

How Do Americans Prefer to Address the Social Security Funding Gap

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Multitude of choices to address Social Security funding gap

- **NASI survey of 2,000 Americans conducted in September 2012**
- **Two focus groups to help provide insight and guide questionnaire development**
- **Report available on NASI website**



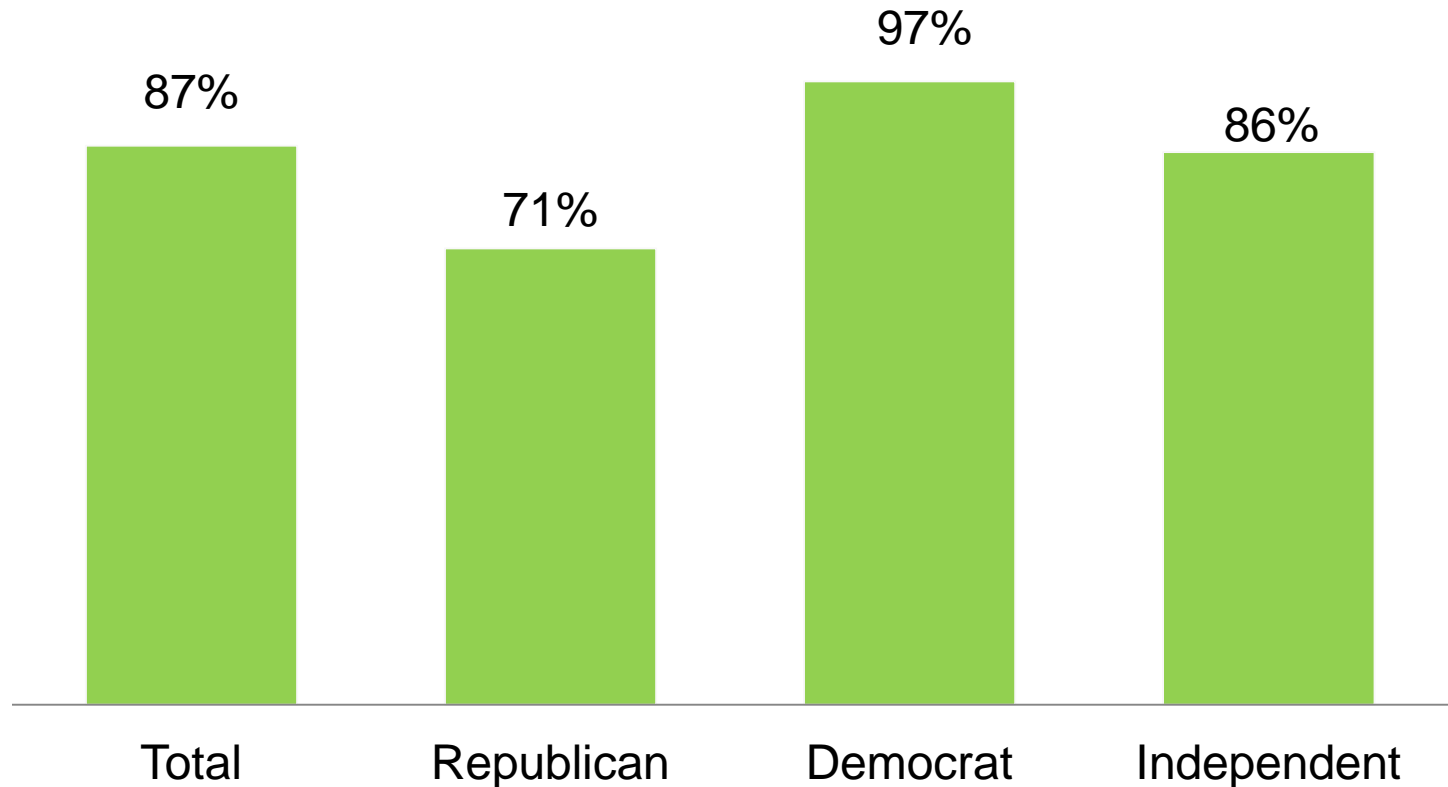
General questions indicate support for raising benefits

- **89% of Americans agree that “Social Security benefits now are more important than ever to ensure that retirees have a dependable income”**
- **84% believe current Social Security benefits do not provide enough income for retirees**
- **75% believe we should consider raising benefits to provide a more secure retirement for working Americans**



