

# A “Confidence” Game

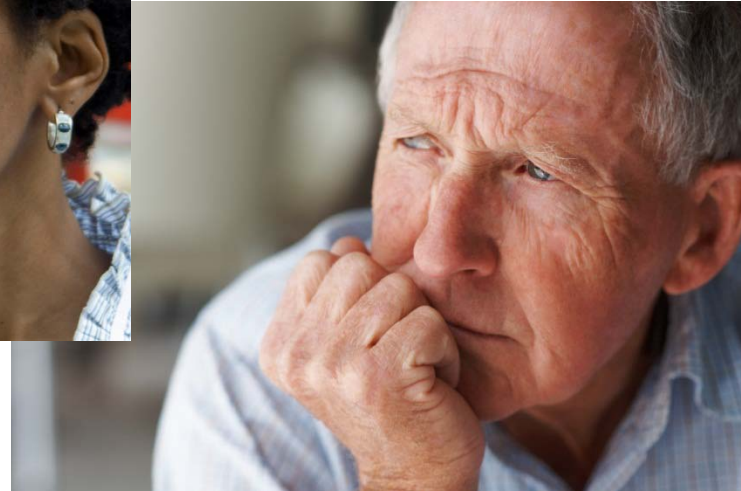
How a concerted campaign of misinformation convinced TV personalities, and some other people, that Social Security is in trouble, and distracted the nation from a real crisis

# Research Goals and Approach

- Engage greater support for preventing Social Security cuts, laying groundwork for enhancements
- Obstacles?
- An effective “organizing idea”?



# Lack of Confidence

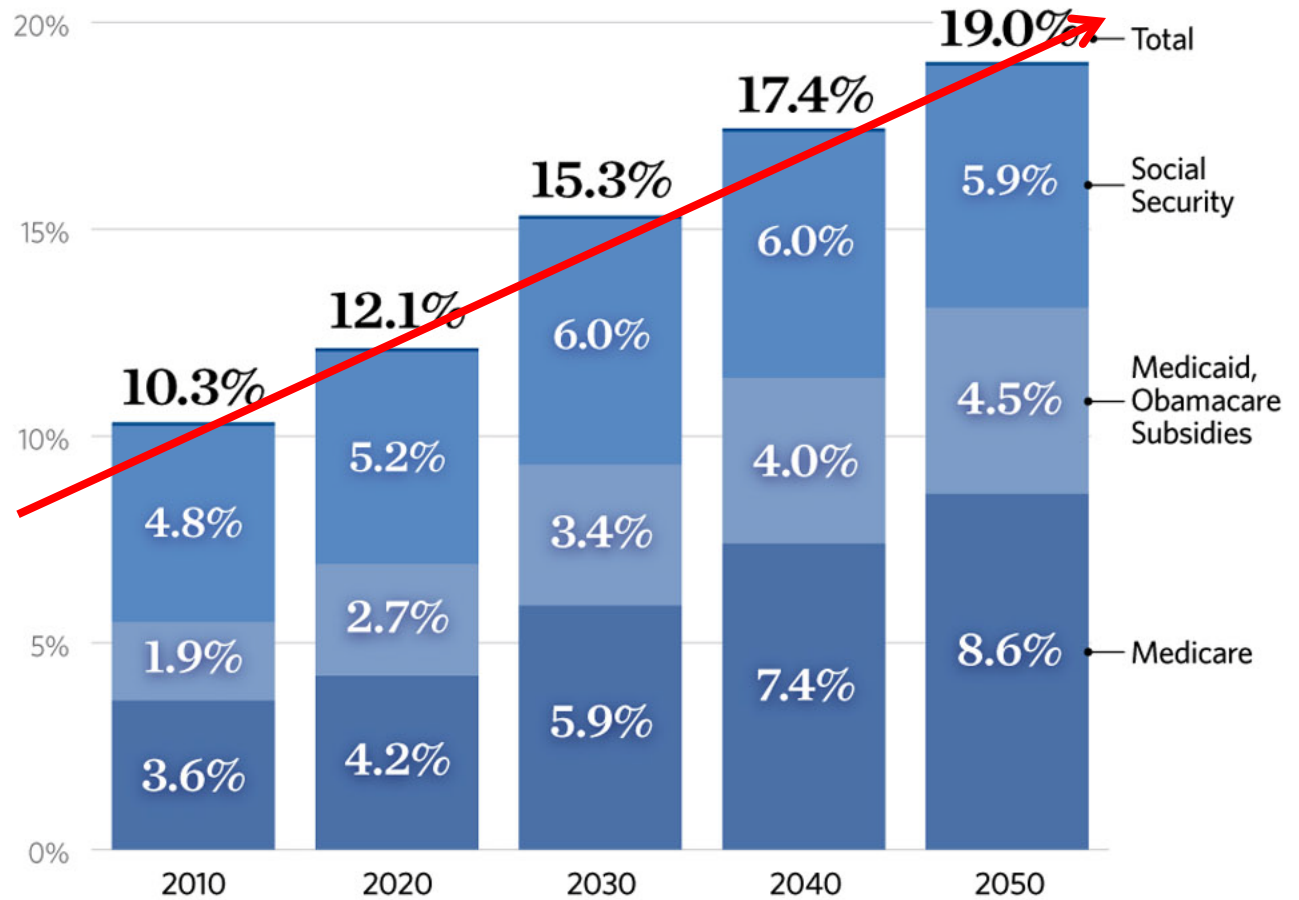


*The economy and government are in a bad place and there is no guarantee that the money from Social Security will be there. – 32-year old moderate, AL*

## Entitlement Spending Will Nearly Double by 2050

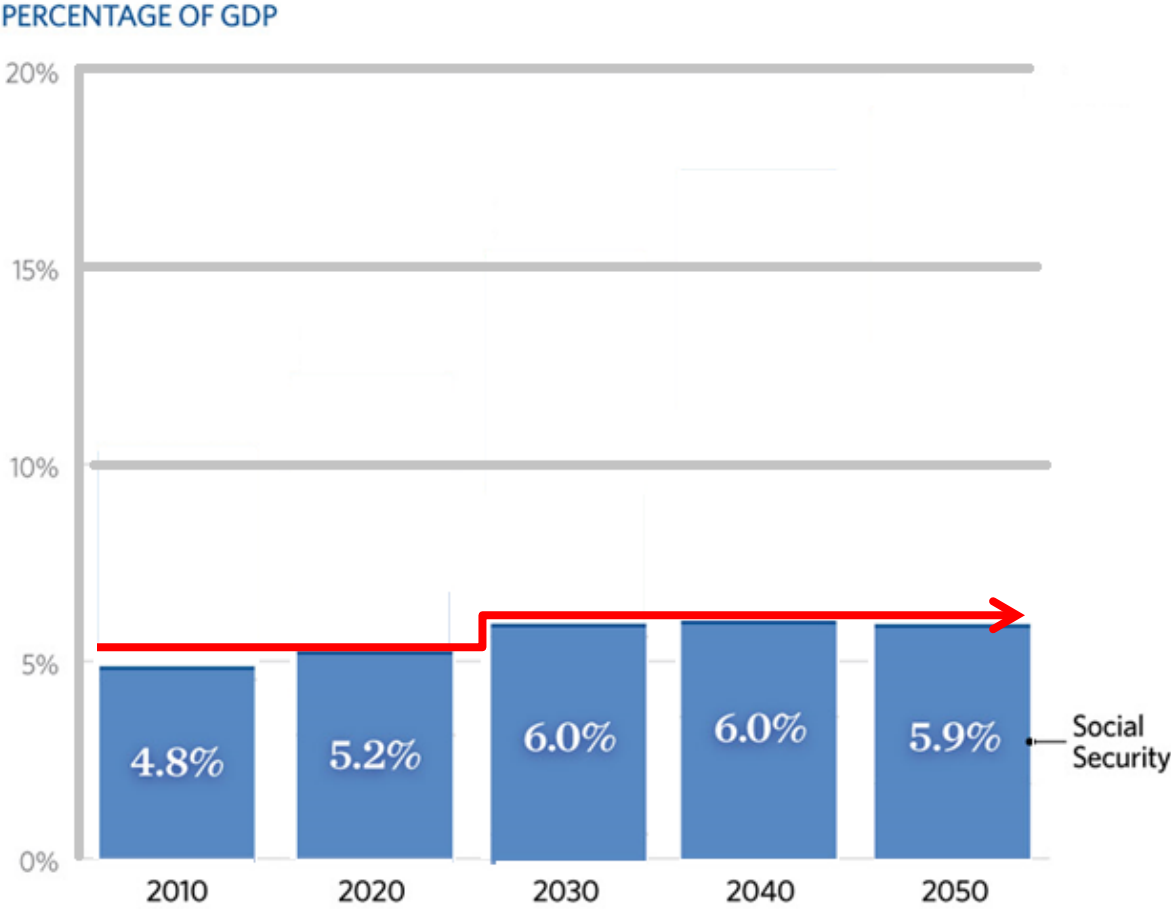
Spending on Medicare, Medicaid, Social Security, and the Obamacare subsidies will soar as 78 million baby boomers retire and health care costs climb. Total spending on federal health care programs will more than double. Future generations will be left with an untenable debt burden.

