



◦ Strengthening Social Security ... by Modernizing the System

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Panel Presentation

At

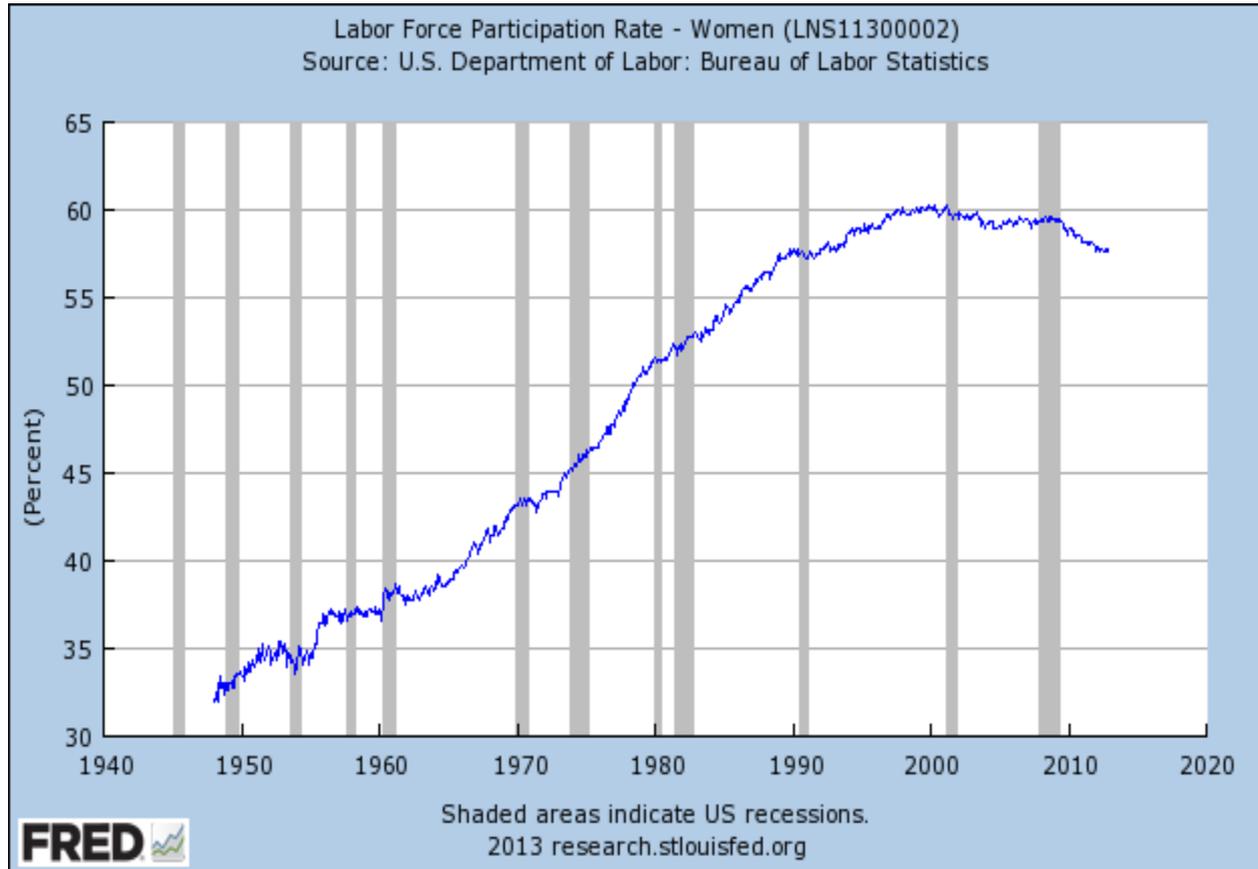
25th Annual Policy Research Conference

