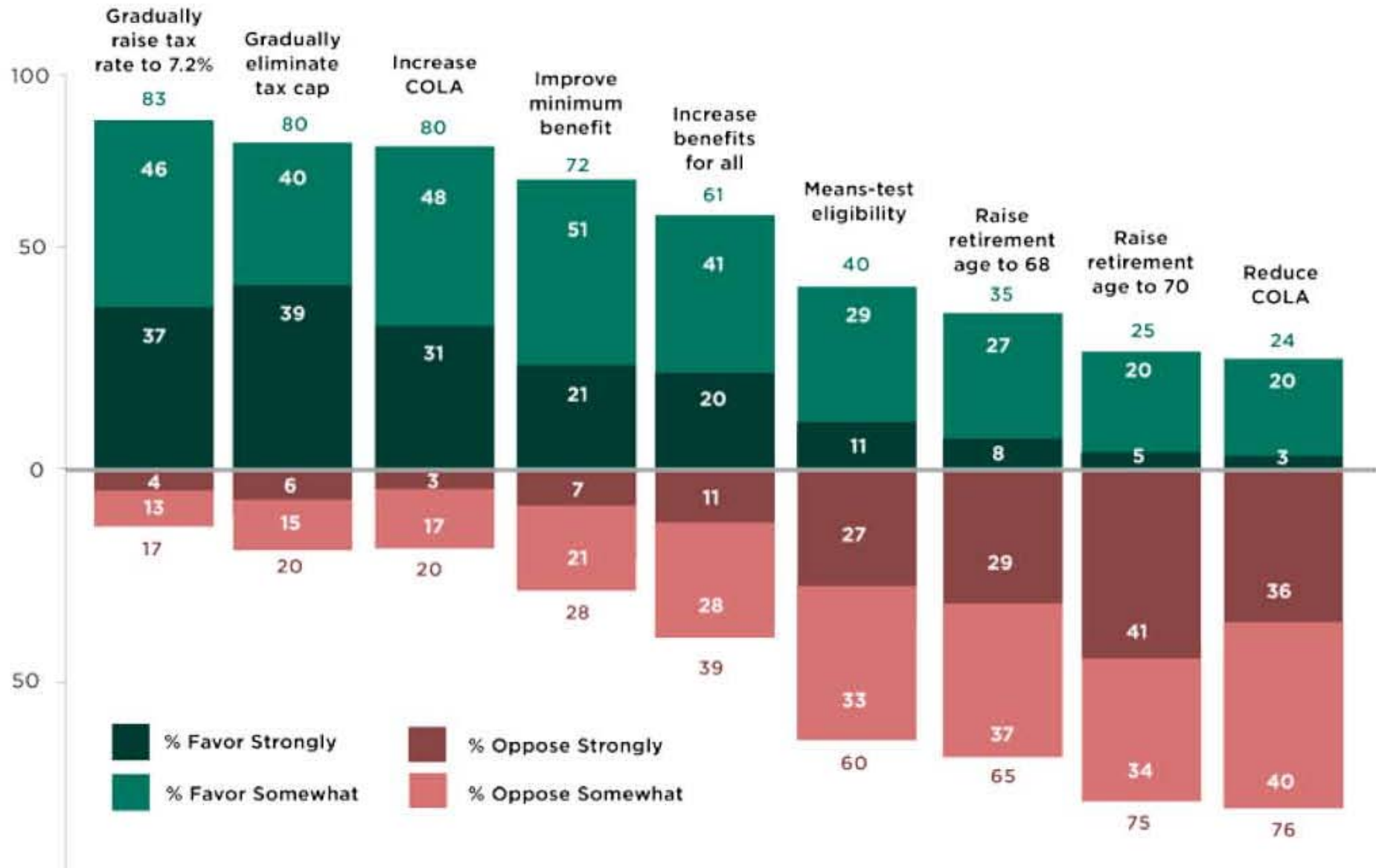


- **Strong negative appeals:**

- Not lifting the tax cap
- Not increasing the tax rate
- Raising the retirement age to 70
- Lowering the COLA



Social Security Policy Options



Confidence in Social Security



Despite strong support, Americans lack confidence in Social Security's future.

Table 12. Confidence in Social Security's Future

<i>Respondent Characteristics</i>	<i>All Respondents How confident are you in the future of the Social Security system?</i>	<i>Respondents not yet receiving Social Security How confident are you that all of the Social Security benefits you are supposed to get will be available to you when you retire?</i>
Confident	38%	32%
Not confident	62	68

Figure 8. **Perception of Social Security Shortfall:
Effect of New Information**

Would you say that funding for Social Security in the future is a crisis, a significant problem, a manageable problem, or not a problem?