PERCENTAGE OF GDP



Source: Congressional Budget Office (Alternative Fiscal Scenario).

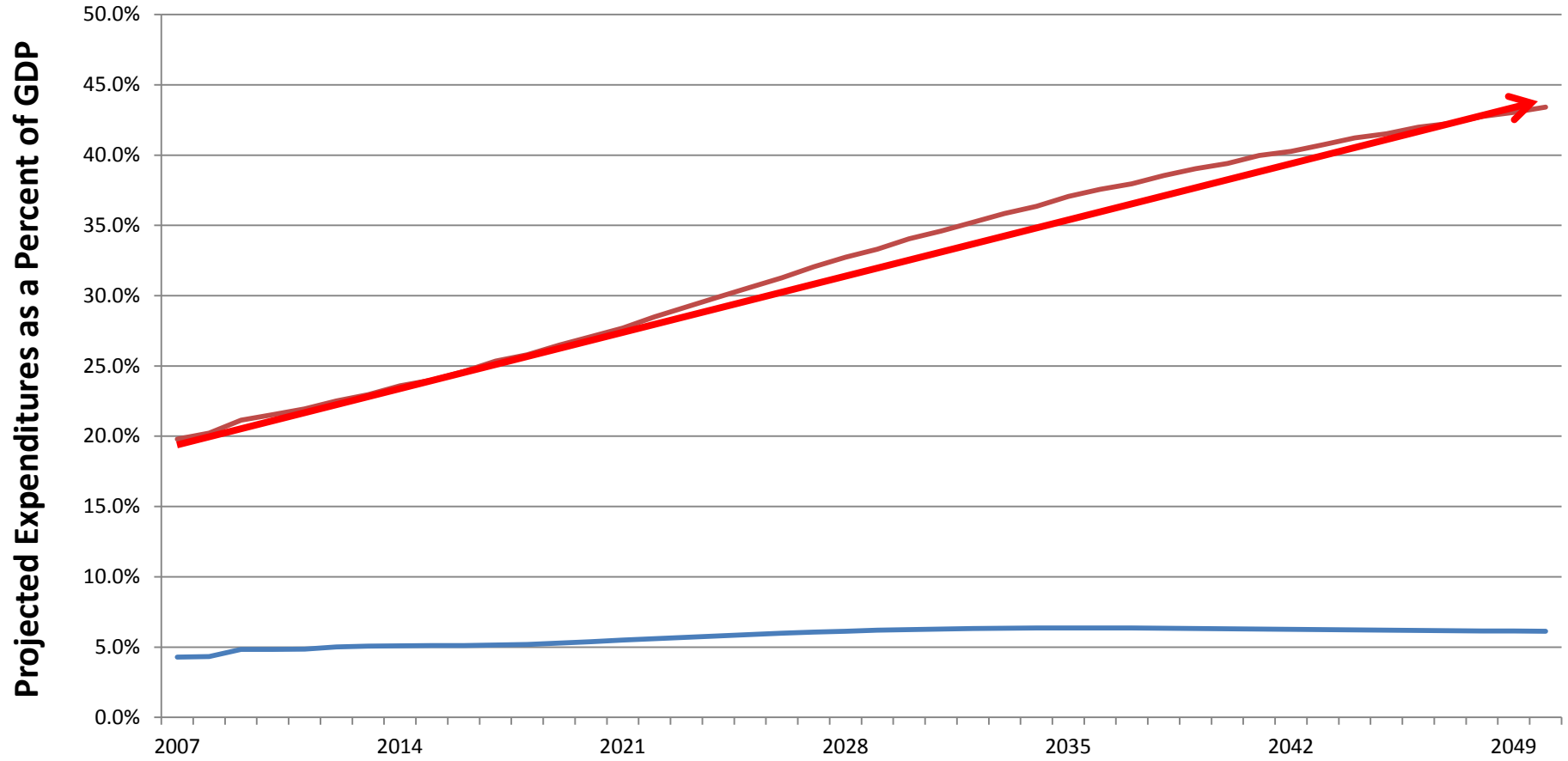
**Social Security spending will rise modestly as the baby boom generation retires.**



Source: Congressional Budget Office (Alternative Fiscal Scenario).

A little unfair?

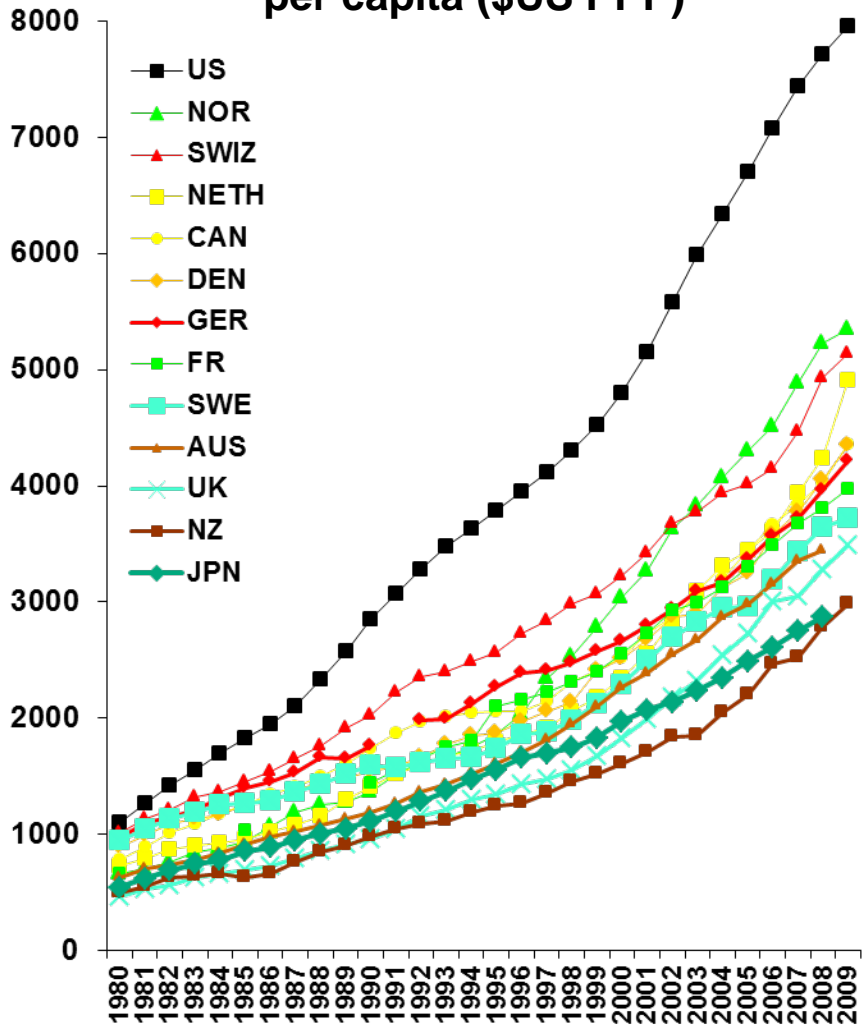
— Social Security    — Total Health Care Costs



