

Social Security Reform Should Improve Equity

August 2019



**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

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Social Security Reform Should Improve Equity Within Generations

Vertical equity:

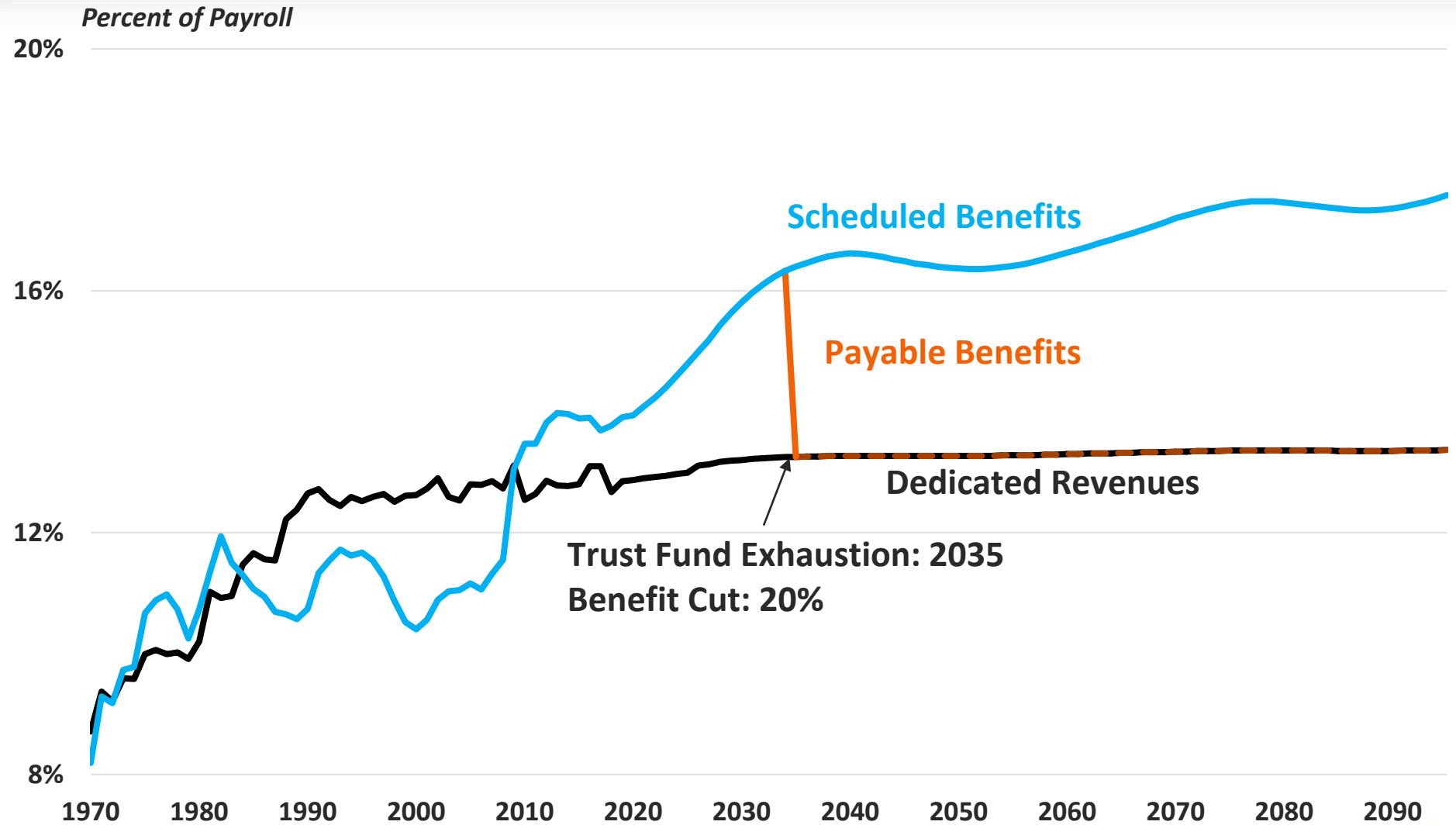
- Increase progressivity of benefits and taxes
- Improve income security for low-income retirees and especially widow(er)s

Horizontal Equity:

- Reduce disparities between one-earner couples, two-earner couples, and single earners
- Fix offset for uncovered worker

Social Security Must Also Improve Equity Between Generations

Social Security is Promising More than It Has...

