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SOCIAL SECURITY

By DJ Lacy

INTRODUCTION



*Millions of seniors
rely on Social
Security to provide
income and stability
throughout
retirement.*

AARP

If I were to tell you a program that over 60 million Americans are dependent on was in financial trouble, it would seem alarming to most people. Unfortunately, this is the reality that our generation will be forced to deal with. The US Social Security system is expected to run out of money to pay benefits in 2035 without significant reform. There has been little progress made on this issue, and many politicians want to avoid the issue all together.

Social Security is a program that provides economic stability for millions of Americans, including the elderly and disabled. Since its inception in 1935, the program has lifted our nations seniors out of poverty, and has become one of the most important government programs. Today, around 169 million Americans pay Social Security taxes, while 61 million collect monthly benefits. On average, one in four families receive income from Social Security, making this a very personal issue for many (“What Is Social Security?”). Over the years there have been numerous solutions proposed to fix Social Security, but many involve making sacrifices that could hurt politicians electorally. As a result, it has become the “third rail of politics” that no one wants to address. This briefing aims to describe underlying problems plaguing the system, and the solutions that must be implemented.

EXPLANATION OF THE ISSUE

Historical Development

The Social Security program that we know today was signed into law as part of the Social Security Act by President Franklin D.

Roosevelt (FDR) in 1935. However, this is not the first example of a program meant to provide for the elderly and economically vulnerable populations within the United States. After the US Civil War, the government provided pensions to Union veterans injured in the war, and widows of Union soldiers. The program was eventually expanded to include all disabled Union veterans, and by 1894, nearly one-third of the federal budget was going towards military pensions (Grabianowski). Once the Great Depression started in the early 1930's, it was clear that some form of assistance was needed to support the millions of elderly and disabled people out of work, with little hope of finding a job. FDR was elected President in 1932, and he proposed many forms of assistance, including an early version of what would go into the Social Security Act. The act provided old-age benefits for retired workers, ensuring that retired workers were guaranteed some form of assistance in retirement.

Over the years, there have been several amendments made to the original Social Security Act passed in 1935. Initially Social Security was only for retired workers, but by 1939 FDR expanded the scope of the program to include the dependents and survivors of the primary worker. President Eisenhower took the act a step further by allowing disabled workers to collect Social Security benefits. In 1972, the act was amended once again to allow for an annual cost of living adjustment that would increase payments each year to match the rate of inflation (Williams). This ensures that recipients of Social Security are receiving payments that are as valuable as the payments they have been making to the system for their entire working lives.

While there have been numerous developments to the system over the years, it is important to understand that many of the major changes have expanded the program to more people or increased the benefits. Millions of Americans are dependent on Social Security, and any type of proposed reform to cut back on the amount of benefits or change the qualifications for receiving payments has often meant political suicide. Politicians are very reluctant to anger an elderly population that is highly reliant on the program that has been in existence for nearly 100 years. However, as we will discuss next, there are significant problems with the Social Security system that must be addressed in order to keep the program on solid financial footing.

Scope of the Problem

Today, Social Security is not on very strong financial footing. Currently, the program is expected to go **insolvent** by 2034 according to its 2020 annual report. The program is already burning through its cash reserves, and will be forced to cut benefits



The Social Security Administration was founded in 1935.

SSA

Insolvent – the state of being unable to pay debts that are owed

for recipients if reforms are not made. Millions of Americans are highly dependent on the social security payments they've been promised for decades. The basic summary of the failures of the social security program is that more money is being paid out by the program than what is being brought in. With that said, we will now explore more nuanced explanations of the problem and proposed policy solutions.

Worker-to-Beneficiary Ratio

One of the biggest problems Social Security faces is changing demographics within the United States. When the program was created in the 1930's, and for most of its history, the number of workers has far exceeded the number of people retiring. However, after World War II there was a population explosion within the United States known as the "baby boomer generation." This generation is now reaching the retirement age, and between 2010 and 2030 it is estimated that 70 million baby boomers will enter retirement (Williams). Furthermore, the number of workers entering the work force is down, leaving less people to pay the payroll tax. Today the worker-to-beneficiary ratio is around 2.8, but it is projected that by 2035 this ratio could drop to 2.1, meaning that only 2 workers will be paying taxes to support 1 beneficiary. This will be devastating for a program that is already using its cash reserves in order to cover payments.