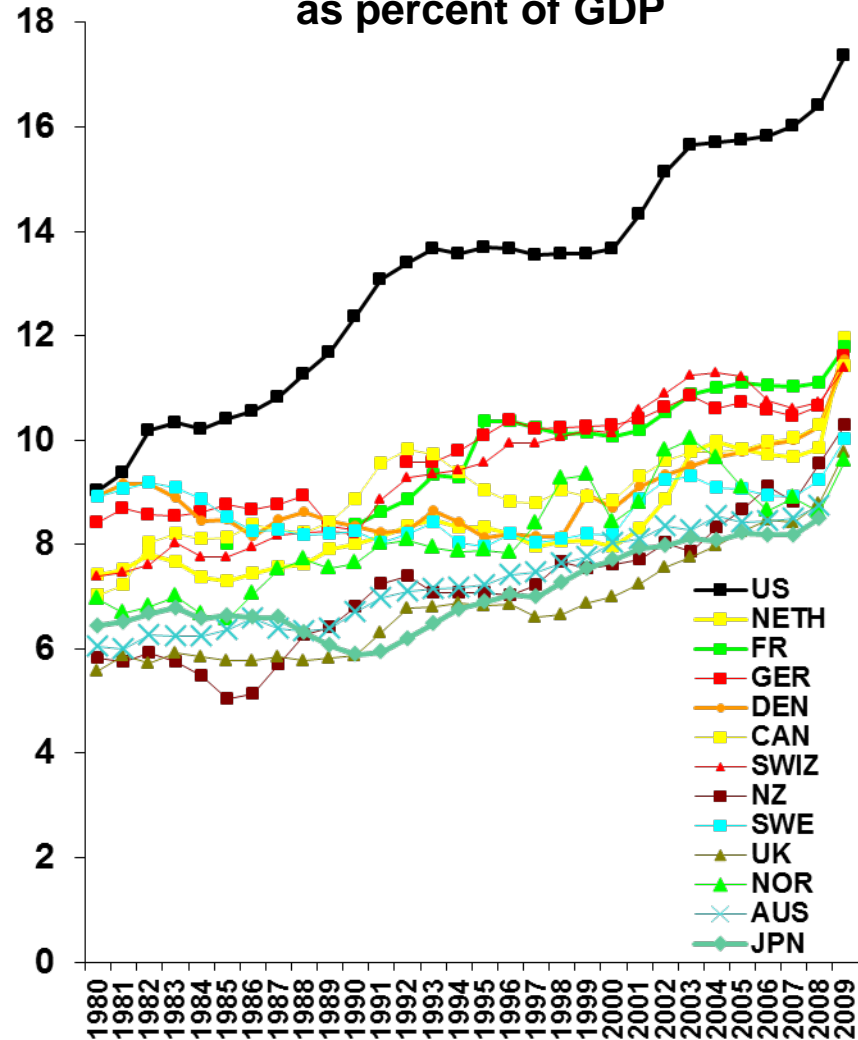
Sources: Congressional Budget Office (CBO), Projected Long-Term Spending and Revenues, 2011, June 1, 2011.  
CBO, Supplemental Data for CBO's 2012 Long-Term Projections for Social Security, October 2, 2012.

# International Comparison of Spending on Health, 1980–2009

## Average spending on health per capita (\$US PPP)



## Total expenditures on health as percent of GDP



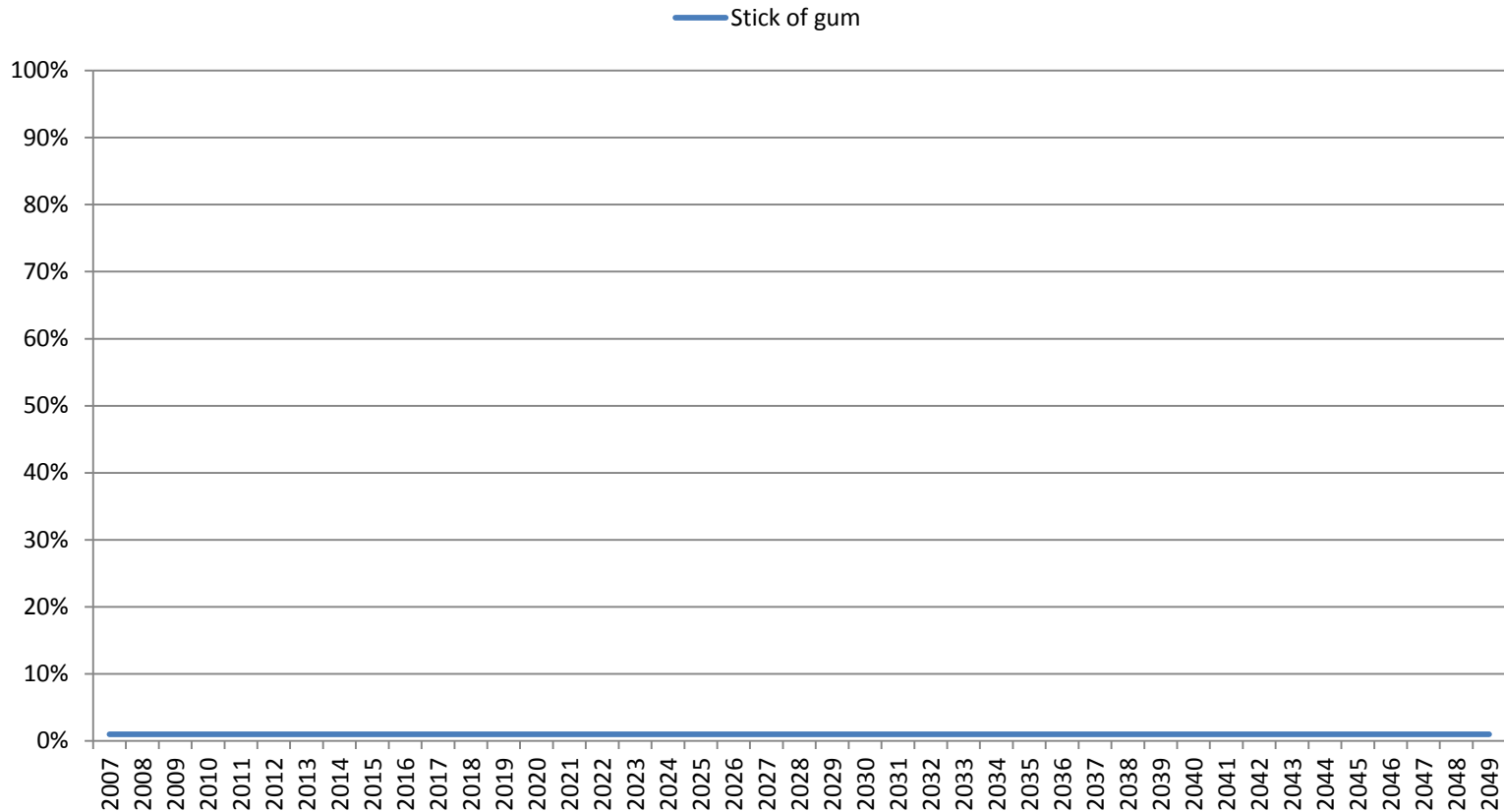
Note: PPP = Purchasing power parity—an estimate of the exchange rate required to equalize the purchasing power of different currencies, given the prices of goods and services in the countries concerned.

Source: OECD Health Data 2011 (Nov. 2011).



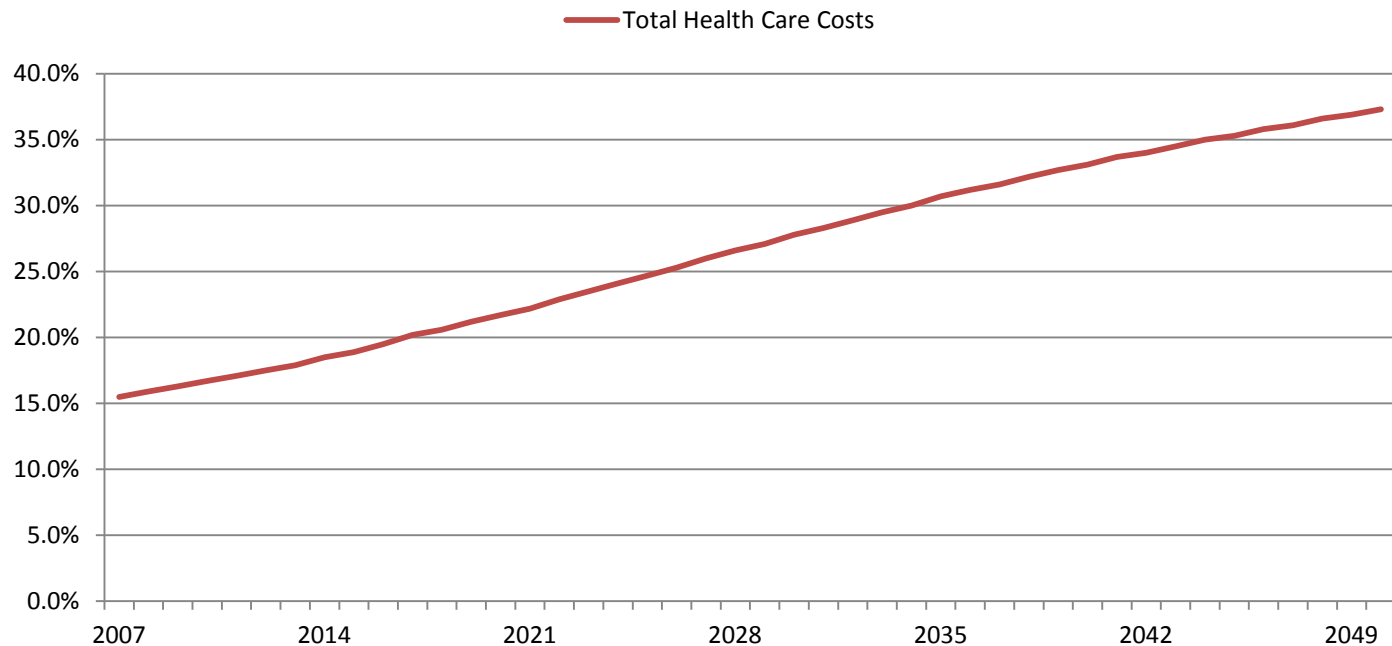
# What does this have to do with Social Security?

