



2011 NASI Intern Academy

Social Security: If it ain't broke, don't break it

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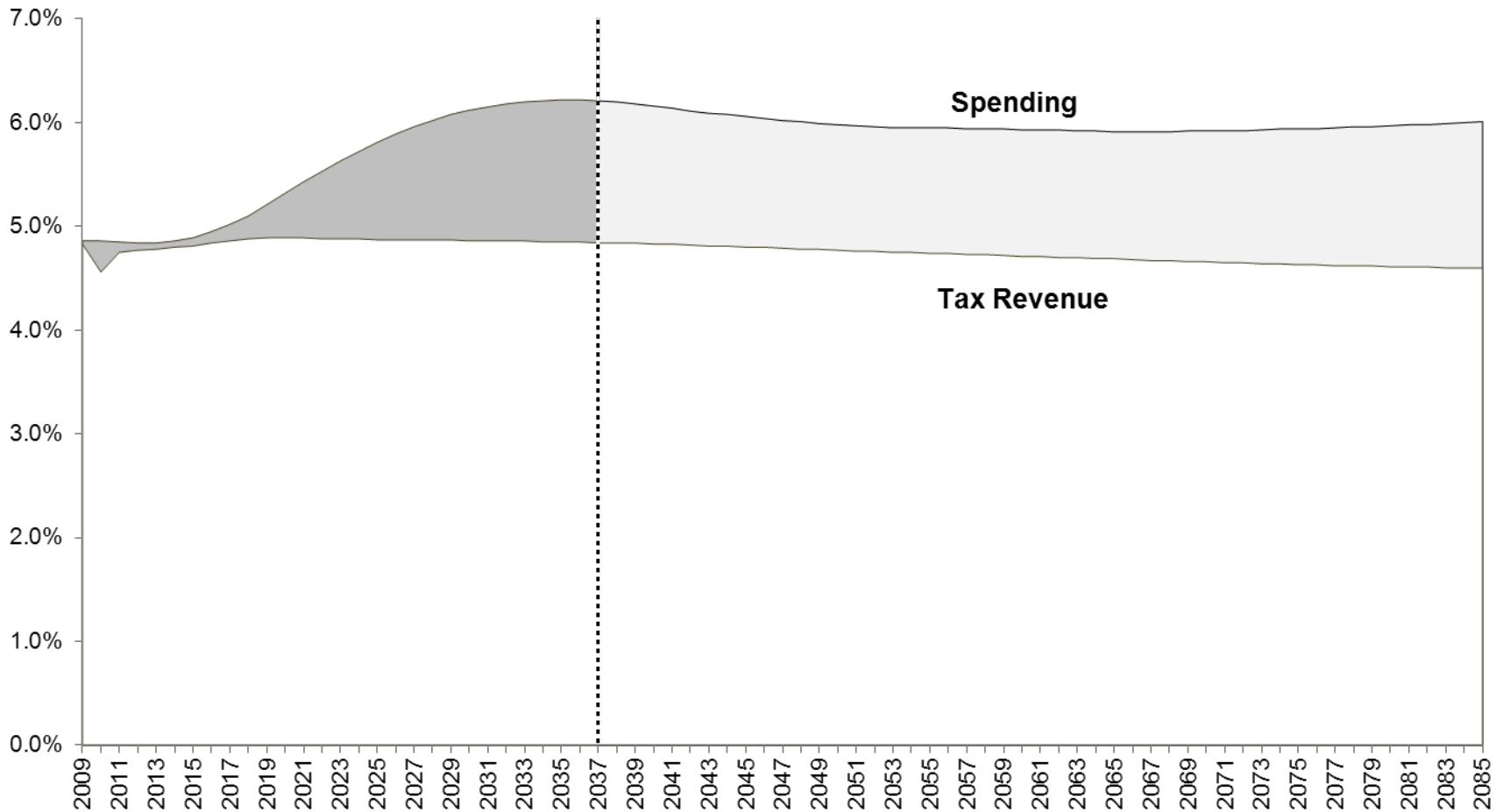
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Social Security spending as a percent of GDP, 2009 - 2085