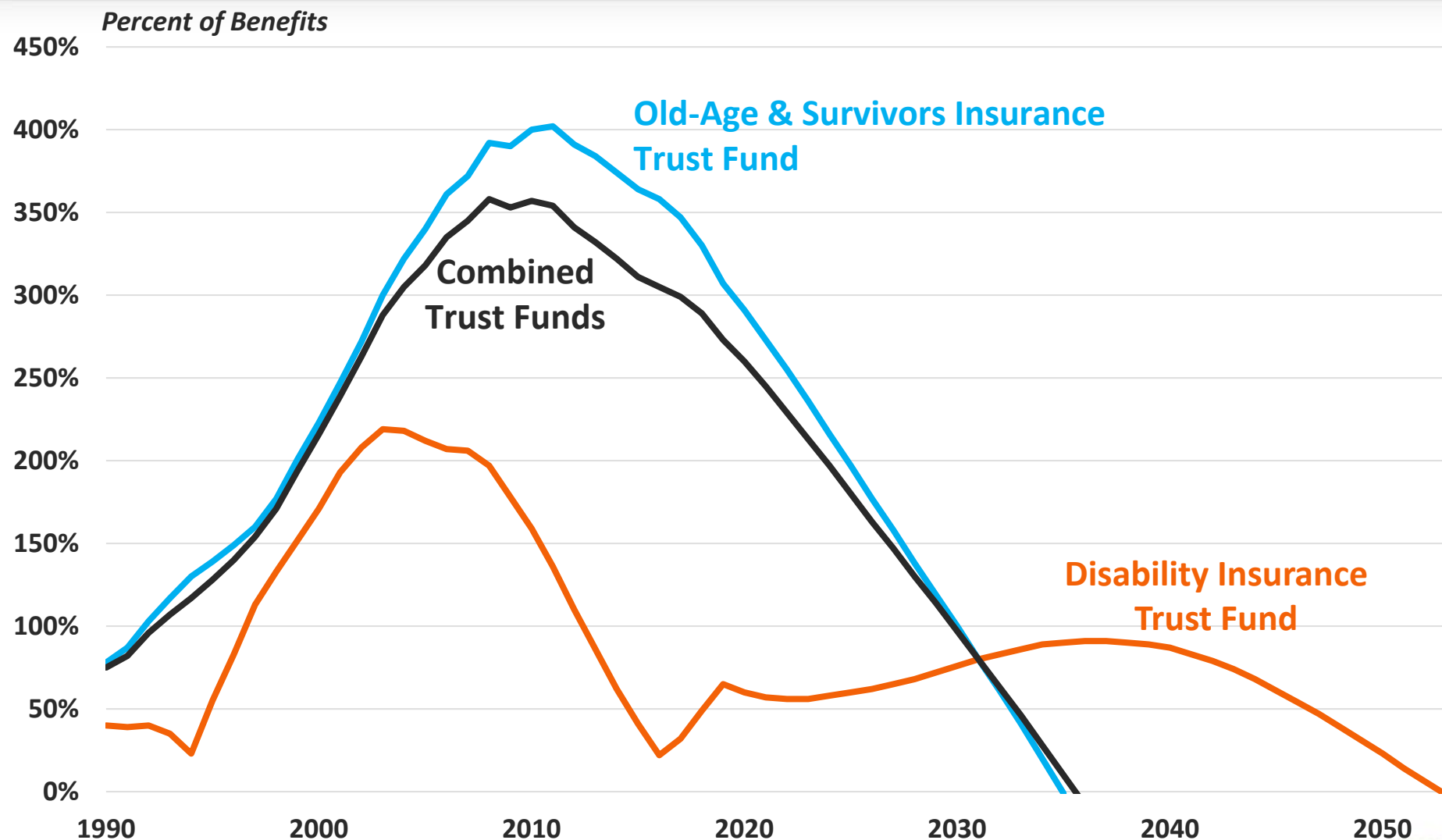


Source: 2019 Social Security Trustees' report

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And Future Generations Could Pay the Price



Source: 2019 Social Security Trustees' report.

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How Old Will You Be When the Trust Funds Run Out?