- A stick of gum is bankrupting the nation



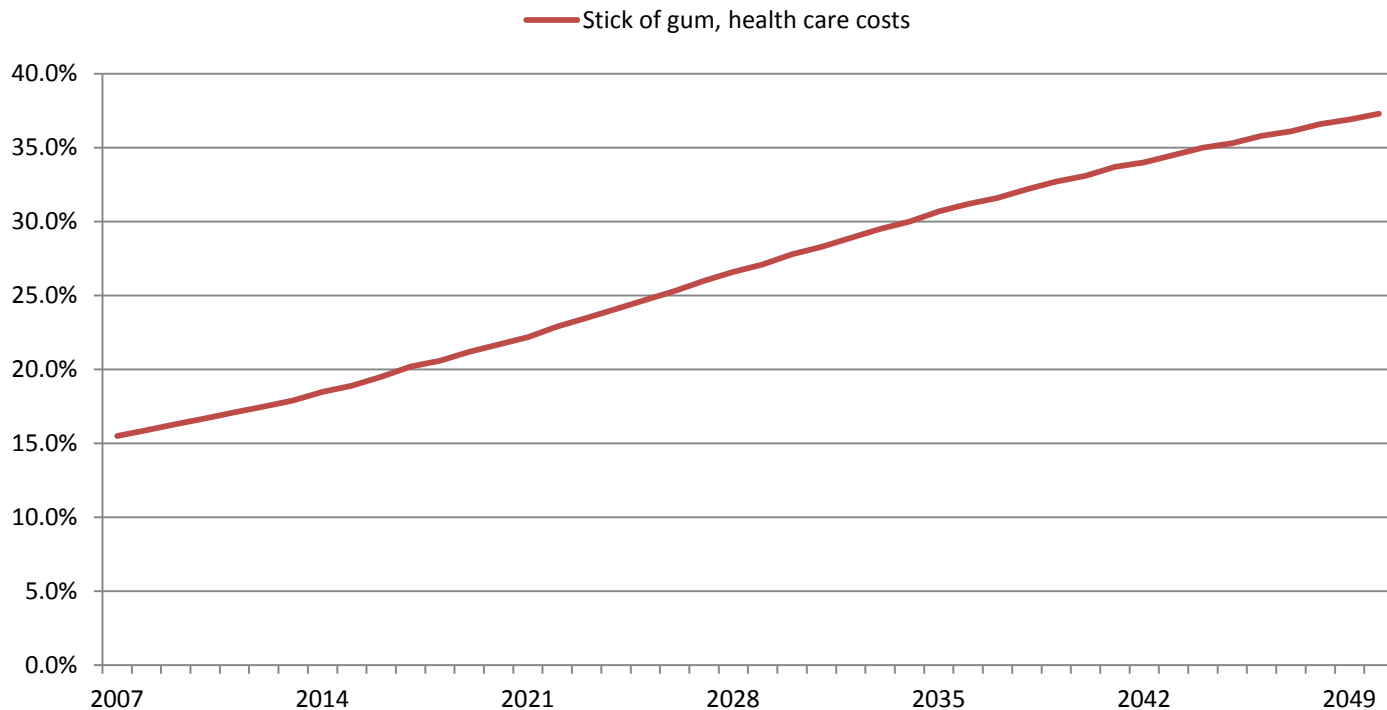
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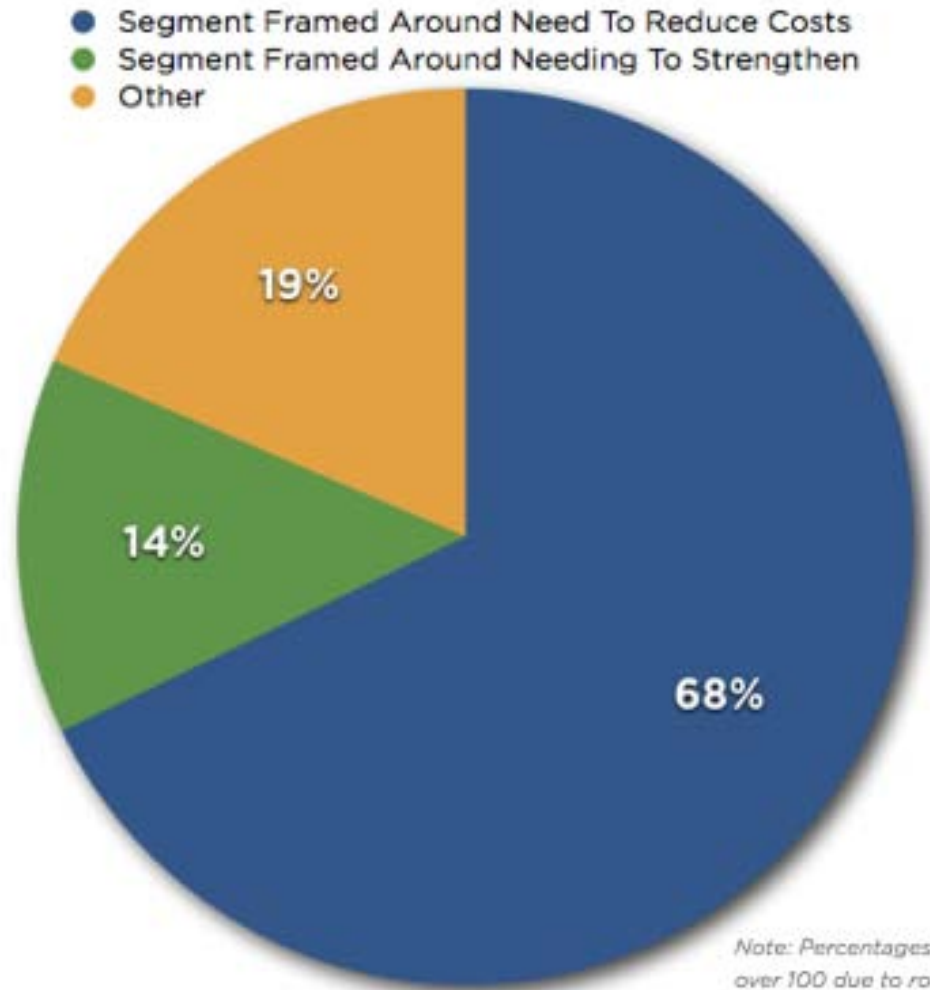
# What does this have to do with Social Security?

- A stick of gum is bankrupting the nation



## Majority Of Segments On Social Security Framed Around Need To Reduce Costs

- First six months of 2013, the three largest broadcast and cable news networks had 300 segments on Social Security.
- **More than two-thirds** of those segments framed the entire Social Security debate as a problem of long-term solvency and the national debt, which can only be solved through drastic cuts to beneficiaries.