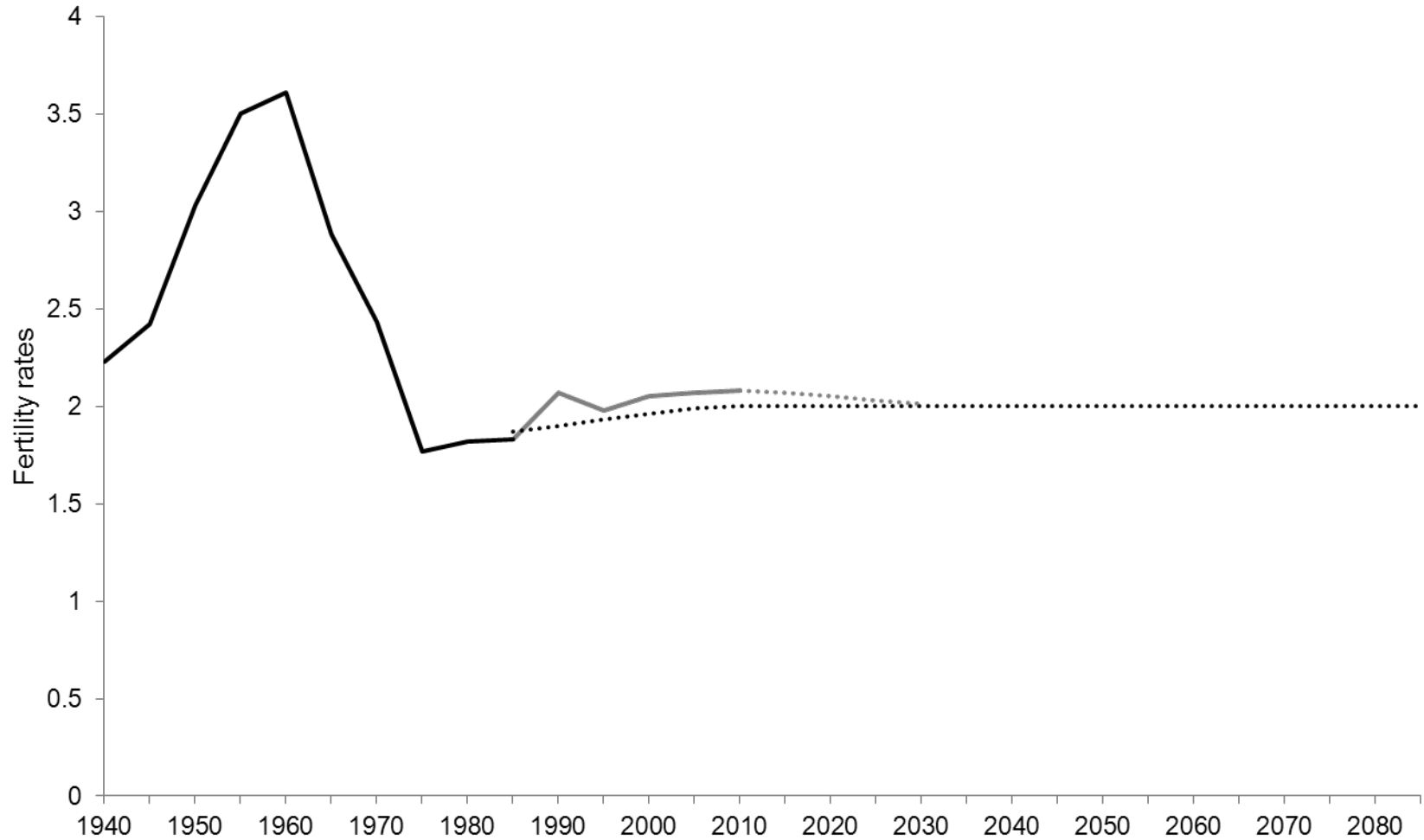


Things we saw coming

- Aging population
- Life expectancy

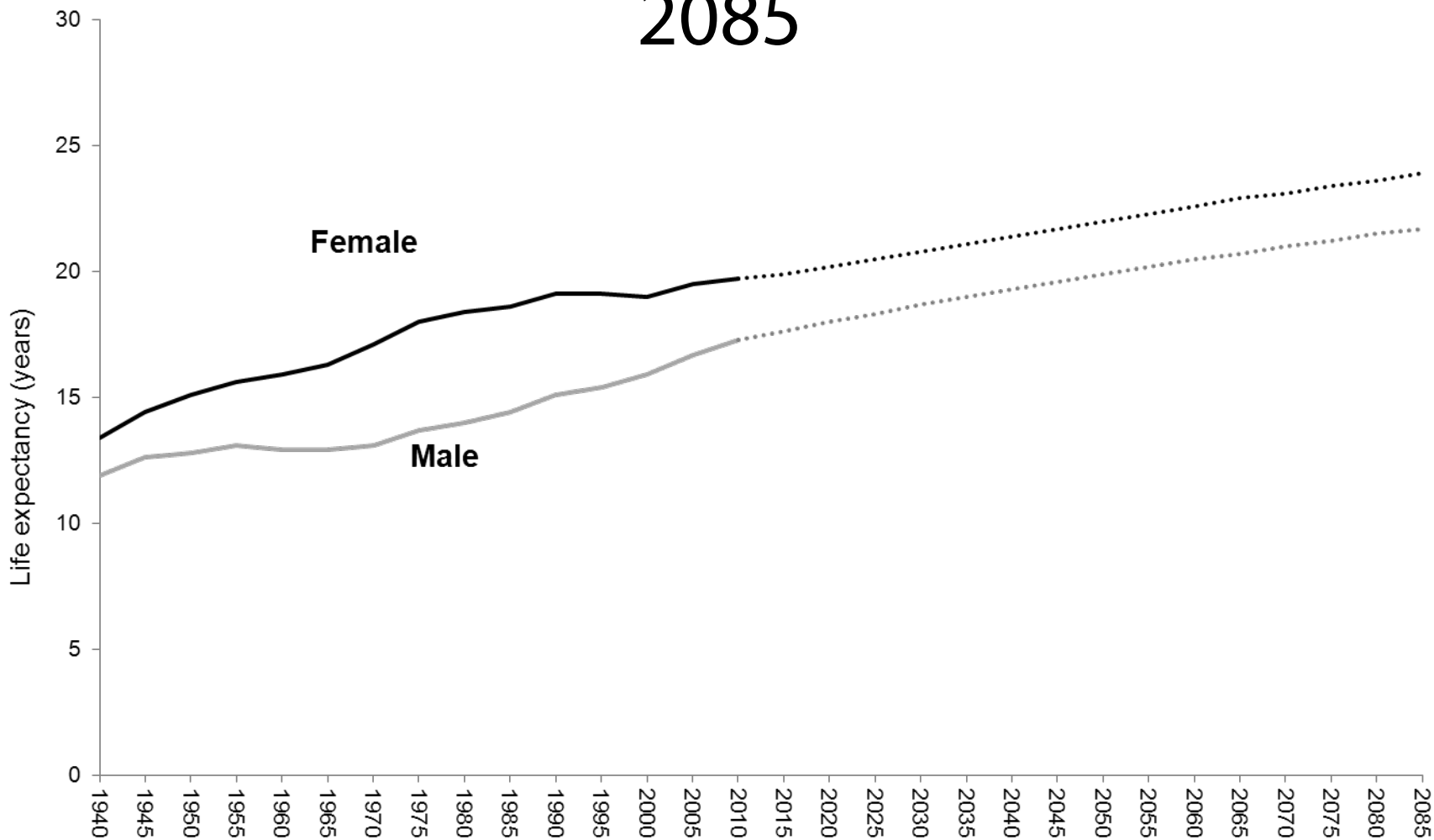


Projected and actual fertility rates from the 1983 and 2010 Trustees Report





Life expectancy at 65 by gender, 1940-2085



Source: Social Security Administration.