How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:



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<https://www.crfb.org/blogs/how-old-will-you-be-when-social-securitys-funds-run-out>

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If You are 62 Today...

A close-up photograph of a Social Security card, showing the words "SOCIAL SECURITY" in large, white, serif capital letters on a blue background.

How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:

Social Security's trust funds will run out when you are: **78 years old**

Unless the law is changed, your retirement benefits will be **cut by 20% in 2035**

To prevent this cut, we must work together to make Social Security solvent.

[Design your own fix here.](#)



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If You are 50 Today...

A close-up photograph of a Social Security card, showing the words "SOCIAL SECURITY" in large, blue, embossed letters on a textured blue background.

How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:

Social Security's trust funds will run out when you are: **66 years old**

Under current law, your retirement benefits will be **cut 19%** below what is scheduled.

For a typical person, that's a **\$95,729 cut** in lifetime benefits. *

To prevent this cut, we must work together to make Social Security solvent.

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If You are 22 Today...



SOCIAL SECURITY

How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:

Social Security's trust funds will run out when you are: **38 years old**

Under current law, your retirement benefits will be **cut 23%** below what is scheduled.

For a typical person, that's a **\$175,410 cut** in lifetime benefits. *

To prevent this cut, we must work together to make Social Security solvent.

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If You are 2 Years Old Today...



How Old Will You Be When Social Security's Funds Run Out?

Enter your year of birth:

Social Security's trust funds will run out when you are: **18 years old**

Under current law, your retirement benefits will be **cut 25%** below what is scheduled.

For a typical person, that's a **\$244,438 cut** in lifetime benefits. *

To prevent this cut, we must work together to make Social Security solvent.

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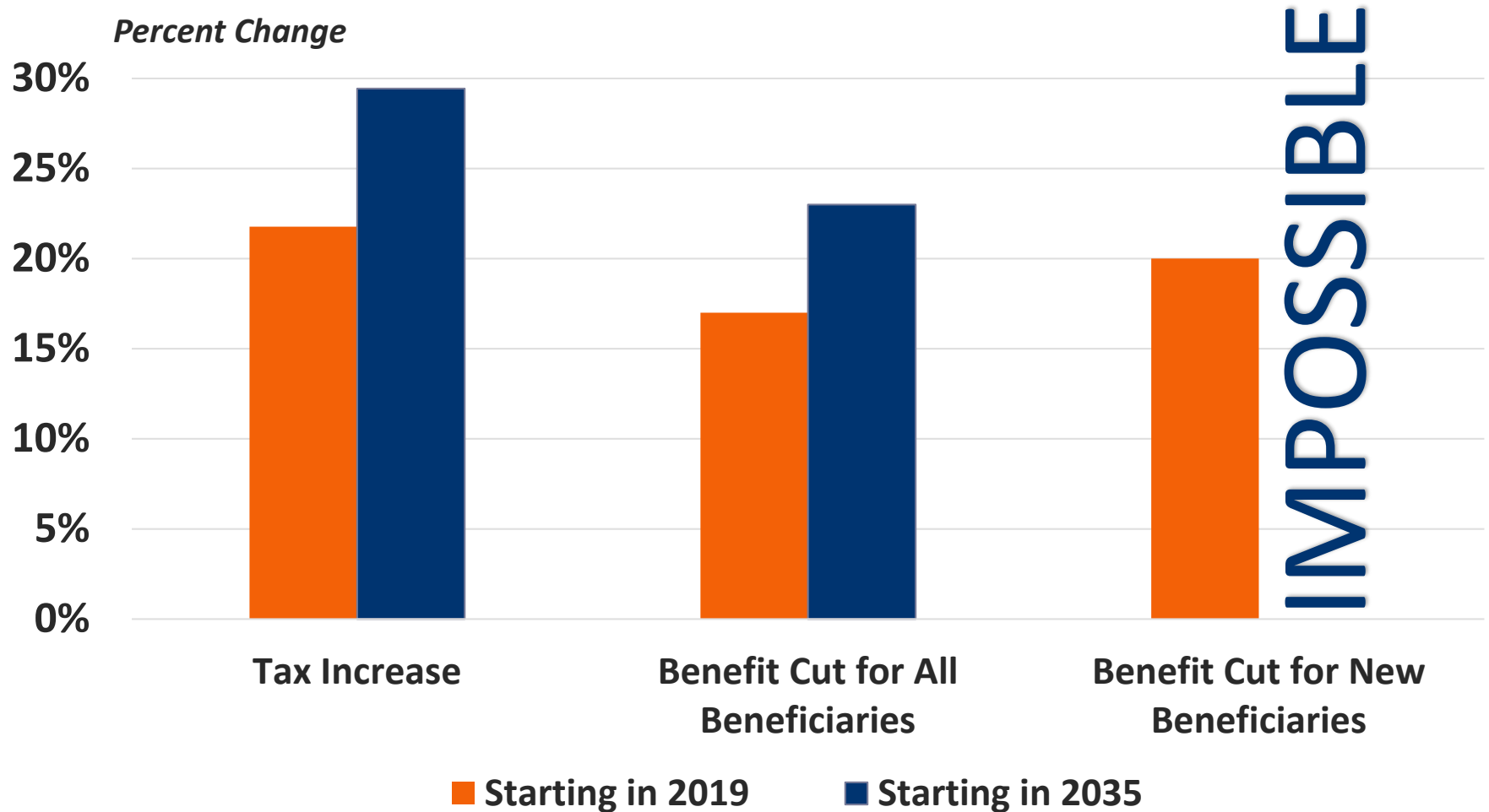
Delaying Action is Unfair to Future Generations