*Social Security is in
financial trouble
unless significant
reforms are made.*
MoneyCrashers

Life Expectancies

Another development that is putting strain on the Social Security system is rising life expectancies. While this demographic change is no doubt a positive development for the US, it is something the program has not fully addressed. In 1960 the average life expectancy in the US was around 70 years old. Today, the average life expectancy in the US is 78 years old. This significant increase means that beneficiaries are drawing social security payments for longer, and the retirement age has not changed. As life expectancy increases without matching increases in the retirement age, the length of time that people are able to draw payments increases, and places further strain on the system. Some people have suggested raising the retirement age to match raising life expectancies, but this is an unpopular solution, and many politicians have been reluctant to embrace it.

Low Bond and Investment Yields

While this issue is not covered as much as the first two problems addressed, it explains another reason why Social Security is expected to go insolvent. For decades, the Social Security program has been investing surplus funds into US Treasury securities and bonds. The hope was that these surplus funds would earn interest

and grow even more in order to cover the additional expenses brought on by increasing life expectancy and more retirees. However, in recent years interest rates on these investments have been very low, and the program has not received the increases in investments it was projected to earn. Starting this year, the program is having to use these surplus funds in order to pay out benefits, meaning that there will be less money in the surplus fund that is able to earn interest. As a result, Social Security could run out of money even faster than it is currently projected.

Congressional Action

Unfortunately, the story of congressional action on Social Security over the past few decades is relatively dismal and it helps to explain why Social Security is projected to run out of money. The last major reform to Social Security came in 1983. At this time, the Democratic-led House worked with Republican President Ronald Reagan in order to change the payment structure and increases tax rates associated with the program. The 1983 amendments to the program implemented an income tax on the Social Security benefits of higher-income individuals. While there has been no significant legislation amending Social Security since 1983, there have been numerous bills introduced that aim to reform certain aspects of the program (“H.R. 860- 116th Congress: Social Security 2100 Act”).

Following a successful 2004 re-election, then-President Bush made Social Security reform a top priority. He discussed the uncertain financial future of Social Security in his 2005 State of the Union speech, and proposed a number of reform measures. Bush planned a series of tours around the country to sell voters on his plans and convince Congress to pass them (Galston). His plans called for no increase in payroll taxes, and the implementation of personal retirement accounts that would privatize a part of the system for younger workers. While Bush convened a bipartisan committee to make these policy recommendations, congressional Democrats were never on board to support the plan. As the war in Iraq dragged on and the Bush administration struggled to respond to Hurricane Katrina, what little political capital Bush had left was gone. By October of 2005, the administration acknowledged the plan was weak, and dropped it altogether.

President Obama also tried to reform Social Security. In 2011, he formed the National Commission of Fiscal Responsibility and Reform, which produced a bipartisan plan to fix the program. It called for an increase in the Social Security payroll tax, and reductions in benefits and the cost-of-living adjustment. However, this plan came at a very partisan time in Congress with the rise of the Tea Party movement, and the plan was rejected. Republicans refused to agree to any payroll tax increase, and many Democrats did not support benefit reductions. In addition, many elderly



President Bush tried to introduce Social Security reform in his 2005 State of the Union speech.

CSPAN

interest groups and workers unions fought any changes, and the plan was dropped (Felsenthal).

In the most recent attempt to reform the program in 2019, Democrats in the House and Senate both introduced H.R. 860: Social Security 2100 Act. The bill raises the minimum amount of benefits someone can receive, and changes how the cost of living adjustment is made, in order to increase benefits in most cases. In order to pay for these benefit increases, the bill raises the cap on the maximum amount of income that can be taxed from \$132,900 to \$400,000. Opponents to this bill are reluctant to raise taxes and believe the bill further moves Social Security away from its original purpose, as a program to reduce poverty rather than give everyone an entitlement. While this bill has been introduced in the House, it has not gained bipartisan support, and has a very low chance of being passed.

Other Policy Action

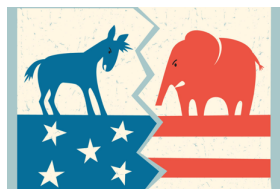
When Social Security was first passed in 1935, it did not include many state and local employees. While people in the private sector were covered, there were several decades where state and local government employees could not receive benefits. Some state governments have their own public pension systems, but other employees were left uncovered altogether. Over the years, states have passed laws and formed agreements with the Social Security Administration to get their workers covered. These agreements are called “**Section 218 agreements**” and they provide state and local government employees with full Social Security coverage (“How State and Local Government Employees are Covered by Social Security and Medicare”). However, because Social Security is a federal program that is funded through a federal tax, states have little control over the program. As mentioned before, some states have their own forms of public pension systems but these vary and are different in scope. While there are a number of think tanks and interest groups (such as AARP) that are conducting research on how to fix Social Security, unfortunately Congress is truly the only actor that can fix the system.