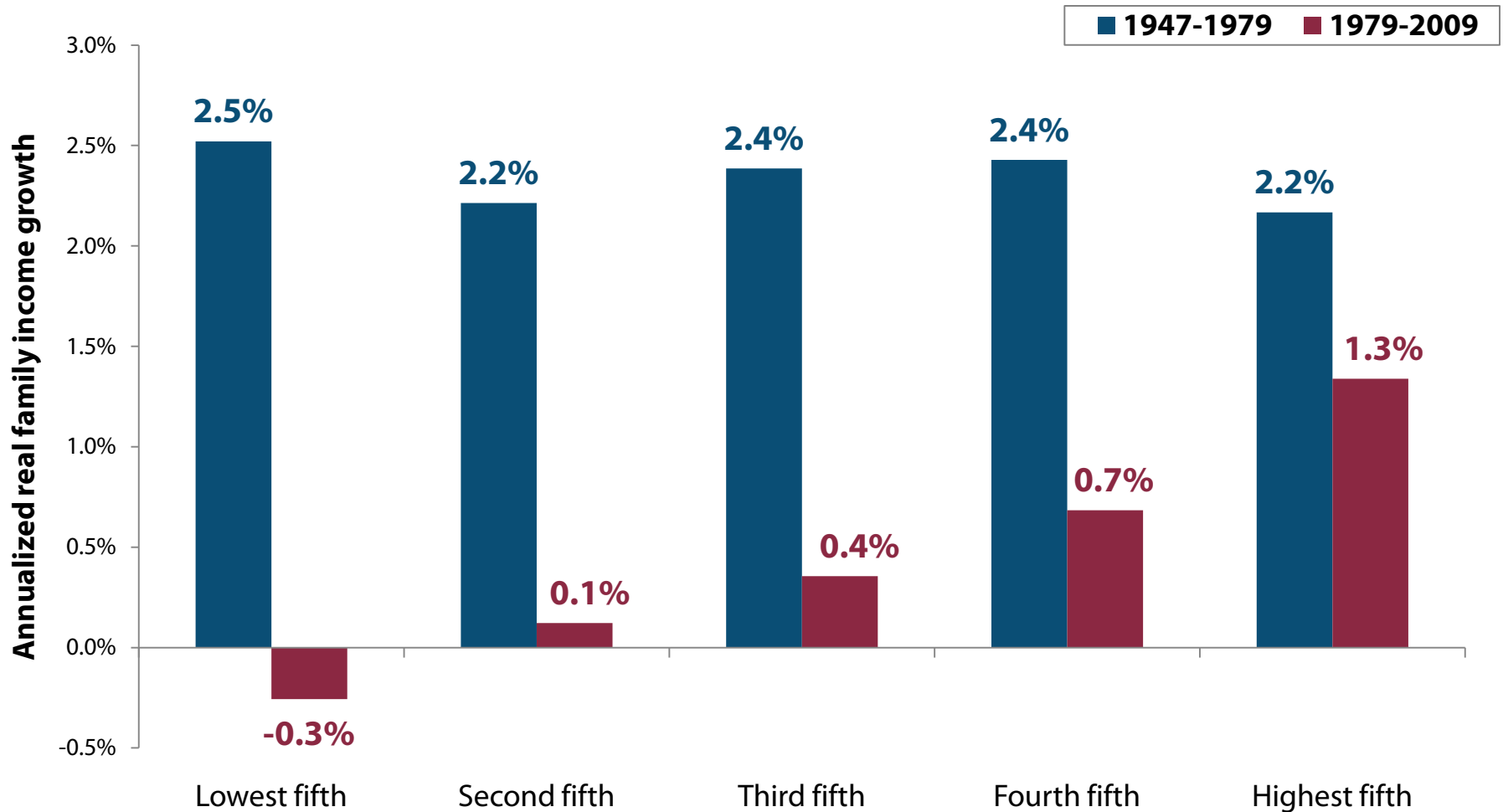


Things we didn't see coming

- Inequality