The longer we wait to save Social Security:

- The larger and sharper adjustments will be
- The more burden will fall on younger generations and the less on older generations
- The less time workers will have to plan and adjust
- The worse off people will be from not knowing what the future holds
- The fewer 'smart' options will remain



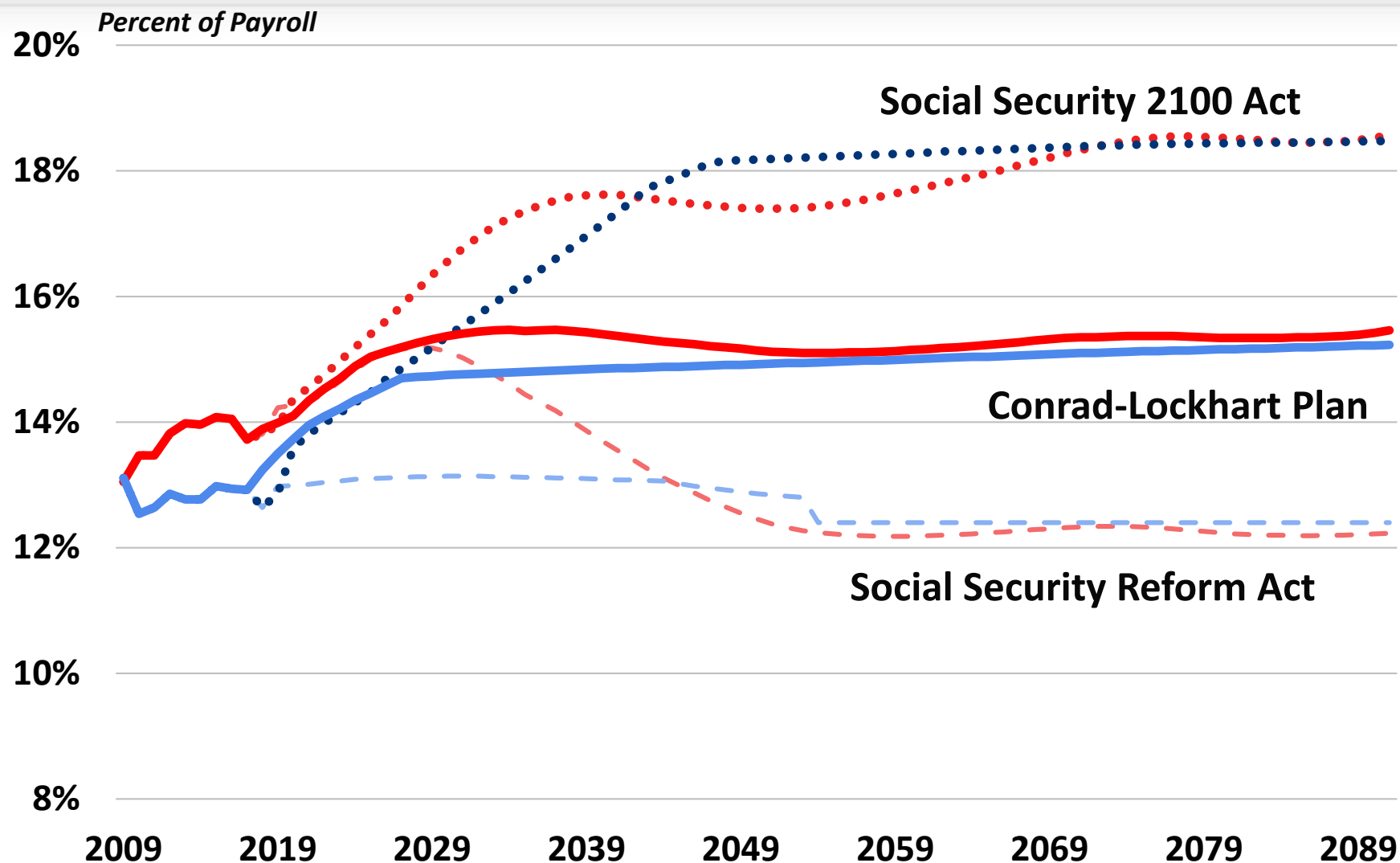
Delaying Action is Unfair to Future Generations



