

Findings from the Report to the New Leadership and the American People

**Social Security and the
Gap in Retirement
Wealth**

Thank you to contributors and reviewers

Thank you to contributors to this section of the Report:

- Elliot Schreur, Mikki Waid, Ed Wolff

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I. BACKGROUND

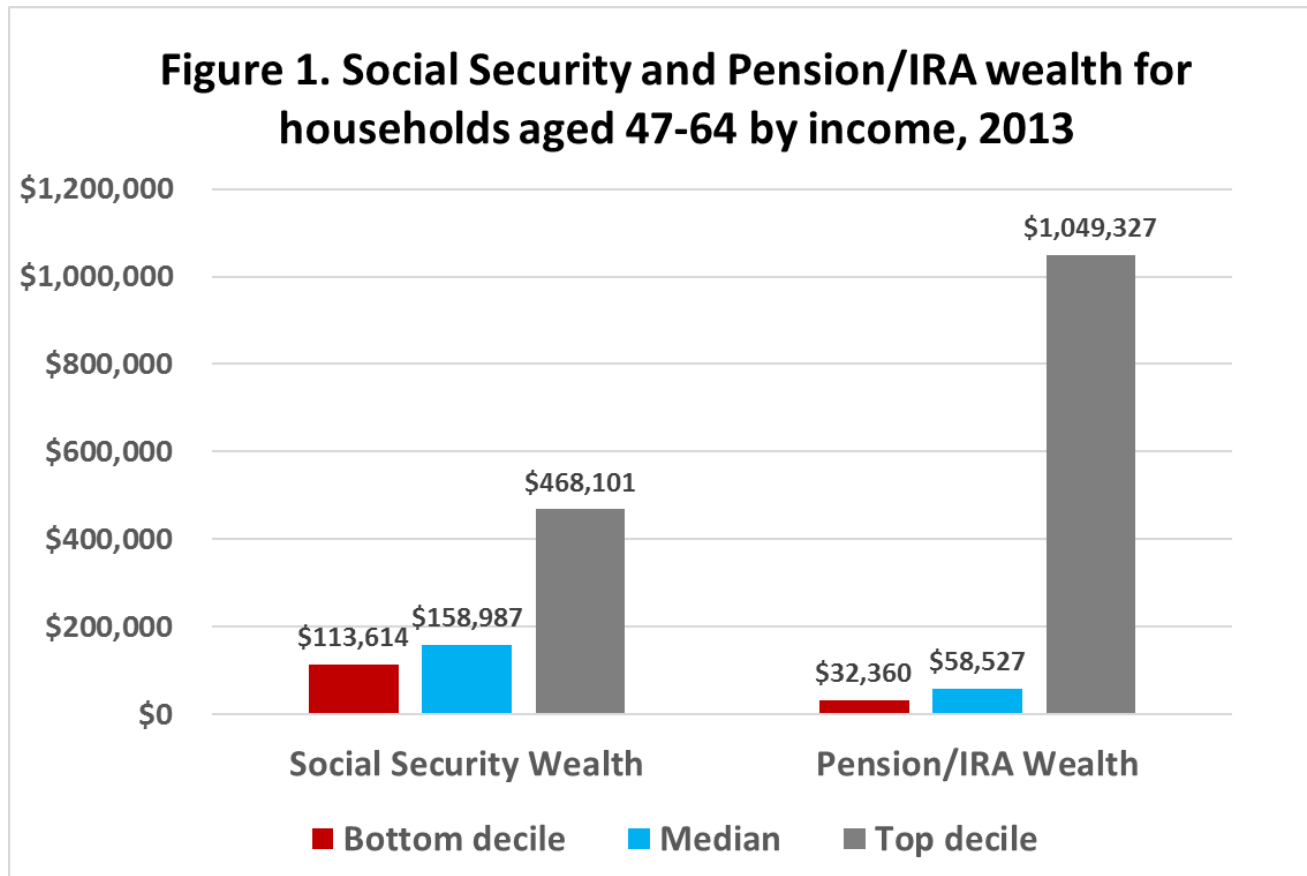
Background

- Social Security and retirement wealth
- Social insurance is particularly valuable to low-income households and people of color
 - Universal coverage
 - Mandatory contributions build assets
 - Pays out more when need is greater
 - Predictable and secure
 - More redistributive than other retirement wealth vehicles
 - No leakage or fees, and optimal decumulation



