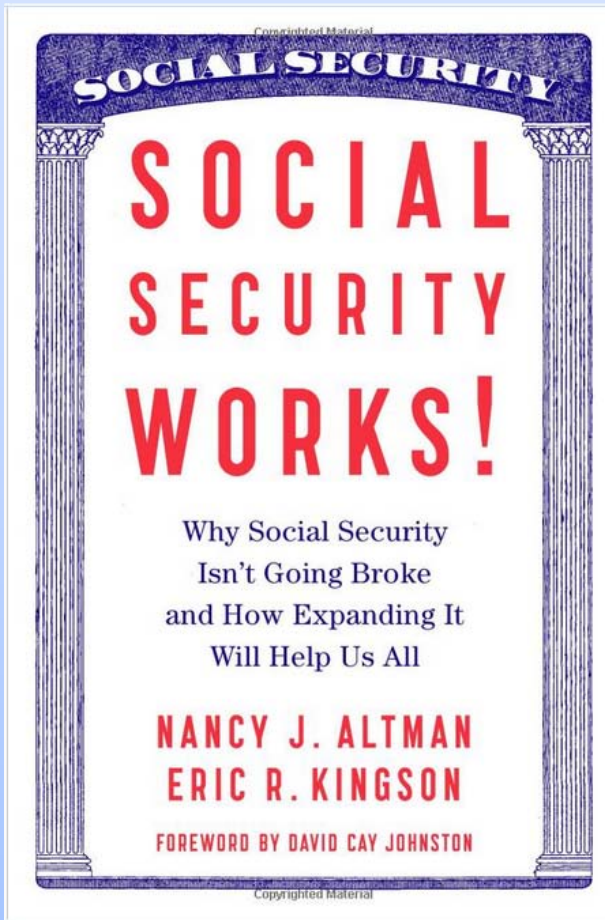


Social Security Works!

Why Social Security Isn't Going Broke and How Expanding It will Help All of Us

(The New Press, January, 2015)



Presentation for Two Views on Strengthening U.S. Retirement Security

2015 Annual Meeting of the
National Academy of Social Insurance
National Press Club
Washington, DC
January 28, 2015

Nancy Altman
Eric Kingson

Co-chairs, Strengthen Social Security Coalition
Co-director, Social Security Works