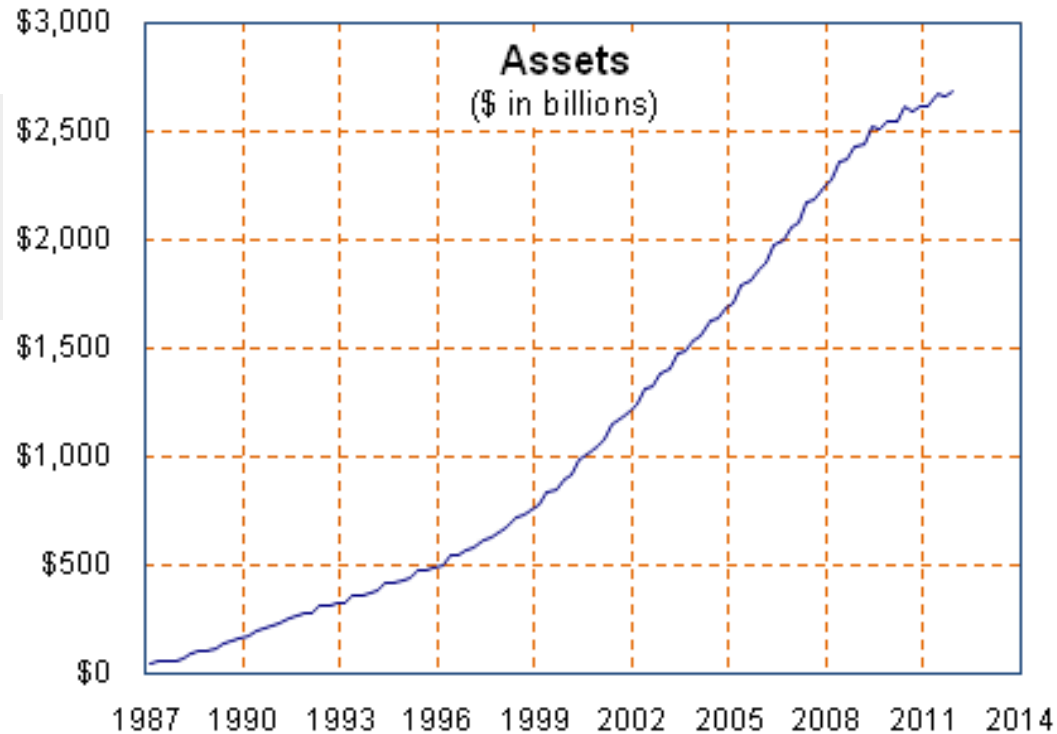


# Social Security and the Debt

- Social Security forbidden from borrowing by law
- Social Security cannot contribute a single penny to the debt

# Social Security is in Surplus and has \$2.7 trillion in the Trust Fund

Operations in 2011 [In billions]	
Income	\$805.1
Outgo	736.1
Difference	69.0



Assets grew from about \$47 billion at the end of December 1986 to about \$2,678 billion (\$2.7 trillion) by the end of December 2011.

Source: SSA, Social Security Income, Outgo, and Assets, Retrieved July, 8, 2013.

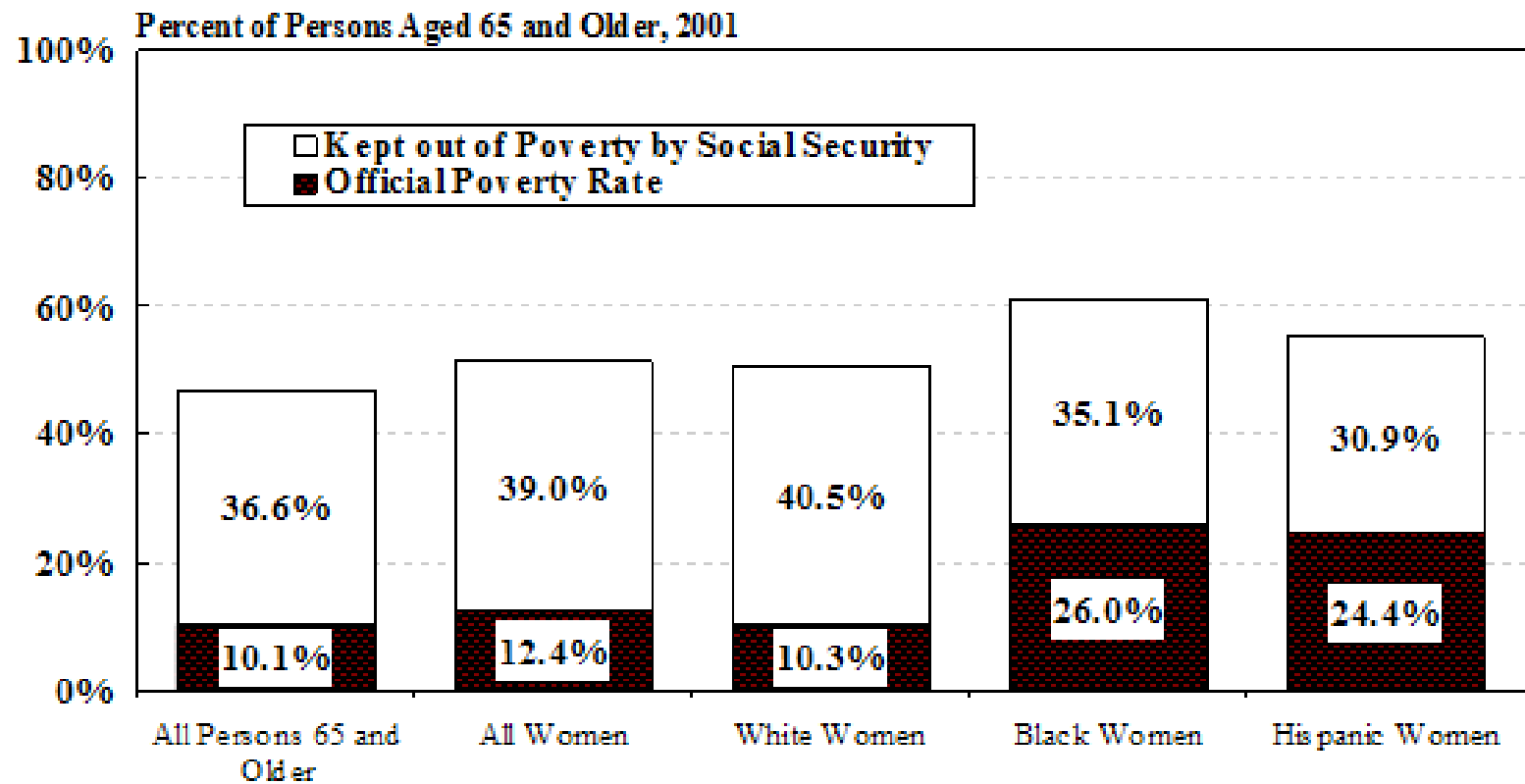
<http://www.socialsecurity.gov/OACT/ProgData/assets.html>

# Social Security is efficient and affordable

- Social Security provided benefits totaling over \$758.9 billion in 2012
- **Social Security lifted 19,808,000 Americans out of poverty in 2008**
- Social Security provided benefits to 56,174,638 Americans as of June 2012, nearly 1 out of 5 (18 percent) residents,
  - 36,202,371 retired workers
  - 8,733,461 disabled workers
  - 4,366,542 widow(er)s,
  - 450,221 spouses
  - 4,420,576 children.
- **And it does all this with administrative costs of 0.8%**