Section 218 agreements - state agreements with the Social Security Administration allowing state and local government employees to receive Social Security benefits

IDEOLOGICAL VIEWPOINTS

Conservative View

While there are more conservative solutions to the Social Security debate, it is important to understand that neither conservatives nor liberals have a clear viewpoint on this issue. There are many competing solutions on both sides of the aisle that



Conservatives and liberals differ on how much control they believe the government should have over an individual's retirement planning.

VOX

have the potential to gain support. In general, conservatives are much more skeptical of Social Security in its current form. Social Security is a system that reduces individuals' control over their own incomes and redistributes wealth from workers to retirees. Conservatives are reluctant to give the government the power to control the retirement savings of millions of Americans, and they believe in personal responsibility and individual control of retirement accounts. As a result of this, some conservatives support the privatization of Social Security, meaning that workers would have control over their own retirement accounts, similar to an IRA or 401(K). This solution is especially relevant to younger workers who believe that they are paying into a Social Security system that will fail before they have the opportunity to retire and receive benefits several decades down the road. In addition, conservatives are much less likely to support reform plans that significantly raise the payroll tax. Conservatives believe that increasing the payroll tax is a short-term fix that does not address the underlying problems within the structure of the program. A payroll tax increase has been a point of disagreement on several of the recent attempts to reform the system. Finally, some conservatives support raising the retirement age and reforming the retiree benefit structure, but these positions are oftentimes more controversial with voters.

Liberal View

Liberals are in strong support of Social Security and oftentimes campaign on expanding the program. They believe that the government has an obligation to provide this form of social insurance, and they view the program as a lifeline to millions of Americans. Liberals are also strongly opposed to raising the retirement age, or privatizing social security. Liberals are oftentimes more skeptical of financial institutions and investment firms on Wall Street and are opposed to workers investing their savings in the stock market or other riskier entities. They believe the Social Security system is a more reliable place for workers to invest their retirement funds, and that the system does more to provide for the greater good in society.

In addition, they are much more willing to increase payroll taxes, especially on higher income individuals, in order to cover for the financial shortfalls that the program is experiencing. Some of the more progressive voices in the Democratic party want to guarantee every American the right to a secure retirement by expanding Social Security and increasing benefits for retirees. These increases in benefits would also be matched with increases in the cost-of-living adjustment. These policy proposals are oftentimes matched with other increases in entitlement spending including increasing Medicare and Medicaid health insurance plans. These

increases in entitlement spending would be paid for by completely lifting the cap on how much income is eligible to be taxed under the payroll tax.

AREAS OF DEBATE

Just because life expectancy has increased, does not mean that the number of working years has also increased at the same rate.

While there have been numerous innovative policy suggestions on how to improve Social Security over the years, this section aims to cover the mainstream solutions that are discussed the most. These solutions each tackle a different aspect of the problem, but all of them would help to close the financial gap the program is experiencing to some extent. When looking into the intricacies of the solutions, it is important to consider who would be affected by the implementation of the policy and the possible political ramifications.

Raise the Retirement Age

Raising the retirement age is seen as the most straightforward and simple fix to the long-term viability of Social Security. This solution would help to increase the worker-to-beneficiary ratio and decrease the amount of benefits being paid out. While raising the retirement age seems simple, there are actually several solutions proposed that handle the situation differently. The normal retirement age (NRA) today is 67 years old. One plan to increase the retirement age involves indexing the NRA so that life expectancy remains constant over time at the NRA. This would ensure that on average, benefits would be paid for the same amount of years for all recipients by gradually increasing the NRA at the same rate of increase in life expectancy. Another way of indexing the NRA involves using a ratio between retirement years and working years. This method is often favored because it increases the NRA at a slightly slower rate than tying it to life expectancies. By looking at the ratio of working years, it helps to add in the possibility that increased life expectancy does not always mean that a worker is able to work longer as well (Burtless). Another thing that any proposal to raise the retirement age must consider is when the raise will go into effect. Most plans give workers 5+ years to anticipate changes in the retirement age so that it would not drastically affect their retirement decisions.

Proponents of raising the retirement age point to a number of health indicators to suggest that Americans are living longer and leading healthier lives. Furthermore, proponents see raising the retirement age over time as the fairest way to reform the system, without cutting benefits to those already receiving payments, and without significantly raising taxes. One of the main arguments against raising the retirement age is that while life expectancies

have increased, there is not as much data to suggest that the health condition for workers to work longer has drastically improved. There are often conflicting reports detailing whether or not the increase in lifespan has been matched by an improvement in the health status of older Americans on the verge of retirement. Many proponents of raising the retirement age suggest the economy is rapidly moving away from manufacturing and manual labor jobs, suggesting the type of work most people are doing is actually much less strenuous on the body compared to previous generations.