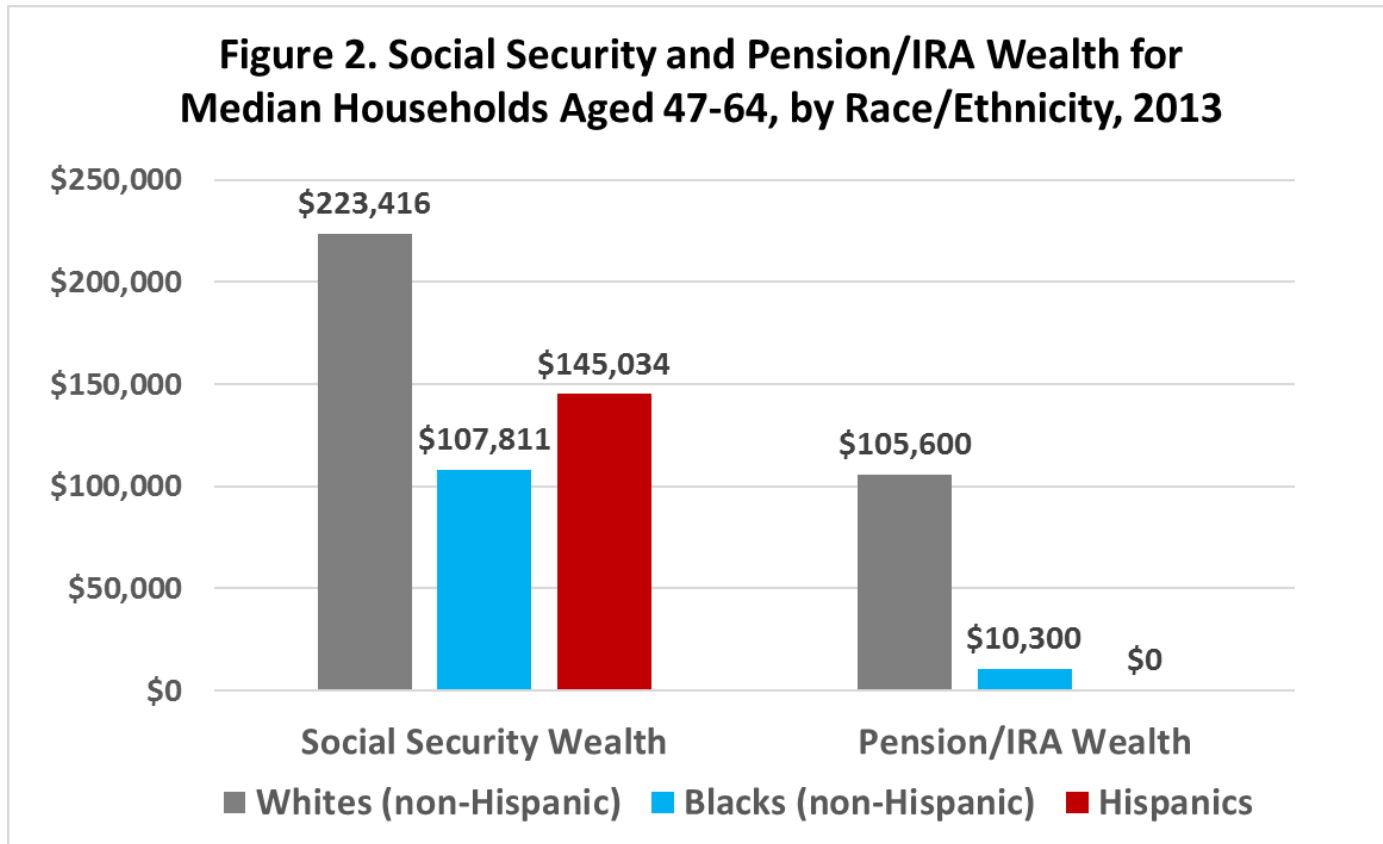
II. POLICY CHALLENGES

Low and middle-income households have little retirement wealth other than Social Security



Source: Edward N. Wolff's unpublished estimates from 2013 Survey of Consumer Finances.

Households of color have little wealth other than Social Security



Source: Edward N. Wolff's unpublished estimates from 2013 Survey of Consumer Finances.

Policy Challenges (cont'd)

- Wage stagnation and inequality harm retirement preparedness
- Retirement risk shift toward individuals
- Private account wealth is far less equally distributed than traditional pensions or Social Security wealth



III. POLICY OPTIONS

Policy Options

I. Revenue Options

- Eliminate Social Security tax cap and credit contributions toward benefits
- Incorporate high earners' investment income into Social Security

Policy Options

II. Benefit Options

- Strengthen the minimum benefit
- Grant caregivers partial Social Security earnings credits
- Strengthen benefits for low- and moderate-income workers
- Reinstate student benefits
- Update survivors benefits