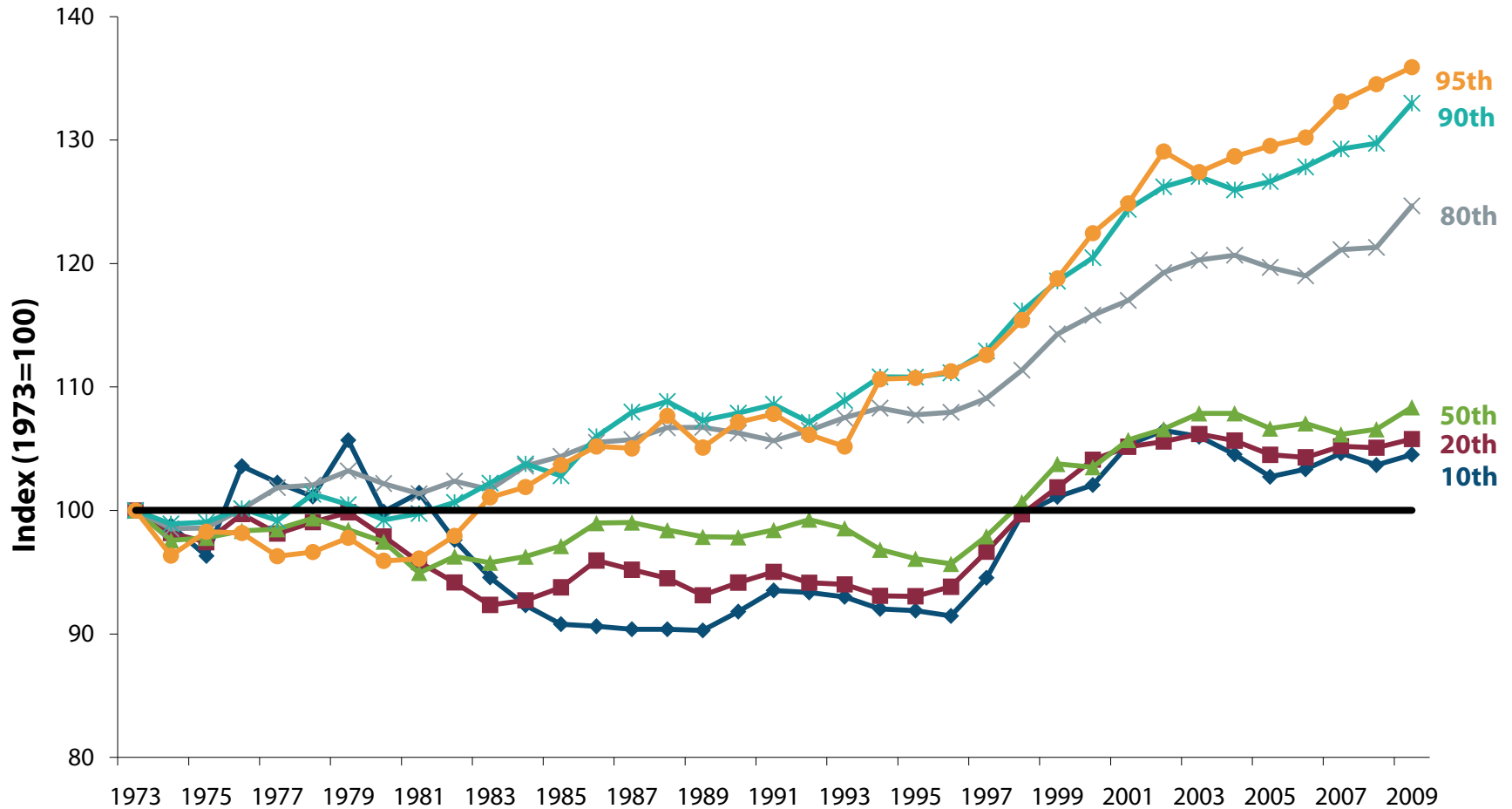
Real annual family income growth by quintile, 1947 -1979 and 1979 - 2009