Social Security Works

Widespread support

Most effective & efficient wage insurance

Strong support across all demographic & pol. groups

Fully affordable

Conservatively financed

Congruent with American values

Makes huge difference in the life of nation & families

Four problems

Today's retirees at economic risk

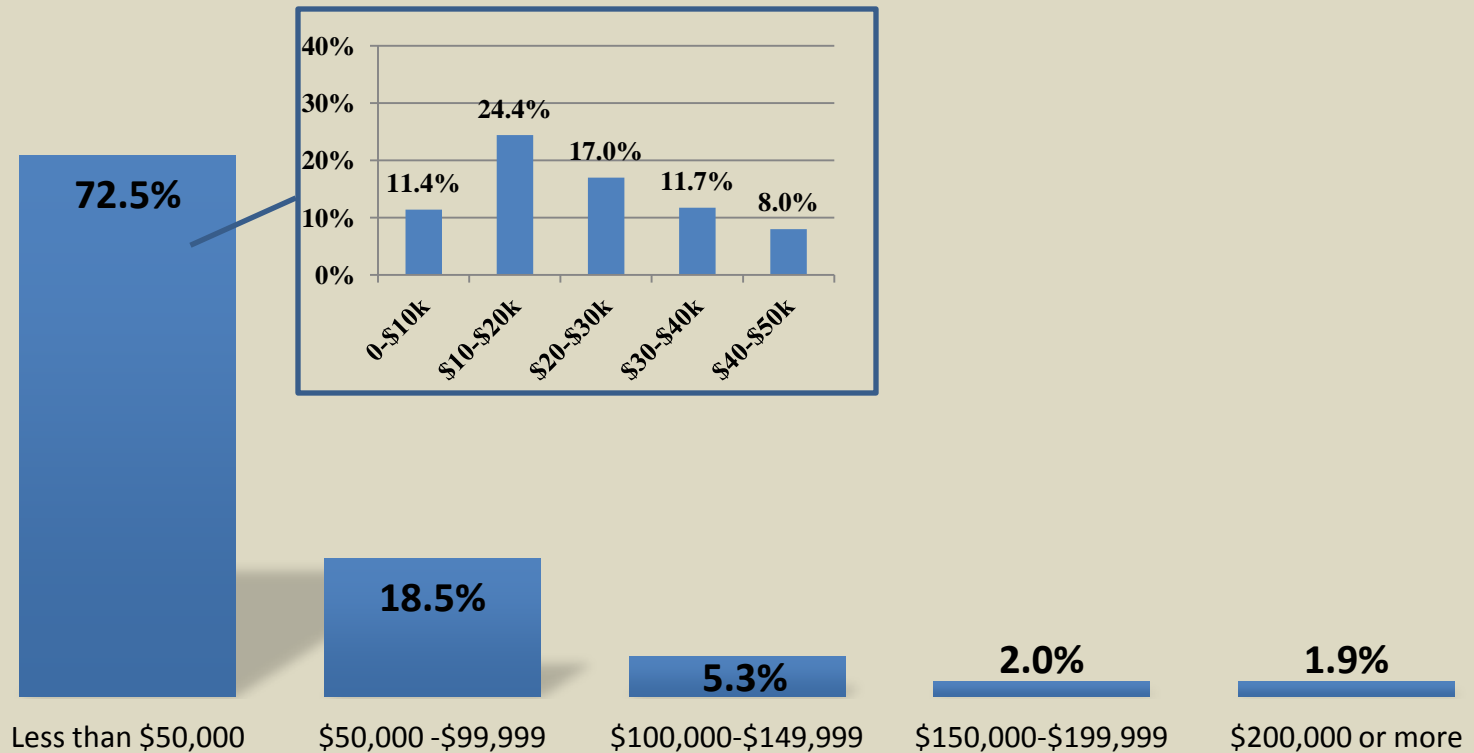
Retirement income crisis

Pressures on caregivers and families generally

High and rising inequality

Large Majority of Seniors Have Modest Incomes

(Married Couples and Unmarried Individuals, 65+ in 2012)



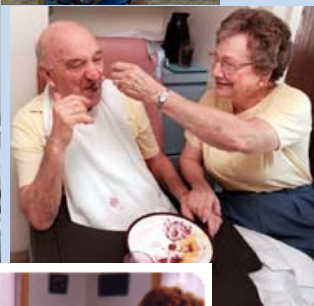
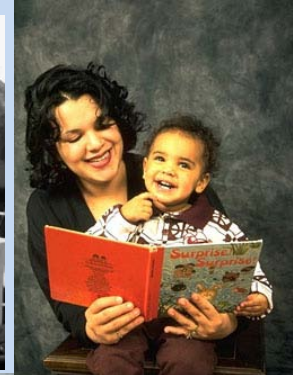
Source: Social Security Administration, *Income of the Population 55 or Older, 2012*, (April 2014), table 3.A1.

Retirement Income Crisis for Tomorrow's Retirees

- 2/3rds unable to maintain standard of living in retirement ([NRRI](#))
- \$6.6 trillion retirement income gap, ages 32-64 (Center on Retirement Research)
- Declines in household wealth from \$66 trillion in 2007 to \$58 trillion in 2011
- Median income of households “headed” by person 55-64 dropped from \$61,700 in 2009 to \$58,626 in 2012
- 38.3 million working-age households (45%) have no retirement account assets ([NIRS](#))
- Four-fifths of working households have retirement savings less than one time their annual incomes ([NIRS](#))
- 54% of 45-54 report being “totally unprepared for retirement” (2011 Alliance Life Insurance Survey)
- Declining confidence in ability to afford retirement