NASI

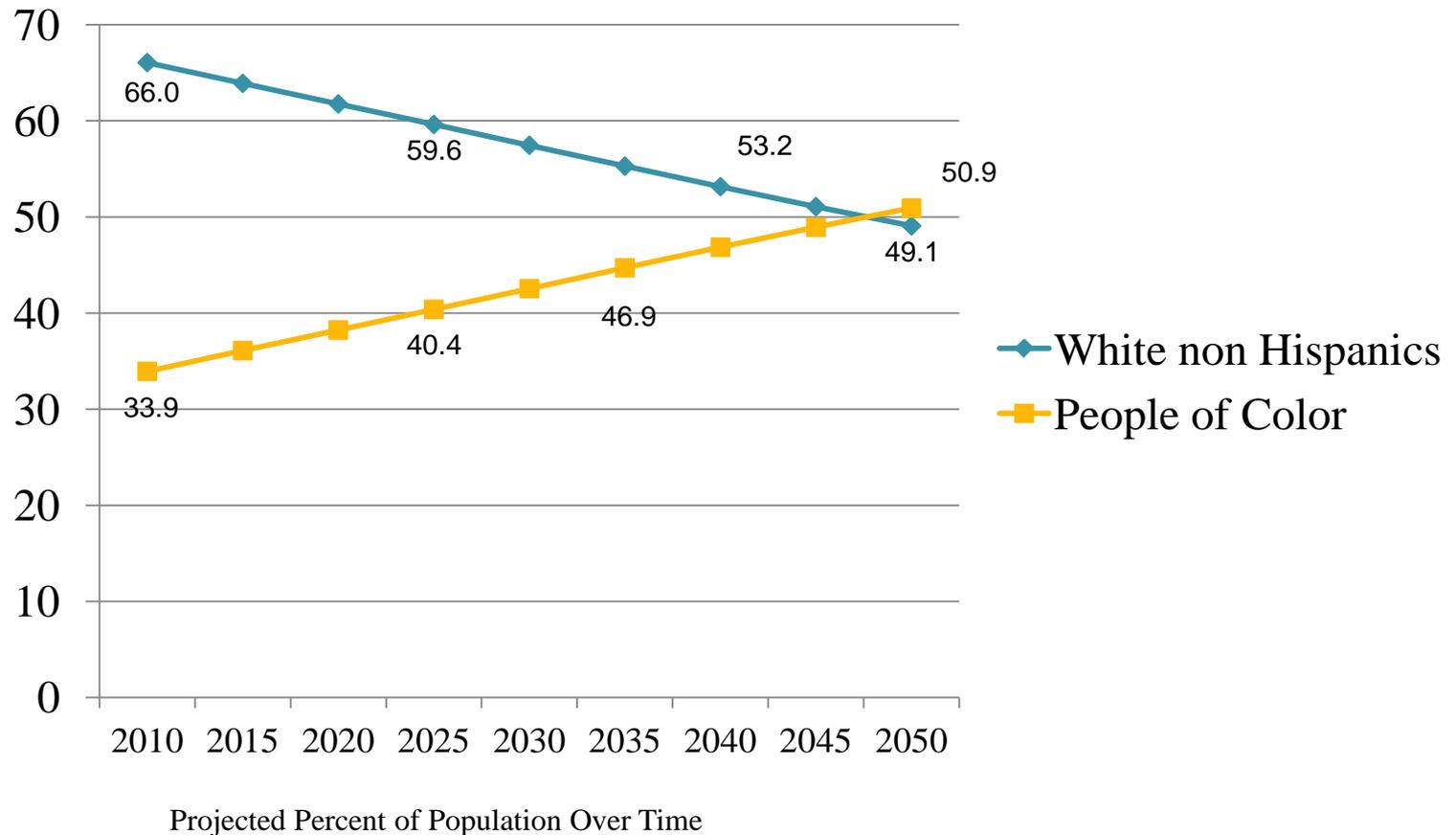
Washington, DC

January 31 – February 1, 2013

Why Do We Need to Modernize Social Security? ... to reflect women's increased role in the labor force