Source: EPI analysis of U.S. Census Bureau data.



Change in real hourly wages by wage percentile, 1973-2009



Source: EPI analysis of U.S. Census Bureau, Current Population Survey, Outgoing rotations group.



The inequality tax on Social Security

- Tax cap (\$106,800 in 2010)
 - Covered 90% of earnings in 1983
 - Covered 83.6% of earnings in 2006
 - 6% of workers earn above the cap
- Estimated half of the shortfall

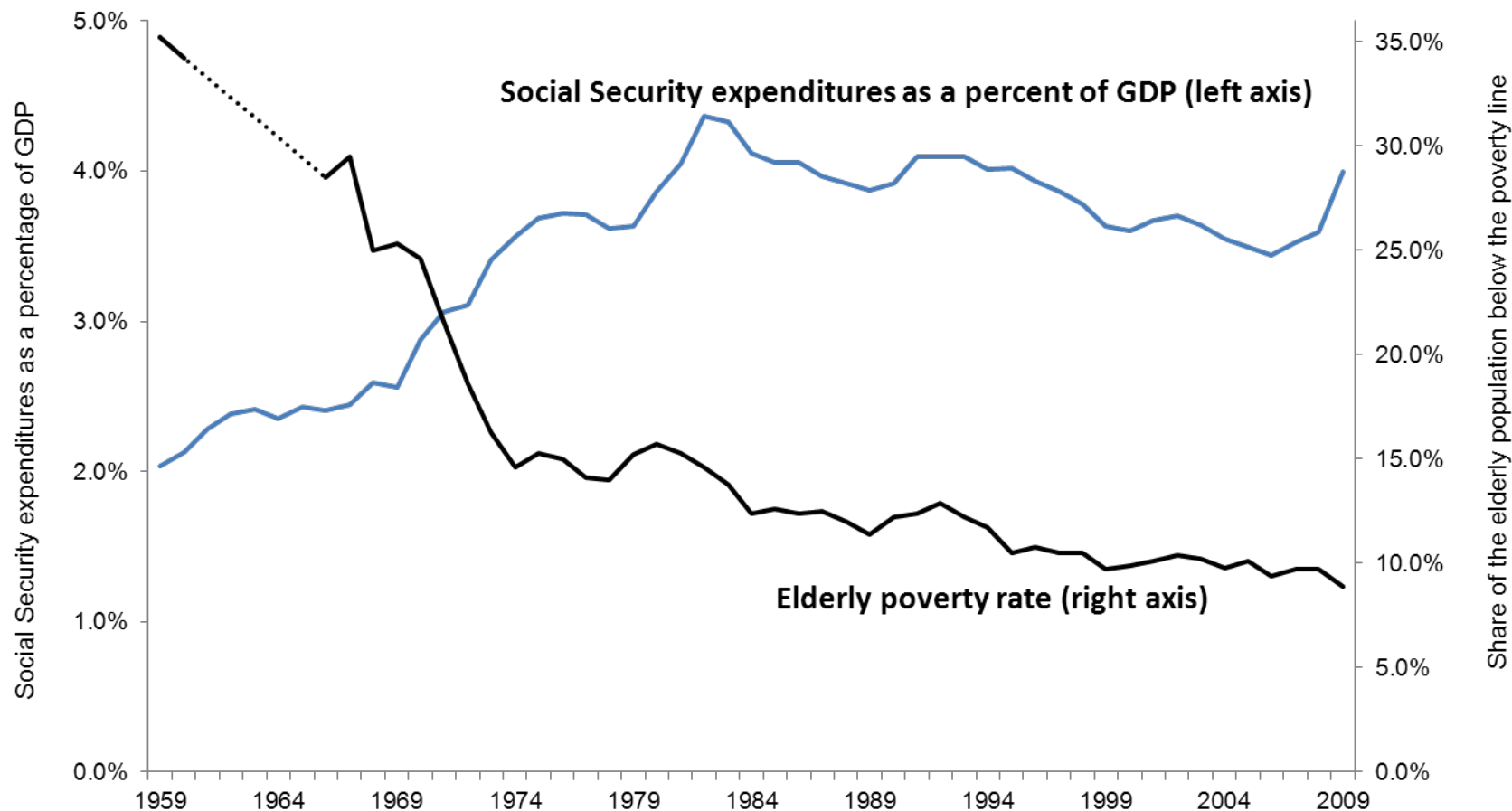


Causes of the shortfall

- Things that we saw coming = cost ↑
- Things we didn't see coming = revenue ↓



Per capita Social Security expenditures and the poverty rate for 65+, 1959 - 2009



Source: U.S. Census Bureau, Historical Poverty Tables, Persons, Tables 2 and 3, and U.S. Treasury, Social Security Administration, Trustees Report 2009, Annual Statistical Supplement.