Caregiving Across Generations

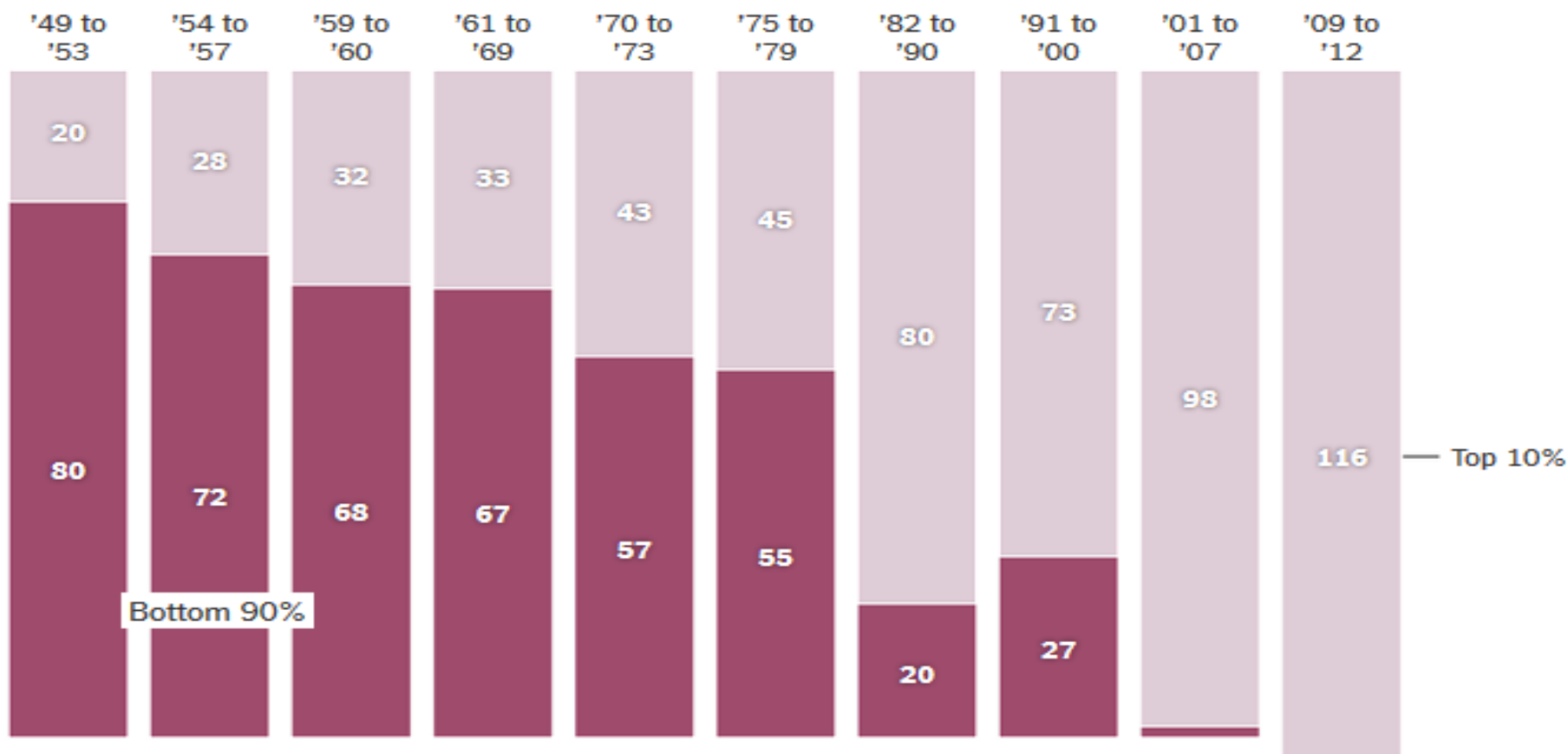
Public Benefits & Private Costs



Inequality

Inequality Has Increased With Each Expansion in the Postwar Era

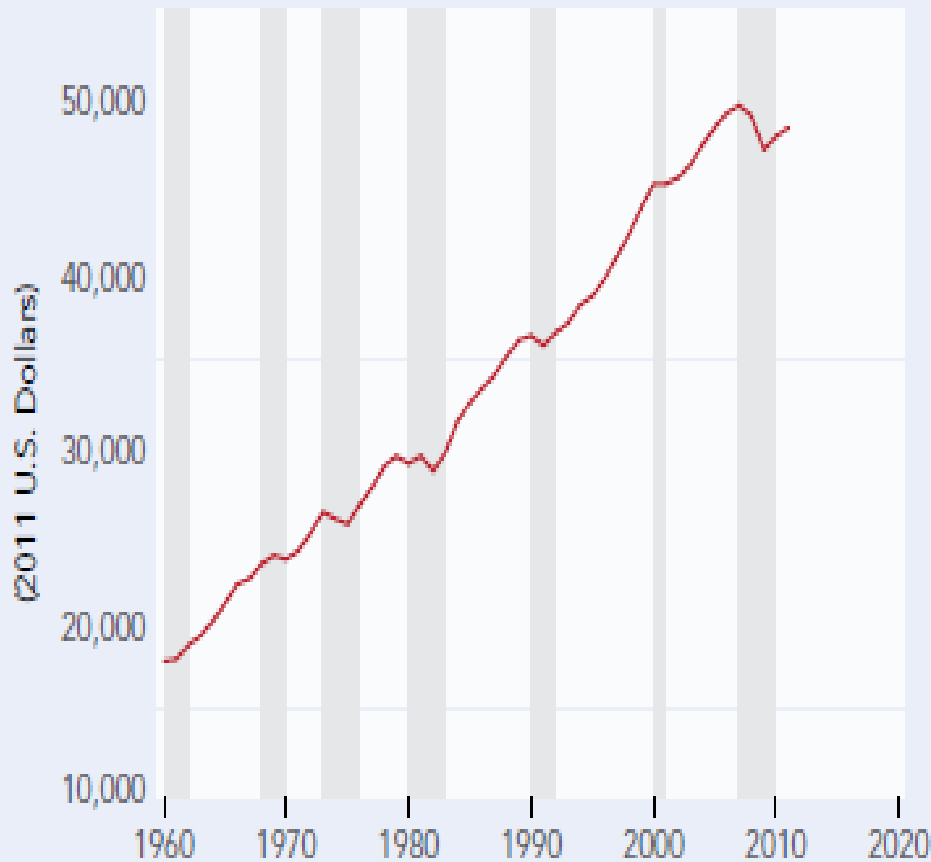
Percent share of income growth received by the top 10 percent and bottom 90 percent of earners during expansions



The bottom 90 percent experienced a decline in income from 2009 to 2012, meaning their share of income gains was negative.

Source: Pavlina R. Tcherneva calculations based on data from Thomas Piketty and Emmanuel Saez and N.B.E.R.

Real GDP Per Capita in the United States



Shaded areas indicate U.S. recessions.
2013 research.stlouisfed.org

Source: Federal Reserve Bank of St. Louis, "Real GDP per Capita in the United States (USARGDPC)," 2013.

average net worth
\$301K

Switzerland	1	Australia
Australia	2	France
Norway	3	Italy
United States	4	United Kingdom
Sweden	5	Japan
France	6	Switzerland
Singapore	7	Finland
Denmark	8	Norway
Canada	9	Singapore
United Kingdom	10	Canada
Italy	11	Netherlands
Japan	12	New Zealand
Germany	13	Ireland
Netherlands	14	Spain
Ireland	15	Denmark
New Zealand	16	Taiwan
Finland	17	Sweden
Taiwan	18	Germany
Israel	19	United States
Spain	20	Israel

median net worth
\$45K

SOCIAL SECURITY WORKS
ALL GENERATIONS PLAN



Expand Social Security

Four Points

- **Social Security as solution**
- **Financing is a *means*, not an *end***
- **Nation can afford to strengthen**
- **Values matter**

Social Security Works All Generations Plan

- **Increase Benefits for Retirees**
- **Addresses Nation's Retirement Income Crisis**
- **Strengthens Family Protections**
- **Secures Social Security's Financing**
- **Reduce income and wealth inequalities**

<http://www.socialsecurityworks.org/wp-content/uploads/2014/03/Social-Security-Works-All-Generations-Plan.pdf>

**SOCIAL
SECURITY
WORKS.**

Social Security Works All Generations Plan ¹

Current Projected 75 year shortfall as a percent of taxable payroll

-2.72

Addressing the Retirement Income Crisis

Cost/Savings as
percent of
taxable payroll

10% benefit increase up to a maximum of \$150 a month for current & future beneficiaries

