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Balancing Social Security: A Long-term Perspective

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Social Security represents long-term commitments

- Workers pay for it while they are working and earn the right to future benefits.
- Both the Social Security taxes workers pay and the benefits they receive are spelled out in law.
- If taxes and benefits are out of balance, lawmaker have to adjust the law.

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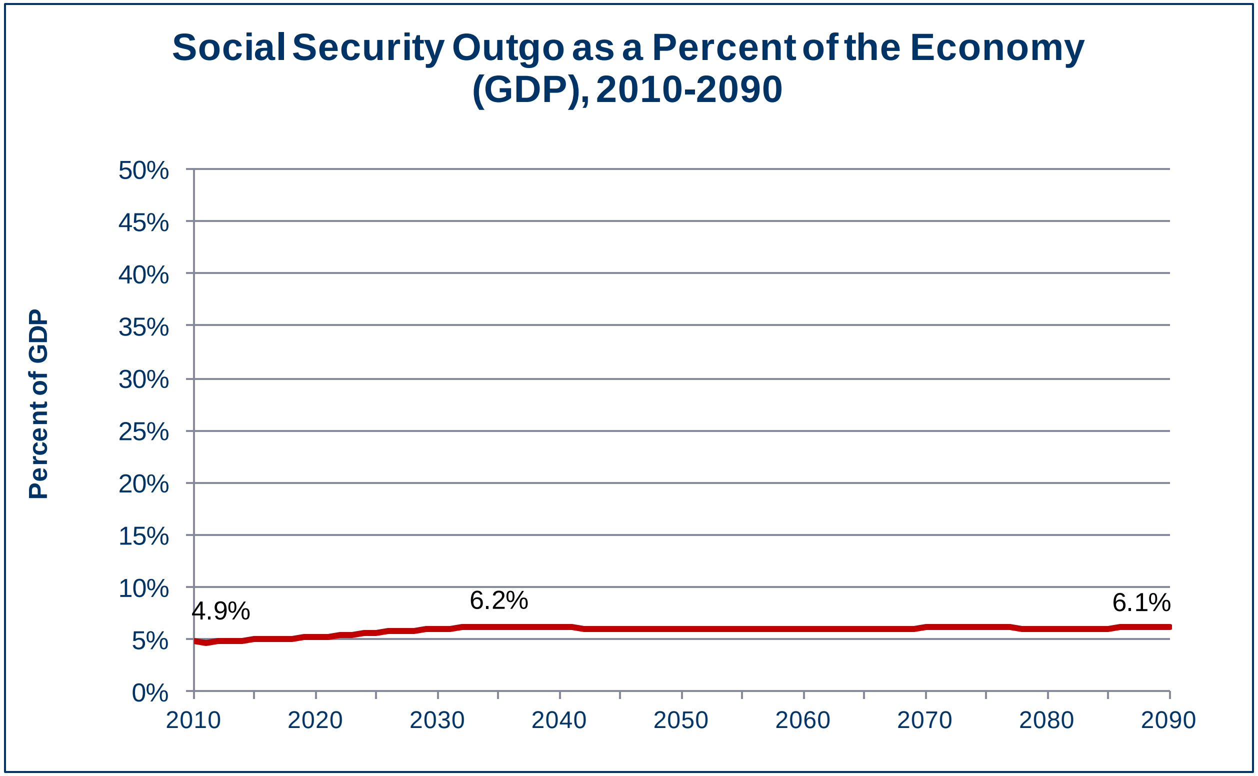
Questions to Consider:

- Are benefits in the law adequate?
- Are the contributions needed to pay for the benefits affordable?
- What is an equitable balance?

Are scheduled benefits affordable?



Benefits are being cut more than most people realize

Cuts enacted in 1983 and 1993 are phasing in. By 2050, net retirement benefits will be 23-24% lower than they would have been without the cuts.

Policy Change	Size of Cut
Raise retirement age to 67	13.3%
Tax part of benefits with revenues to OASDI and HI trust funds	8.8%
Delay COLA 6 months	1.4%
Total	**23.5%**

No increase in contributions from workers or employers has yet been scheduled.

Lawmakers put off acting on a contribution increase in 1983

- The 1983 Greenspan Commission agreed on how to balance finances through the 1980s.
- It offered two solutions for the 21st century as boomers retire: (a) raise the retirement age; and/or (b) schedule a contribution rate increase when it will be needed.
- Lawmakers enacted only the retirement age. One explained: "Workers need warning if we change the age. We can always raise the tax if it's needed."
- **The new survey suggests Americans are ready for lawmakers to finish the job**.