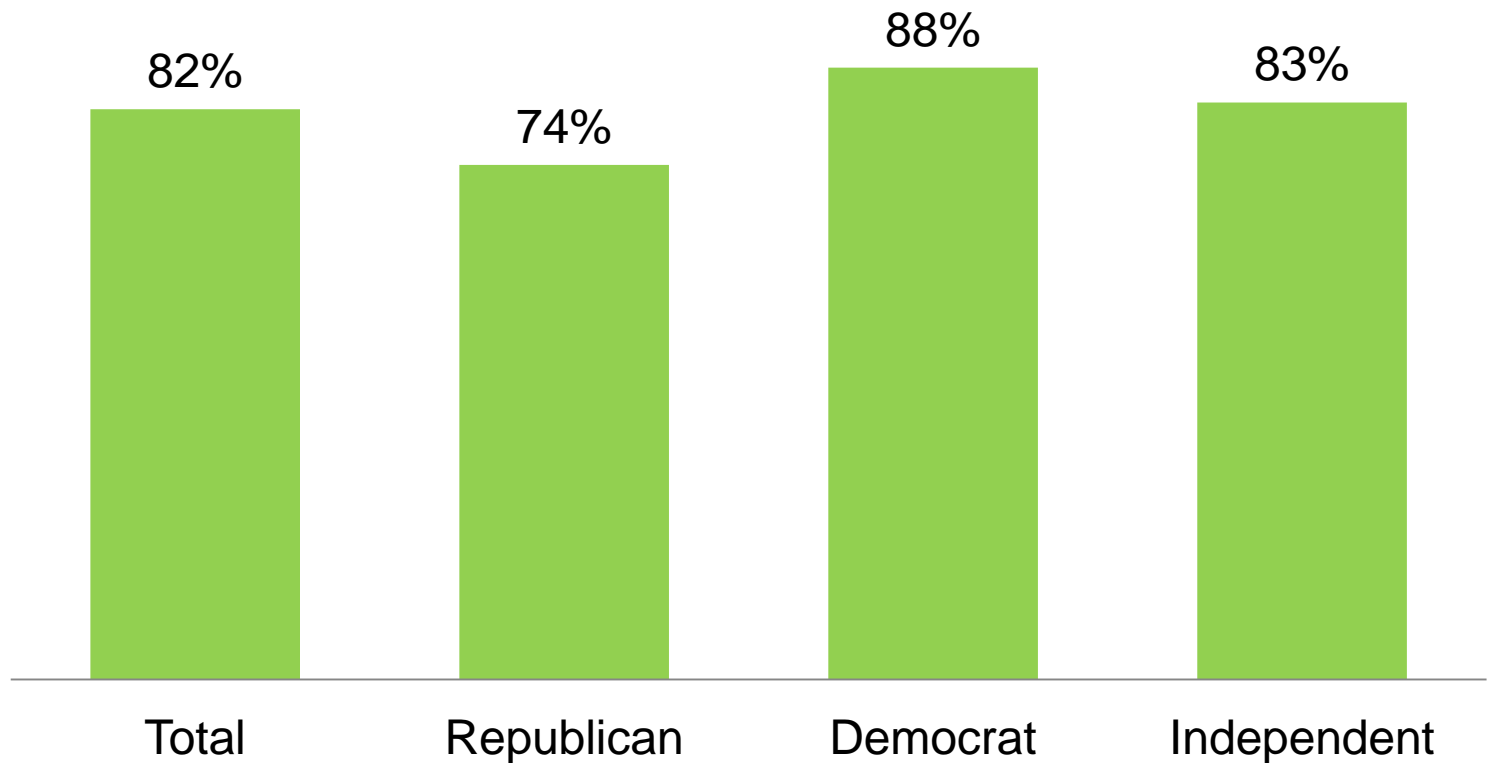
Wide support for increasing tax on the wealthy

Percent Agreeing: *It is critical that we preserve Social Security for future generations, even if it means increasing wealthy Americans' contributions to Social Security taxes.*



Support for increasing taxes on workers almost as high

Percent Agreeing: *It is critical that we preserve Social Security for future generations, even if it means increasing working Americans' contributions to Social Security taxes.*



Trade-off analysis can provide more detail and insight

- Trade-off analysis utilized for over 30 years in consumer product design
- Analysis of patterns indicates most effective design and impact of each feature on appeal
- On Social Security policy respondents chose among four packages of options 10 different times
 - No change in policy always a choice
 - Question format tested in focus groups and cognitive survey pre-test



Tested Twelve Changes to Current System

- **Four Revenue Increases**
- **Four Benefit Reductions**
- **Four Benefit Improvements**



Specific impact of policy change on financing gap always shown

- **Increasing taxes or decreasing benefits close the financing gap**
- **Increasing benefits widen the financing gap**