-1.20

More accurate inflation adjustment (CPI-E)

-.37

Enhance minimum benefit to 125% of poverty at full retirement age with 30 years of work

-.19

Strengthening Family Protections for All Generations

Up to 12 weeks of paid family leave upon birth/adoption, illness of family member or worker

-.40

Up to 5 years of caregiver credits for parents of children <6

-.25

Restore student benefits for disabled/ deceased workers' children

-.07

New child benefit of \$1,000

-.03

Exempt from Family Maximum families of disabled adult children not living at home

-.01

Strengthen disabled widow(er)s benefits (eliminate age 50 & 7-year rules; provide unreduced benefits)

-.04

Securing Social Security's Financing for Generations to Come

Gradually eliminate "the cap," giving full credit for contributions, up to max benefit (\$6,000 a month)

+2.04

Dedicated 20% marginal income tax rate on yearly incomes in excess of \$1,000,000.00

+1.50

Treat all salary reduction plans the same as 401(k) plans

+.25

Raise employer & employee payroll tax contribution rate to 7.2 over 20 years

+1.41

Invest 40% of trust funds in equities

+.59

Combine the OASI with DI trust fund

0

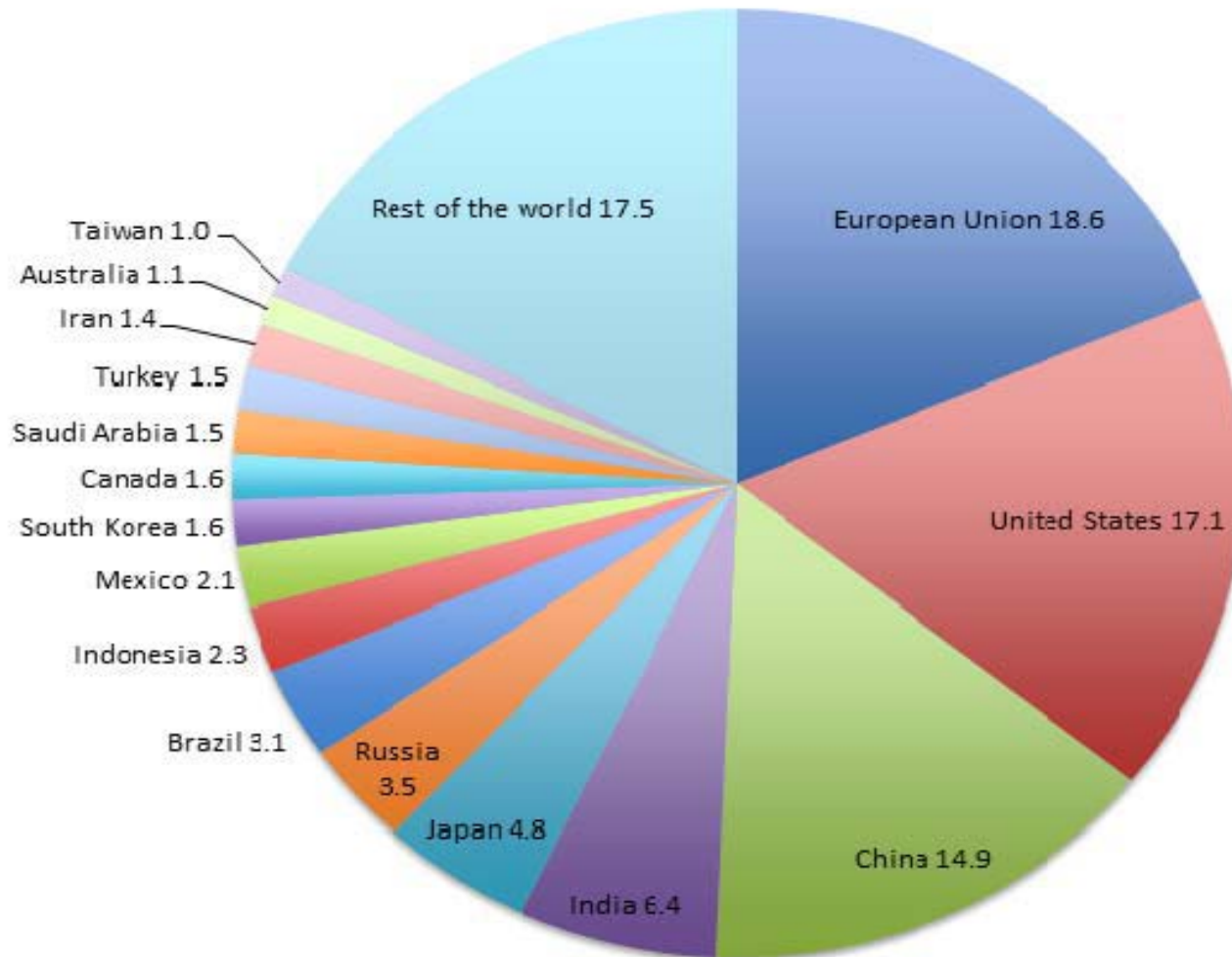
Long-range surplus

+0.52

¹These estimates are preliminary and do not include the interaction effects.

We are a rich nation

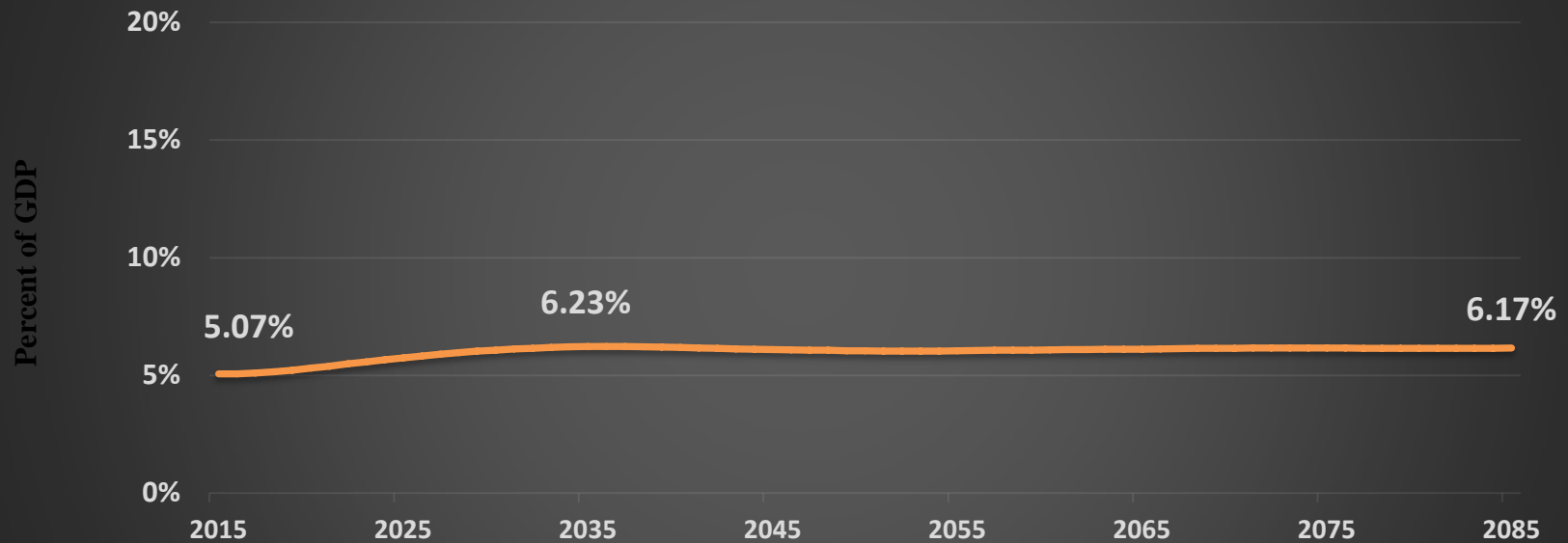
Shares of world's GDP



Source: Eurostat News Release (April 30, 2014)http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-30042014-DP/EN/2-30042014-DP-EN.PDF

Social Security Is Fully Affordable

Social Security as a Percent of GDP, 2015-2085



Source: 2013 Social Security Trustees Report: Table VI.F4.