Source: 2019 Social Security Trustees' report.



There's No One Way to Fix the Program's Finances



Source: Social Security Trustees.



Come Up With Your Own Solution...

Social Security remains insolvent.
The trust fund will run out in **2042**
at which point all beneficiaries will
face a sudden **13%** benefit cut.

79%

Percent of 75-year shortfall closed
(83% of shortfall closed in 75th year)

✕ Clear Selections

Benefit Formula

Revenues

Other Benefits

Summary

% OF GAP CLOSED

INFO

Increase (+) / Reduce (-) Payroll Tax Rate by:

0%

i

%

☒ Increase Taxable Maximum

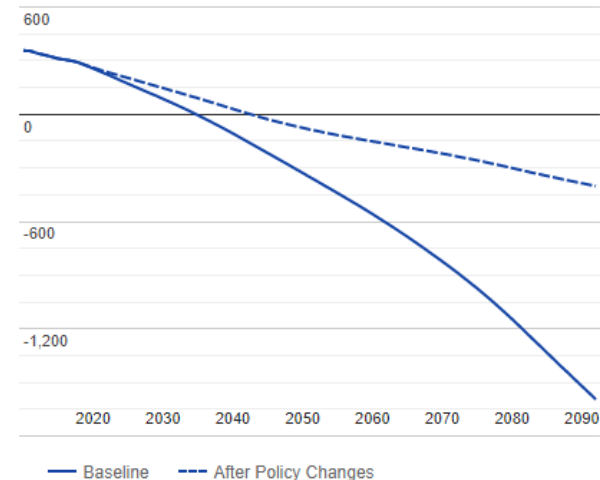
- ☐ Subject All Wages to Payroll Tax 72% i
- ☐ Subject 90% of Wages to Payroll Tax 30% i
- ☐ Raise and Re-Index the Taxable Maximum 22% i

Raise Additional Revenue

- ☐ Cover Newly-Hired State & Local Workers 9% i
- ☐ Apply the Payroll Tax to "Cafeteria Plans" 10% i
- ☐ Increase Taxation of Benefits 7% i

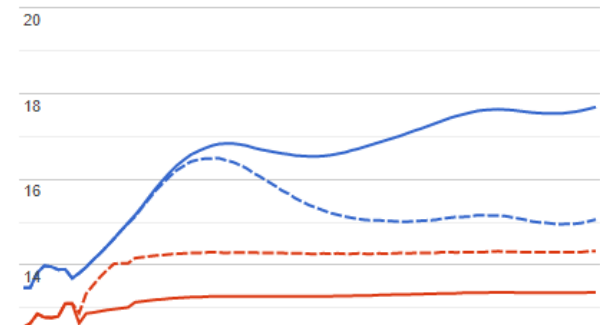
Trust Fund Projections

Percent of Annual Benefits i



Social Security Spending & Revenue

Percent of Payroll (based on scheduled benefits) i



<http://www.SocialSecurityReformer.org/>