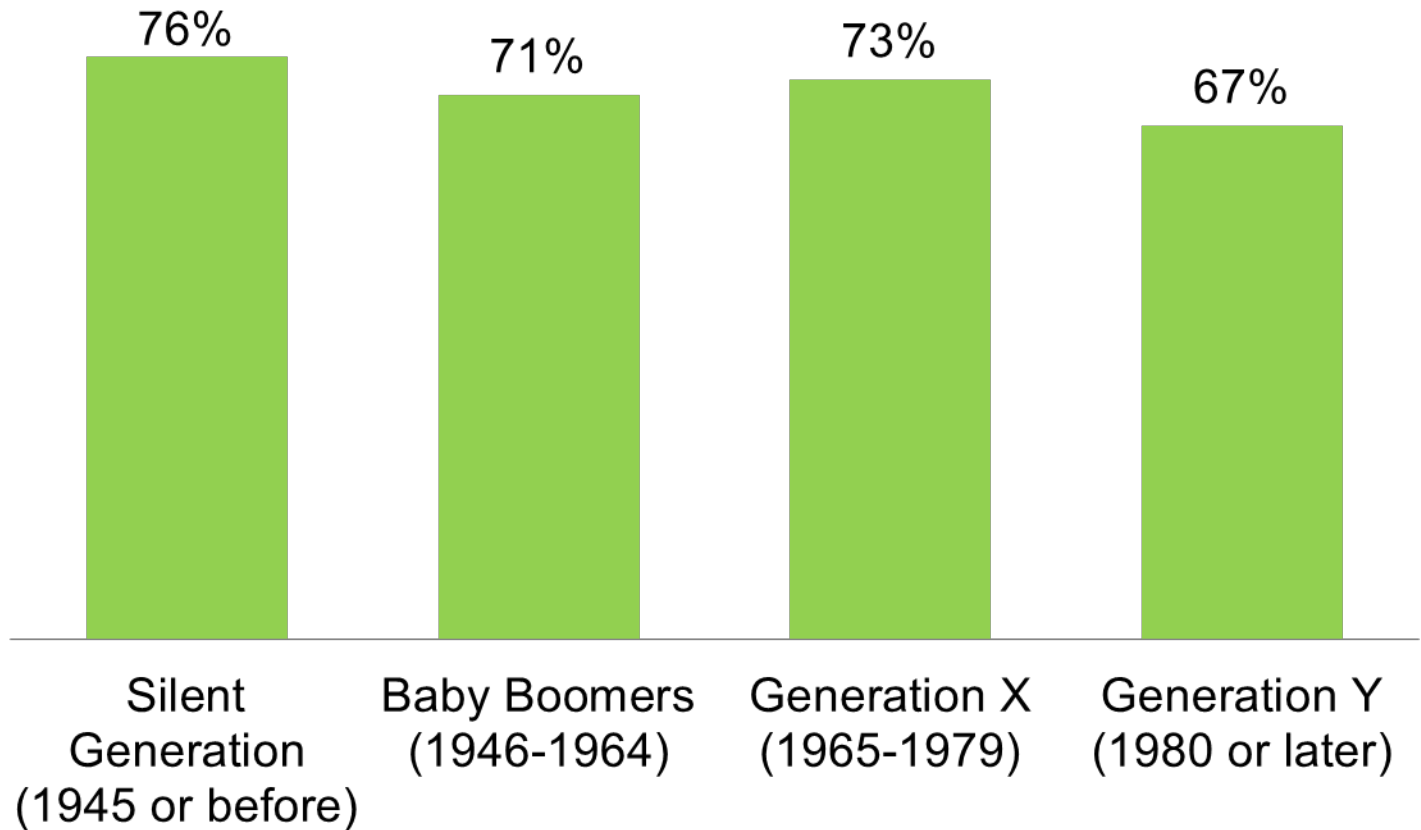


71% prefer a package of changes to Social Security that:

- Eliminates the earnings cap over 10 years so that 100% of earnings are taxed
- Raises the Social Security tax over 20 years by 1/20th of 1% per year for employees and employers
- Raises the minimum benefit for lifetime low wage earners for 30+ years retiring at age 62 or later
- Increases the COLA by basing it on inflation for the elderly
- These changes eliminate the funding gap and add to surplus



Broad consensus across key demographics



Tax rate, retirement age and earnings cap have strong impact

Limit on Earnings Taxed for Social Security	
Eliminate the cap over 10 years	Strong Positive
Lift the cap over 5 years to 90% of earnings	Weak Positive
No change	Strong Negative
Social Security Tax Rate	
Raise tax over 20 years by 1/20 th of 1%	Strong Positive
Raise tax to 7.2% in 2022 and 8.2% in 2052	Strong Positive
No change	Strong Negative
Retirement Age	
No change	Strong Positive
Gradually raise full retirement age to 68	Weak Positive
Gradually raise full retirement age to 70	Strong Negative



Means test has strong negative impact

Means Test Social Security	
No change	Strong Positive
Use means testing to reduce benefits	Strong Negative
Children's Benefits for Students	
No change	Weak Positive
Extend benefits to children whose working parents have died or become disabled up to age 22	Weak Negative
Benefits for All Beneficiaries	
No change	Weak Positive
Increase benefits by \$60 per month for all beneficiaries	Weak Negative



Targeted benefit increase are a weak positive

Benefits for Lifetime Low-Wage Workers	
Raise minimum benefit to eliminate poverty for 30-year workers at age 62	Weak Positive
No change	Weak Negative
Social Security's COLA	
Increase the COLA by basing on inflation for the elderly	Weak Positive
No change	Little Impact
Lower the COLA	Weak Negative



Preferences appears to reflect basic perceptions and values

- Perceived importance of Social Security to overall retirement security
- Strong desire to avoid benefit cuts
- Willingness to pay higher taxes that are implemented gradually
- Some willingness to pay for highly targeted benefit increases
- An underlying belief that Social Security is an effective method to provide a foundation for retirement security



One further thought

- **Other complex issues remain unresolved, e.g. long term care**
- **Trade off analysis presents a highly useful tool to gain a deep, granular understanding of public preferences on complex public policy issues**