# Social Security Works for Women

## Social Security Reduces the Percent of Women Age 65+ Living in Poverty



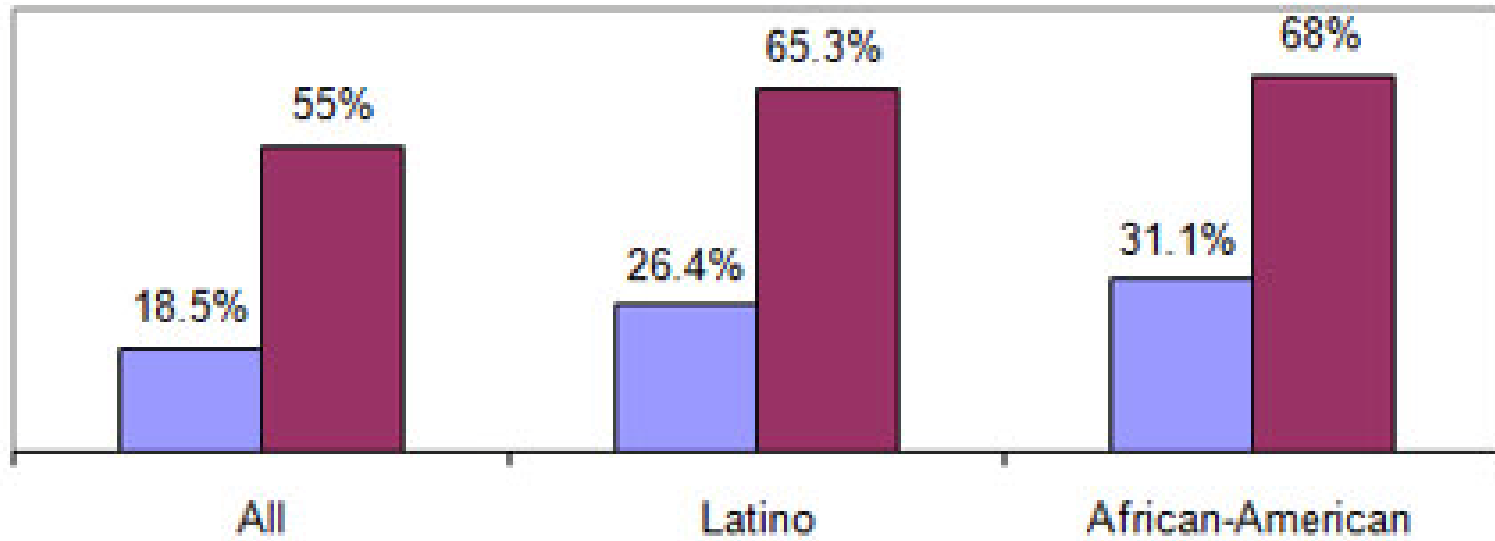
Source: U.S. Bureau of the Census, March 2002 Current Population Survey.

Prepared by AARP  
Public Policy Institute



# Social Security Works for People with Disabilities

**Poverty Rate for Families with a Disabled Worker with and without Social Security**



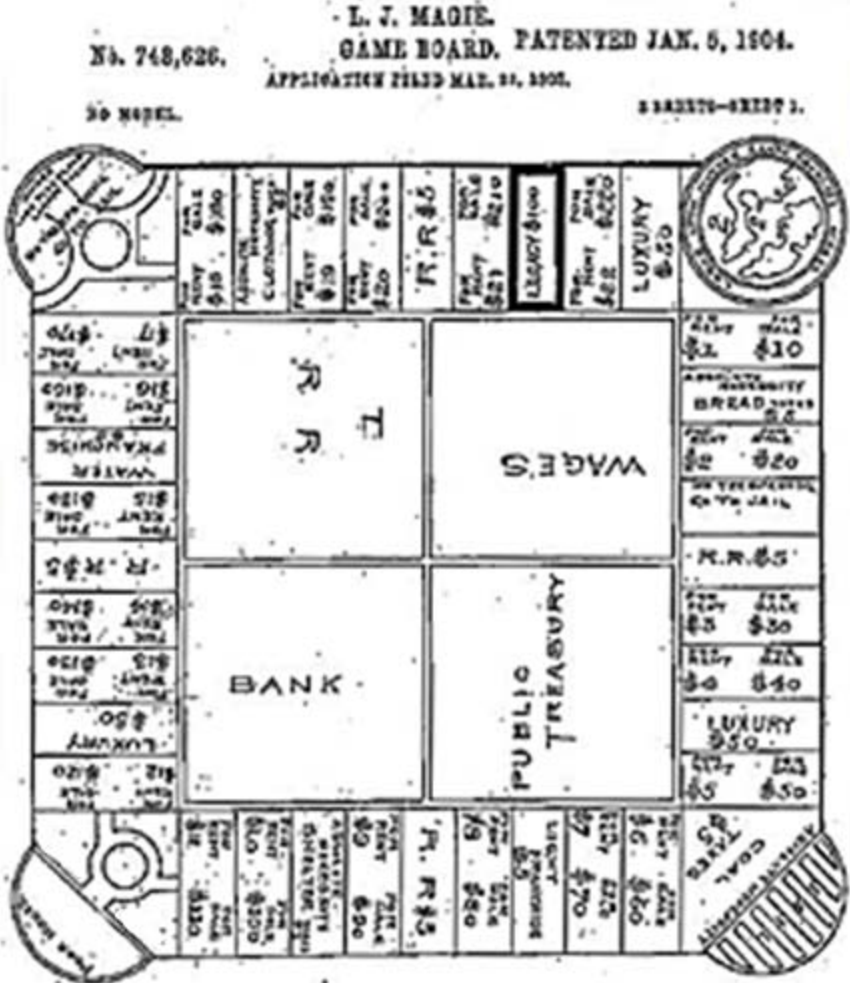
■ Poverty Rate with Social Security   ■ Poverty Rate without Social Security

Social Security Administration, 2000. Income of Disabled-Worker Beneficiaries, Table B-10, Page 34

# Social Security Works for America

- Before Social Security the poverty rate among seniors was around 50%
- There was a poorhouse in every state but New Mexico

# Social Security Works for America



Witnesses  
*F. L. ...*  
*M. H. ...*

FIG. 1.

Inventor  
*Lizzie J. Magie*  
 by *John A. ...*  
 Attorney

# Compared to the risky alternatives

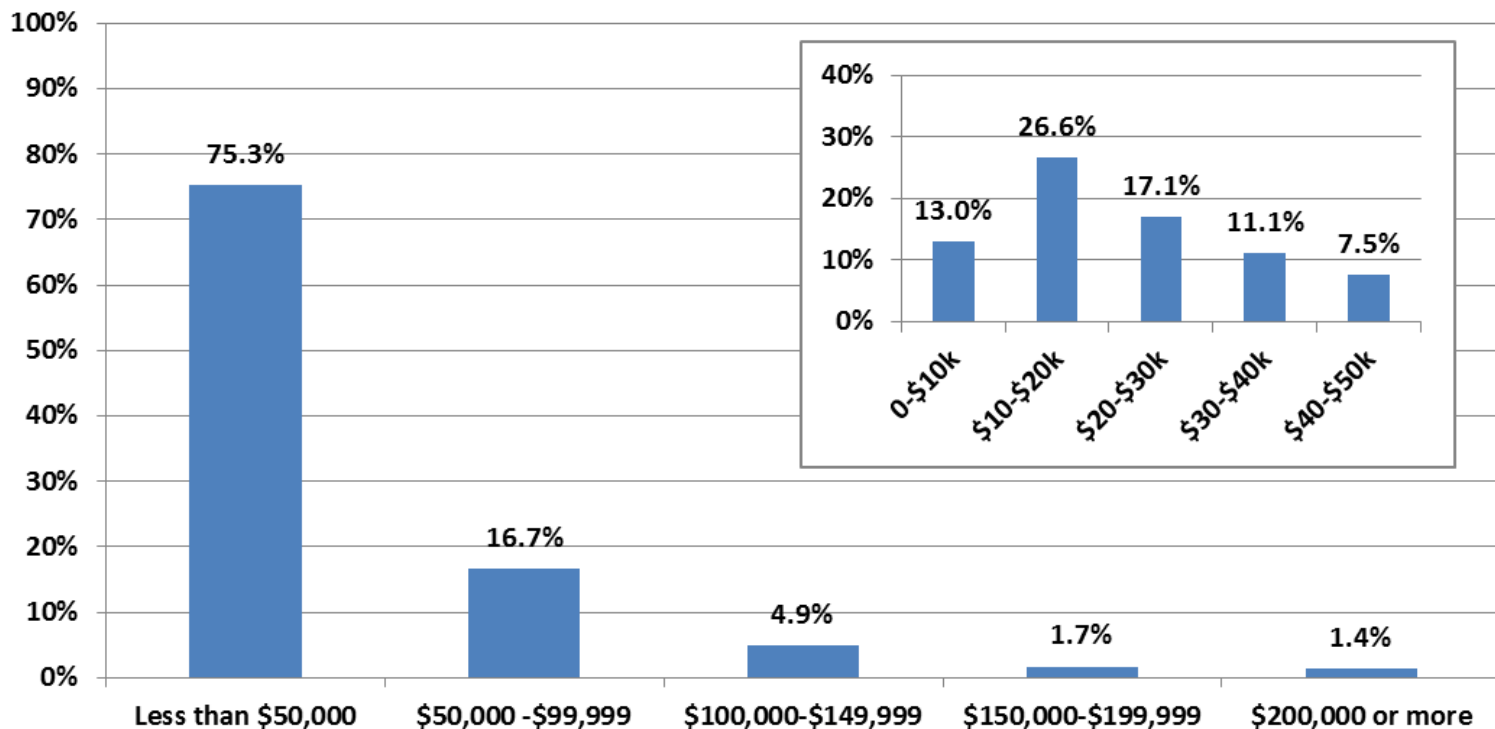
- Social Security is the rock that people can count on
- 77 years and it hasn't missed a single promised payment
- While people watched their 401k's and home equity decimated in 2008