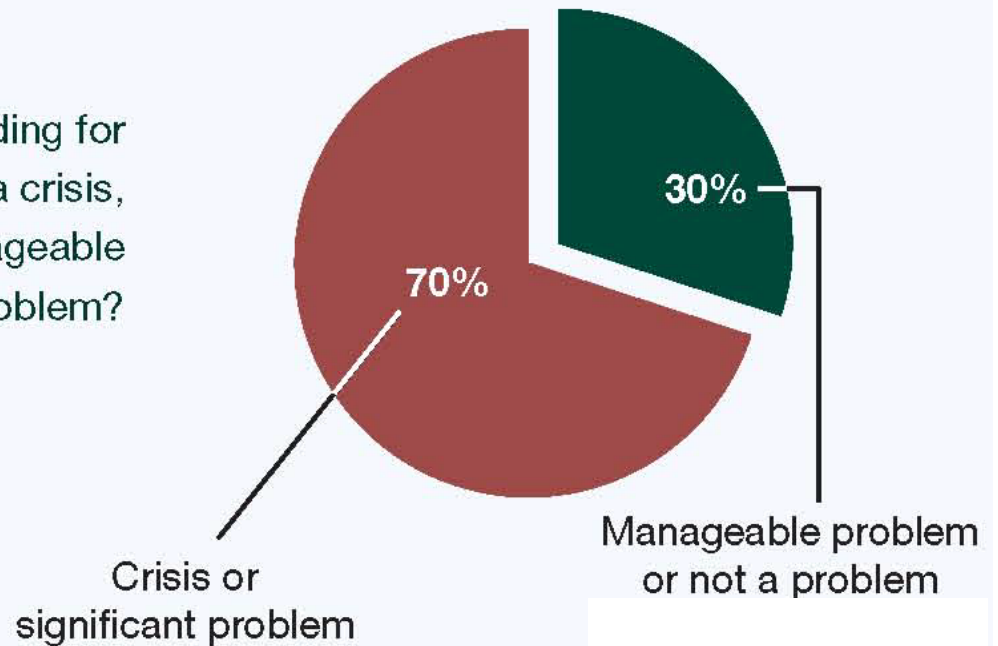
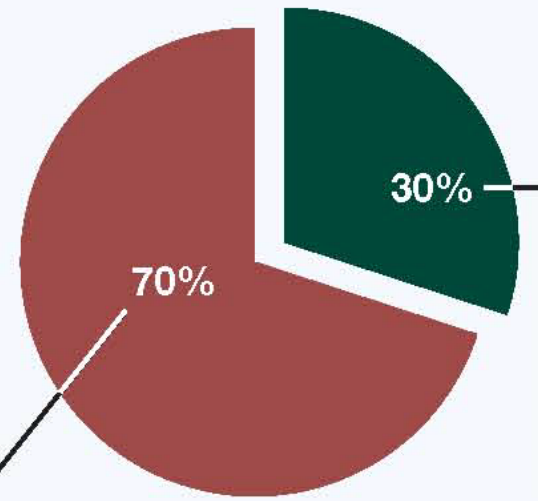


Figure 8. **Perception of Social Security Shortfall:
Effect of New Information**

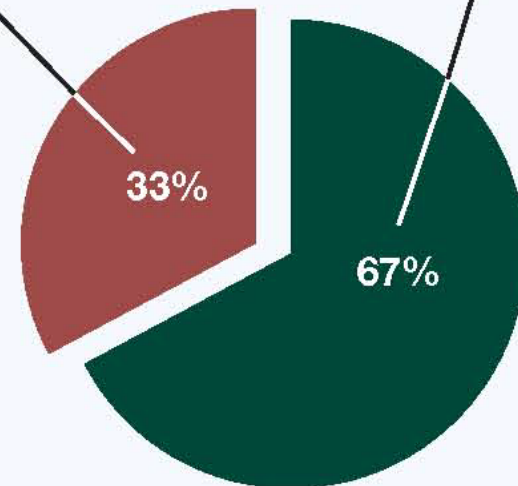
Would you say that funding for Social Security in the future is a crisis, a significant problem, a manageable problem, or not a problem?



Crisis or significant problem

Manageable problem or not a problem

If you knew that increasing Social Security taxes from 6.2% to 7.7% for both workers and employers would ensure that Social Security could pay full benefits for the next 75 years, would you say that funding for Social Security in the future is a crisis, a significant problem, a manageable problem, or not a problem?



33%

67%

Consistent Findings in Focus Groups, Survey, and Trade-Off Analysis



- In focus groups, Americans were concerned about benefits being too low.
- In the survey, Americans say they don't mind paying for Social Security and are willing to pay more.
- In trade-off analysis, the preferred package would:
 - Gradually increase taxes in two ways – for top earners and for all workers; and
 - Increase benefits in two ways – for low earners and for all beneficiaries via the COLA.

The Value of Facts



- Better information could improve public knowledge about and confidence in Social Security.

High Levels of Agreement



- Americans may be polarized on many issues, but on Social Security they are remarkably in agreement.
- Americans across political, generational, and income lines not only support Social Security but also agree on specific changes.

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