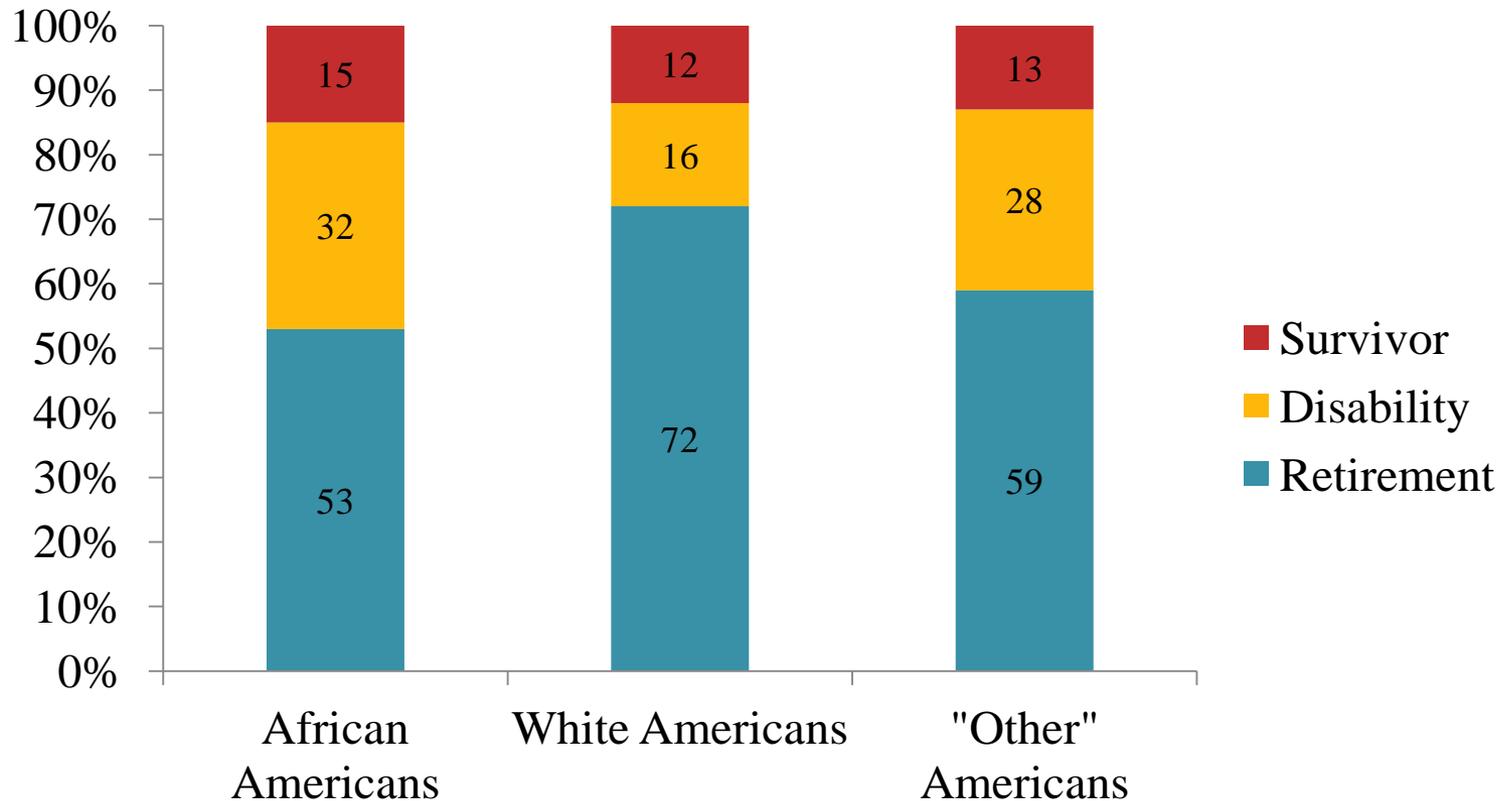
Why Do We Need to Modernize Social Security? ... in response to forthcoming demographic shift



Source: U.S. Census Bureau, *Table 6. Percent of Projected Population by Race and Hispanic Origin for the United States: 2010 to 2050* (August 14, 2008)