# The Real Crisis

- \$6.6 trillion gap between what we (aged 30-59) will need and what we will have saved
- 401k's have not been the promised panacea as they were sold to the American people

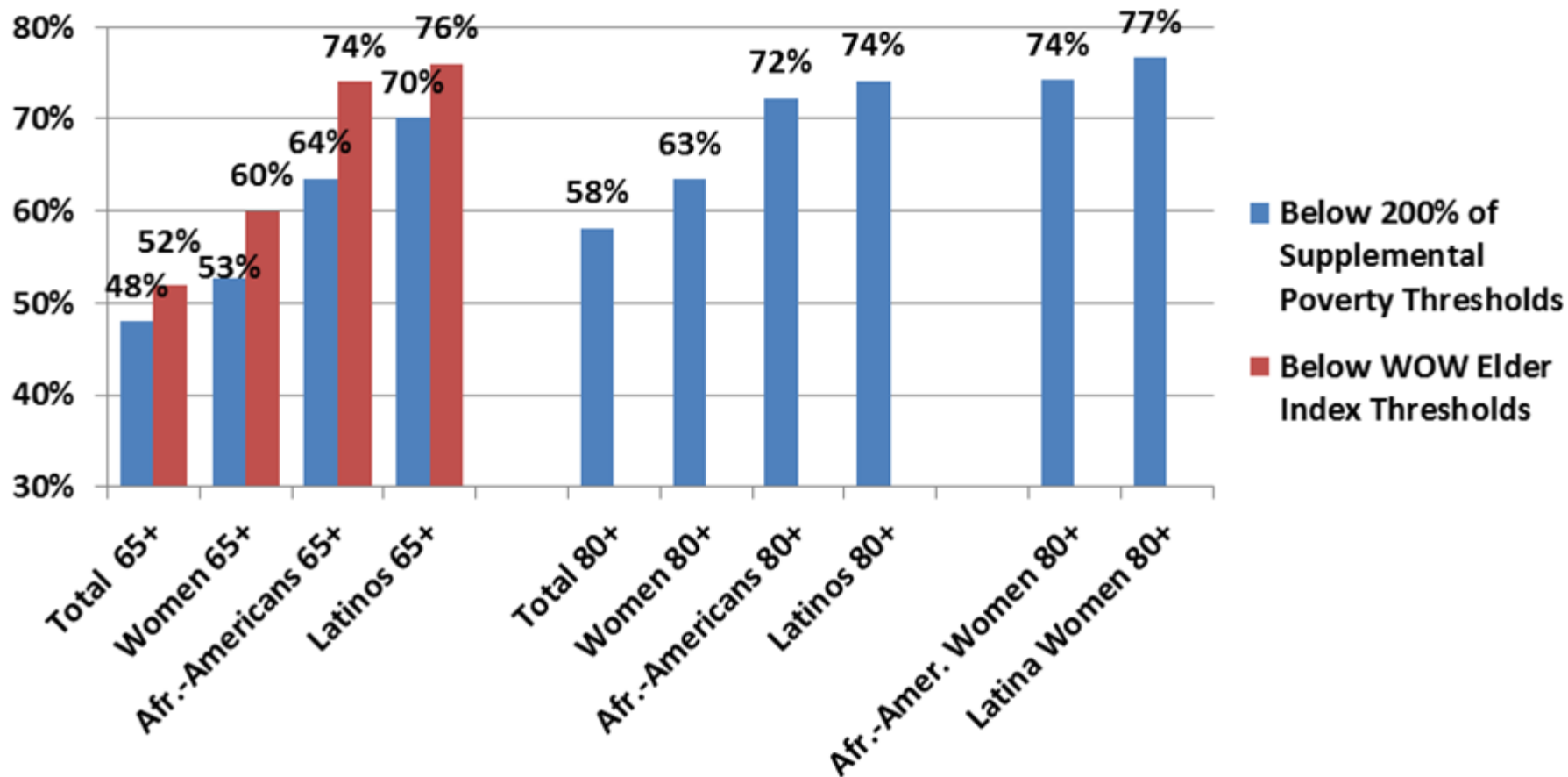
# Most seniors have little to spare

**Income Distribution of Senior Households, 2010  
(Married Couples and Unmarried Individuals, 65+)**

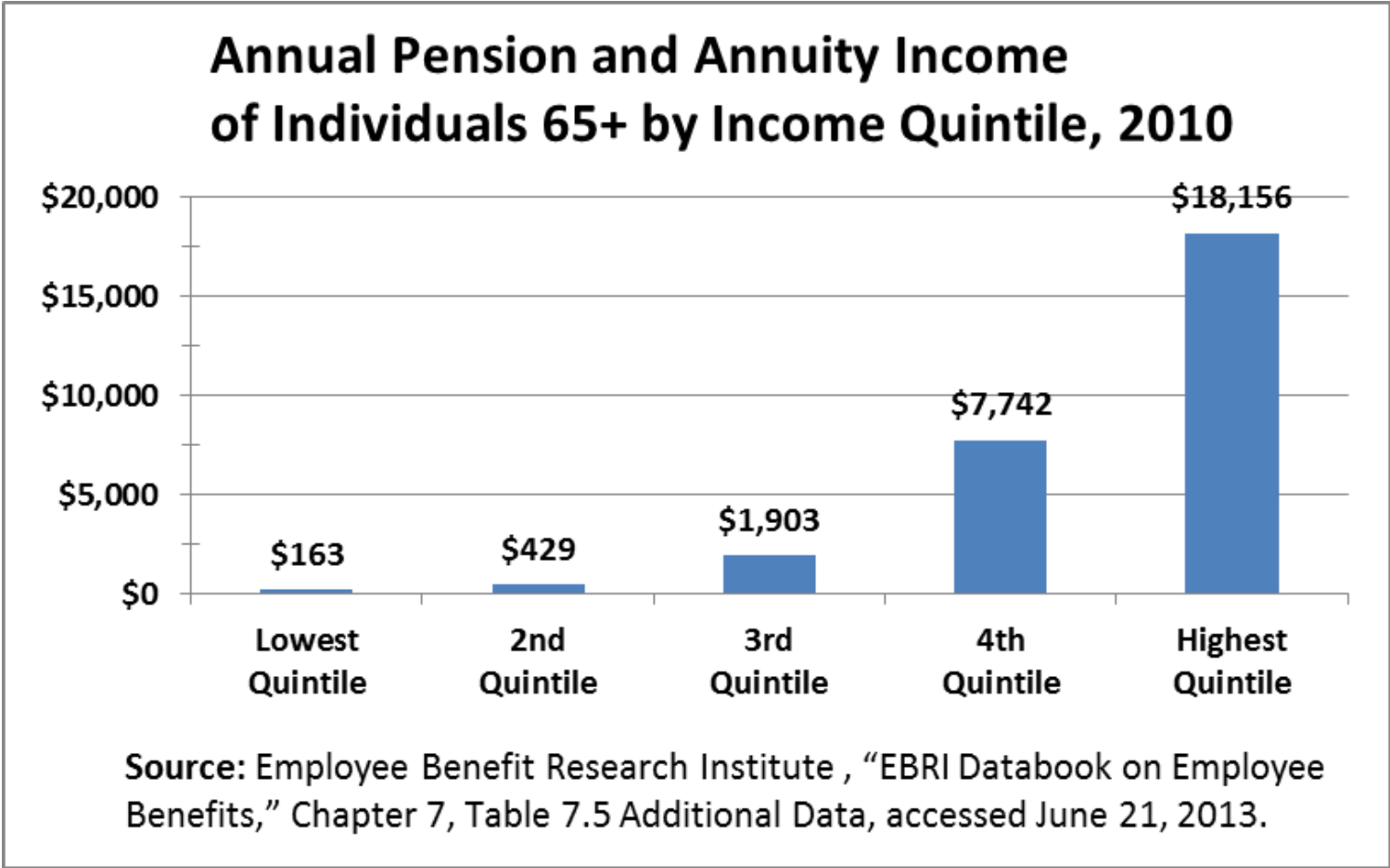


Source: Social Security Administration, *Income of the Population 55 or Older, 2010*, Table 3.A1, February 2012.