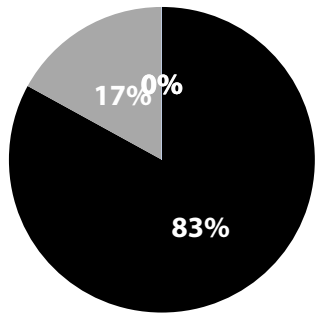
Poverty

- Social Security kept 20.5 million Americans out of poverty in 2009
- 14 million were 65+
- 6.5 million were children and working age adults
- Next largest program is the Earned Income Tax Credit with 4.2 million
- Next is food stamps with 3.6 million

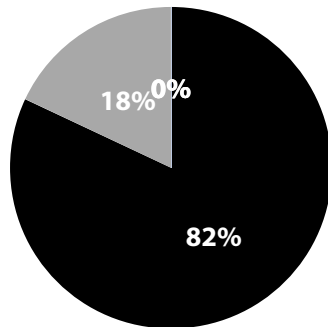


Social Security as a percentage of income for 65+ households, by quintile, 2008

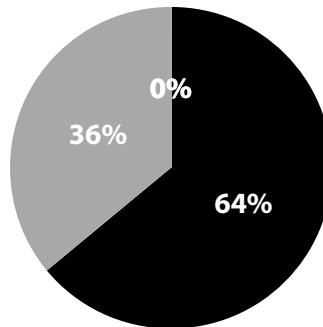
Lowest Fifth



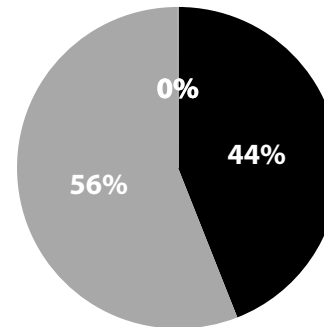
Second fifth



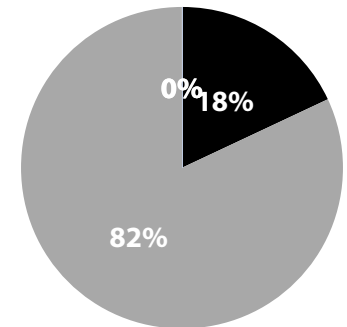
Middle fifth



Fourth fifth



Highest fifth





Average retirement benefit, 2009

\$ 13,406