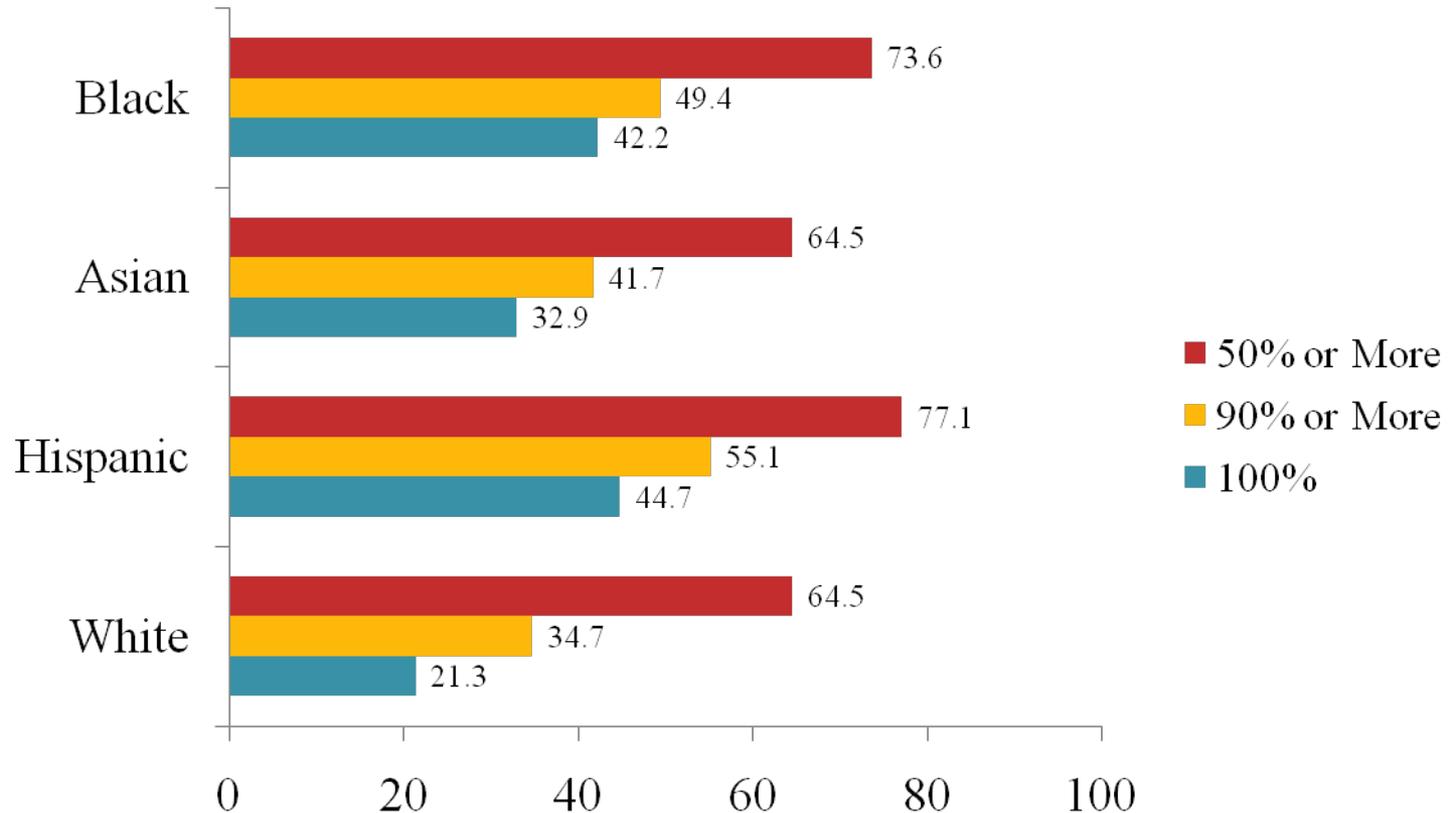
Why Do We Need to Modernize Social Security?

People of Color and White Americans rely on Social Security differently.



"Other" Americans includes Asians and Pacific Islanders, American Indians and Alaska Natives, and a subset of beneficiaries of Hispanic origin.

Why Do We Need to Modernize Social Security? Social Security benefits are most (if not all) of the income for many and ...



Percent of Income from Social Security Beneficiary Units Ages 65+ (2010)

SSA, *Income of the Population 55 or Older, 2010*, Table 9.A3 at <http://www.ssa.gov>

Why Do We Need to Modernize Social Security?

... Average Social Security benefits are modest.

	Average Monthly (January 2013)	Average Annual (based on January 2013 monthly amount)
Retired Worker	\$1,261	\$15,132
Disabled Worker	1,132	13,584
Aged Widow(er)	1,214	14,568

Source: SSA, <http://www.ssa.gov/oact/FACTS/index.html>

Commission to Modernize Social Security (2011)

- Objective: To identify proposals to extend solvency of the Social Security program, while simultaneously modernizing the program to meet the changing needs of an increasingly diverse society

Revenue-Enhancing Options

(per *Commission to Modernize Social Security*)

Options	Income as % of Taxable Payroll
Gradually increase payroll tax by 1.15 percentage points for employers and employees each, over 20 years	1.62
Eliminate cap but count earnings toward benefits with flatter formula	2.18
Enroll all new state and local government workers	0.17
Treat salary reduction plans like 401(k) plans	0.22
Total Revenue Raised	4.19
Actuarial Deficit (2012 Trustees Report)	-2.67
Amount Remaining	1.52

Adequacy-Enhancing Options (per *Commission to Modernize Social Security*)

Options	Income as % of Taxable Payroll
Increase benefits by a uniform amount at age 85	0.10
Increase payments by uniform amount for all beneficiaries	0.75
Pay widowed spouses 75% of couple benefit with value capped at “average earner” benefit level	0.06
Update special minimum benefit to 125% of poverty	0.19
Reinstate survivor benefits for youth through age 22	0.07
Provide 5 years of dependent care credits	0.24
Administrative fixes	0.08
Total Cost of Benefit Improvements	1.49
Amount Remaining	0.03