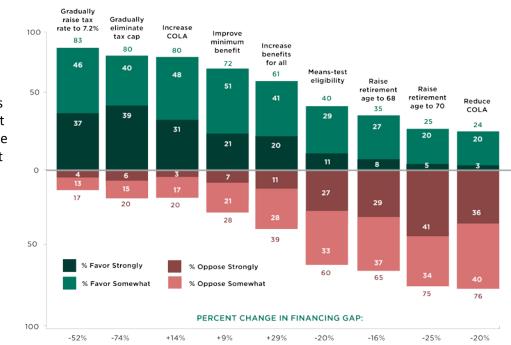# NATIONAL ACADEMY OF·SOCIAL INSURANCE

Hard Choices on Social Security:
Survey Shows How Americans Would Strengthen It

Social Security is the foundation of retirement security for most Americans and keeps more than 22 million Americans out of poverty. But the program faces a long-term revenue shortfall: after 2033 it will not bring in sufficient funds to pay full benefits. As policymakers grapple with how to address the shortfall, the National Academy of Social Insurance asked the American people how they would balance the program.

An online survey of 2,013 Americans ages 21 and older, conducted in collaboration with Greenwald & Associates, finds that most Americans of all ages and political persuasions do not mind paying for Social Security. They are also willing to pay more to stabilize the system. These findings are consistent with the Academy's 2012 study.

Among the findings:

- 81% of respondents say they don't mind paying for Social Security because **they value the security and stability it provides to millions of Americans.**

- 77% say it is critical to preserve Social Security benefits for future generations **even if that means increasing Social Security taxes paid by working Americans**, and 83% agree even if it means raising taxes paid by top earners. Workers and employers pay Social Security taxes on earnings up to a cap ($117,000 in 2014). About 6% of workers make more than the cap.

- 86% say current Social Security benefits **do not provide enough income for retirees.**

- 72% agree **we should consider raising future Social Security benefits** to provide a more secure retirement for working Americans.

How should we fix Social Security?

The survey asked participants how they would close Social Security's financing gap. A popular option gradually raises the Social Security tax rate that all workers pay and reduces the financing gap by 52%. The next most popular option gradually eliminates the cap on earnings subject to the tax, which reduces the gap by 74%. Least popular were increasing the retirement age to 70 and reducing the cost-of-living increases retirees receive.

Social Security Policy Options

	Gradually raise tax rate to 7.2%	Gradually eliminate tax cap	Increase COLA	Improve minimum benefit	Increase benefits for all	Means-test eligibility	Raise retirement age to 68	Raise retirement age to 70	Reduce COLA
Favor Somewhat / total	83	80	80	72	61	40	35	25	24
% Favor Somewhat	46	40	48	51	41	29	27	20	20
% Favor Strongly	37	39	31	21	20	11	8	5	3
% Oppose Strongly	4	6	3	7	11	27	29	41	36
% Oppose Somewhat	13	15	17	21	28	33	37	34	40
Oppose total	17	20	20	28	39	60	65	75	76

Legend:
- % Favor Strongly
- % Favor Somewhat
- % Oppose Strongly
- % Oppose Somewhat

PERCENT CHANGE IN FINANCING GAP:

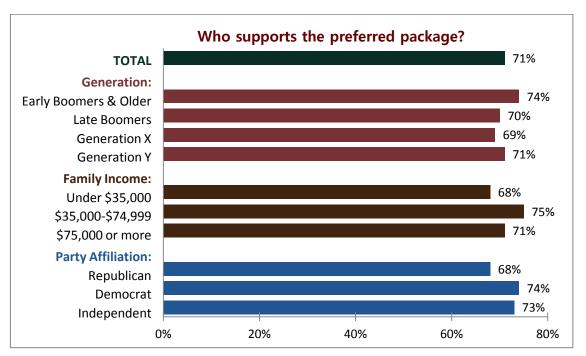| -52% | -74% | +14% | +9% | +29% | -20% | -16% | -25% | -20% |

What's the trade-off?

Lawmakers considering changes to Social Security typically weigh how each policy option affects workers, retirees, and the program's financing gap, and then develop a package of reforms. This study asked Americans to do the same. Using what's known in marketing research as trade-off analysis, survey participants chose among various packages of Social Security changes. Seven out of 10 participants chose a package that would eliminate the financing gap without cutting benefits.

The preferred package would:

- Gradually, over 10 years, eliminate the cap on earnings taxed for Social Security. Currently workers stop paying Social Security taxes on any earnings over $117,000. With this change, the 6% of workers who earn more than the cap would pay into Social Security all year, as other workers do. In return, they would get somewhat higher benefits.

- Gradually, over 20 years, raise the Social Security tax rate that workers and employers each pay from 6.2% of earnings to 7.2%. A worker earning $50,000 a year would pay about 50 cents a week more each year, matched by the employer.

- Increase Social Security's cost-of-living adjustment (COLA) to reflect the inflation experienced by seniors.

- Raise Social Security's minimum benefit so that a worker who pays into Social Security for 30 years can retire at 62 or later and have benefits above the federal poverty line.

Without any changes, Social Security would be able to pay only about three-quarters of scheduled benefits after 2033. This package of four changes turns the projected financing gap into a small surplus, providing a margin of safety. Large majorities of Republicans, Democrats and independents favor this package, as do large majorities of Americans in each generation and income group.

Who supports the preferred package?

Category	Support
TOTAL	71%
Generation:	
Early Boomers & Older	74%
Late Boomers	70%
Generation X	69%
Generation Y	71%
Family Income:	
Under $35,000	68%
$35,000-$74,999	75%
$75,000 or more	71%
Party Affiliation:	
Republican	68%
Democrat	74%
Independent	73%

The National Academy of Social Insurance, founded in 1986, is a nonprofit, nonpartisan organization made up of the nation's leading experts on social insurance programs, including Social Security and Medicare. Its mission is to advance solutions to challenges facing the nation by increasing public understanding of how social insurance contributes to economic security.

Read the full report at http://bit.ly/SSchoices