# Economically Vulnerable Seniors: Percentage Living under WOW Elder Index Thresholds/200% of SPM

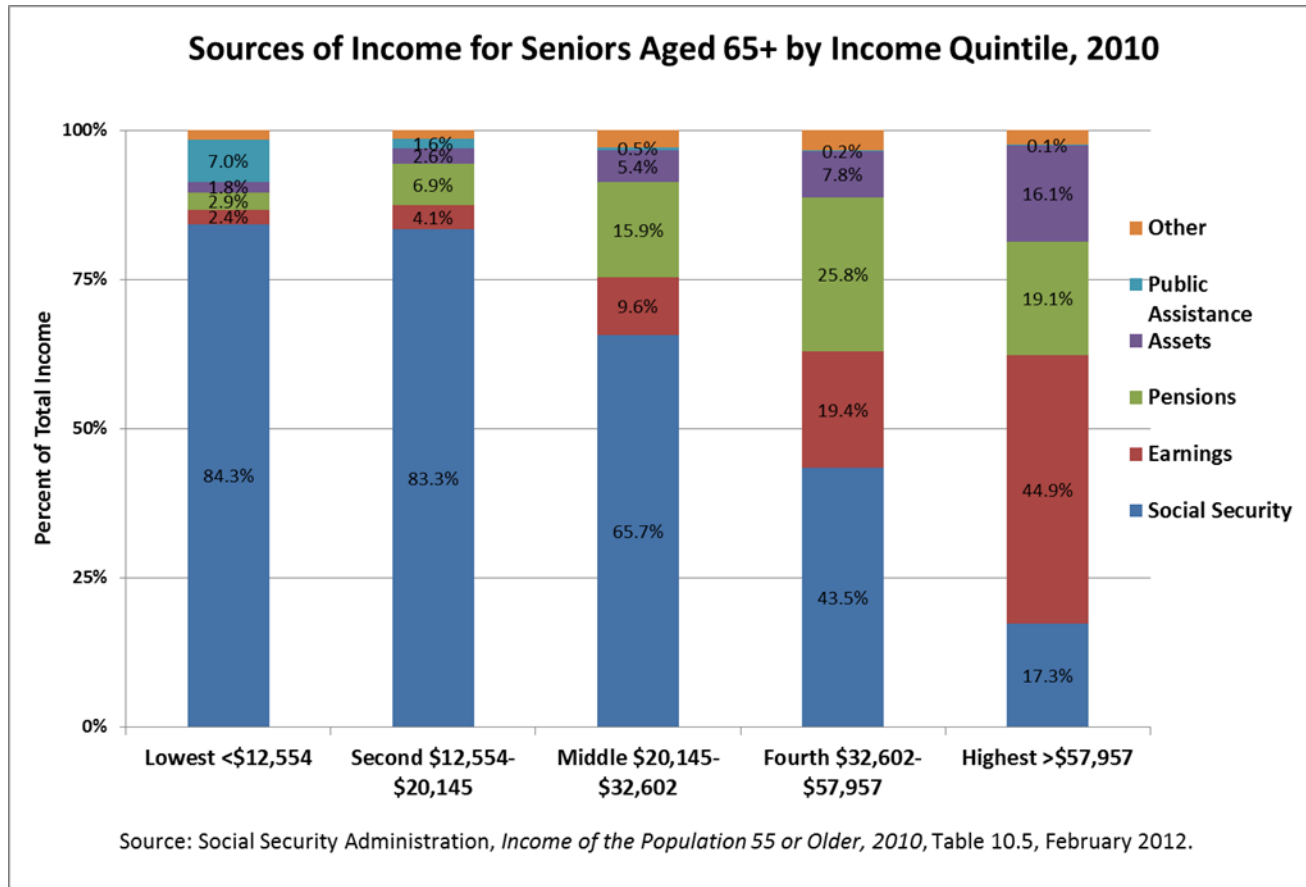


# Employment-based pensions and IRAs serve only top earners well

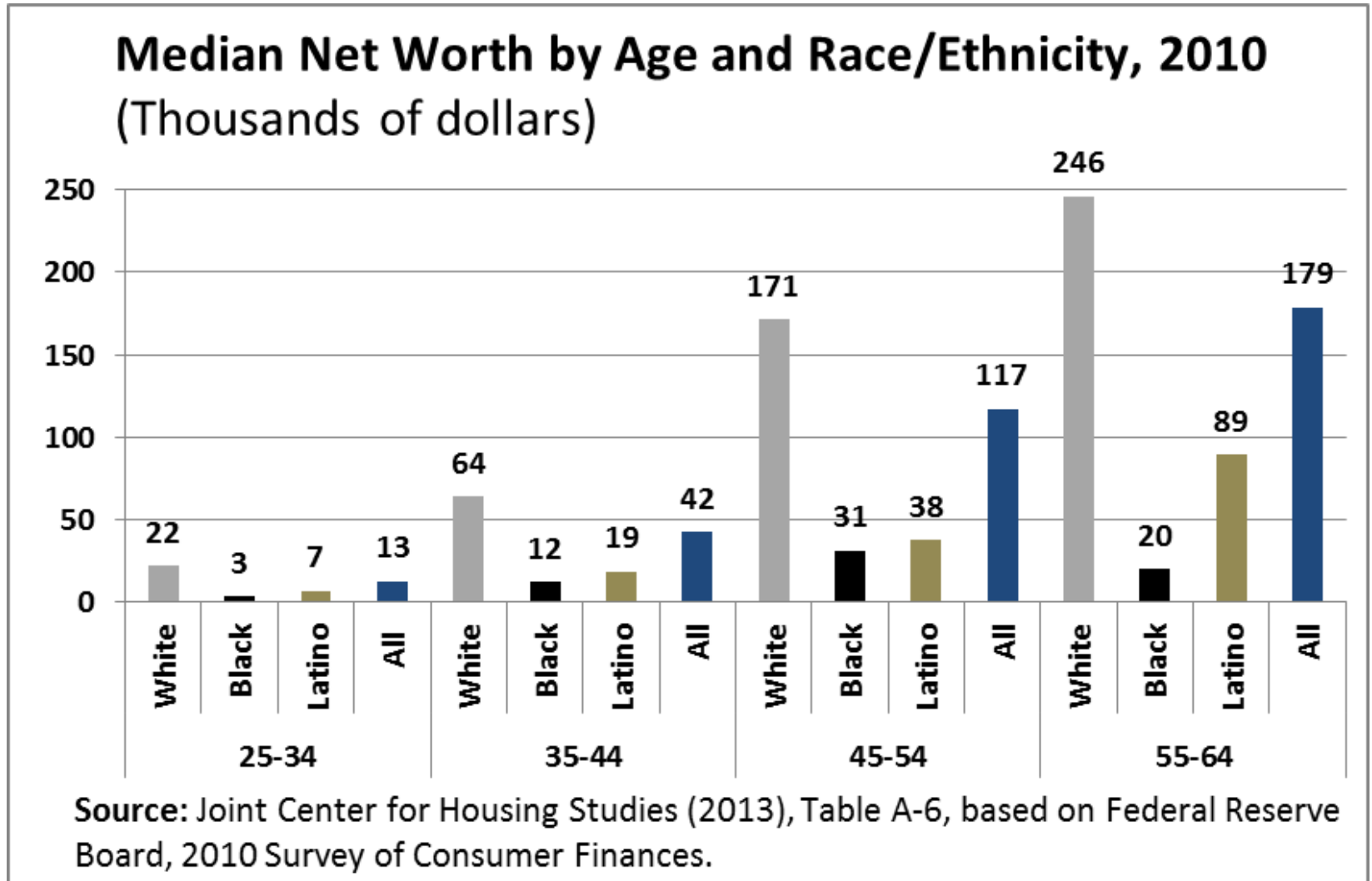




# Most Americans rely on Social Security for lion's share of retirement security



# Future generations: little to fall back on



# **As the most efficient and effective system to provide retirement security**

- Social Security is the solution and not the problem
- We need to expand Social Security
- Sens. Harkin and Begich have both proposed expansion
- Sen. Harkin's bill S.567
  - Switch to the more accurate CPI-E
  - Provide an \$800 increase to almost all beneficiaries
  - Extends solvency of the trust fund by decades
  - Pays for it by having millionaires and billionaires pay the same rate as the rest of us