

Social Security Policy Options

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Types of Policy Options

- Options to **increase revenues** for solvency.
- Options to **reduce benefits** for solvency.
- Options to **improve benefits** for adequacy.

Options for Raising Revenues

1. Lift the cap (now \$118,500) on the earnings on which workers and employers pay Social Security contributions:
 - a) Restore the cap to cover 90% of all earnings.
 - b) Completely eliminate the cap.

2. Raise the tax rate (now 6.2%) for workers and employers:
 - a) Raise the tax to 7.2% in 2022 and 8.2% in 2052.
 - b) Raise the tax very gradually, to 7.2% by 2039.

Options for Cutting Benefits

3. Raise the retirement age (now 66):
 - a) Raise it to 68
 - b) Raise it to 70
4. Change the benefit formula for higher earners:
 - a) Starting at the 30th percentile of earners
 - b) Starting at the 60th percentile of earners
5. Cost-of-living adjustment (COLA):
 - a) Reduce the COLA through the chained CPI

Consider the adequacy of benefits for recipients who rely on Social Security.

Options for Improving Adequacy

5. Cost-of-Living Adjustment (COLA):
 - b) Increase the COLA through a CPI for the elderly
6. Update the special minimum benefit (for lifetime low-wage workers)
7. Reinstate children's benefits until age 22 for children of disabled or deceased workers
8. Increase benefits for all beneficiaries
9. Increase benefits for the "oldest old" (ages 85 and older)
10. Allow childcare years to count towards Social Security earnings history