Once again, it is important to stress that many of the solutions to fixing Social Security are unpopular in both parties, which helps to explain why there has been little to no action on this issue in decades. However, Republicans have been more likely to support raising the retirement age in the past. Democrats are traditionally in favor of increasing taxes rather than adjusting the retirement age, while Republicans see the need to gradually increase the retirement age to match demographic trends. The National Commission on Fiscal Responsibility and Reform was a bipartisan commission put together by President Obama in 2010, and it recommended raising the Social Security retirement age, suggesting there is some bipartisan support on this issue (Lorie). However, it would be unlikely that a majority of either party would get fully behind this proposal without a bipartisan group. President Trump himself has mostly stayed away from entitlement reform during his time in office, and has reassured seniors that he will not be cutting their entitlement benefits

Increase the Payroll Tax and Eliminate the Earnings Cap

Raising the payroll tax is meant to increase the amount of money being paid into the Social Security system. This policy solution is another way of addressing the long-term financial stability of Social Security to ensure that more money is coming in than is going out. There are several different ways this increase can be made. First, is by simply increasing payroll taxes across the board for everyone. This would increase the amount of money being paid into the system by all workers in an effort to close the current gap. However, some argue that low income workers are already struggling to make it, and increasing their payroll tax could really hurt these workers in the short-run. Some have proposed only increasing the tax for workers earning over a certain amount, but others believe this is an unfair effort to redistribute wealth.

Another solution is expanding what forms of compensation are subject to Social Security taxes. For example, some employers give their workers additional compensation in the form of health

insurance, flexible spending accounts, and stock options. By making these forms of compensation subject to the payroll tax, Social Security would gain new forms of revenue that are not currently available. Including employer-sponsored healthcare alone could close up to one-third of the current solvency gap (“Increasing Payroll Taxes Would Strengthen Social Security”).

The final solution that has been put forth on this topic is raising or even removing the **earnings cap** on the Social Security payroll tax. Currently, only \$137,700 of total income is subject to the payroll tax. This means that any income above this threshold does not get taxed. By raising the earnings cap, more income would be subject to the payroll tax, and it would increase the revenue the tax is bringing in. Some of the more progressive members of the Democratic party, including Bernie Sanders (I-VT), have proposed plans which eliminate the earnings cap altogether. This means that all income would be subject to the payroll tax, which would significantly increase the amount the wealthiest Americans are paying into the system.

Conservatives are traditionally against any increase to the payroll tax. They believe that by increasing the payroll tax, it would take more money away from workers to be put into a system they might never even have the opportunity to receive benefits from. Furthermore, conservatives worry that increasing the payroll tax could lead to higher rates of unemployment in the economy. Employers would be most likely to replace younger and less skilled workers if the payroll tax were to increase. Finally, the payroll tax is only one of the many taxes employees are already faced with. Between federal, state, and even local income taxes, there is already a lot of uncertainty surrounding how many taxes a worker is facing, and increasing this uncertainty with the payroll tax would only further hurt the labor market.

Liberals are much more likely to support the tax increases. They believe that increasing taxes will put Social Security on stronger financial footing and ensure that this program can continue to keep our nation’s seniors out of poverty. Many liberals support more progressive tax increases, where higher income earners would be subject to higher payroll tax rates. Some progressives within the party believe that all income should be subject to these tax increases by lifting the earnings cap completely. To deal with the issue of uncertainty in the labor market, liberals suggest that the tax increases should be gradual over time, in order to give employers the opportunity to calculate costs ahead of time and limit the impact it could have on unemployment.

Earnings Cap -
*the maximum
amount of income
that is able to be
included under the
Social Security
payroll tax*

Privatize Social Security

Social Security is not the only system around the world that is experiencing financial problems. Many countries in Europe, including the United Kingdom, have seen a greater shift towards private pensions systems. A private system is less costly and removes the government from the business of providing for seniors during retirement. Rather than trying to save Social Security in the long-run, this solution calls for a gradual transition to a private system that would give the individual worker more power over their own retirement funds.

Privatization -
a plan where
workers pay into
their own
private
retirement
accounts instead
of paying into
the government
system



Private retirement
savings accounts
would allow
workers to invest
their money
wherever they
wanted, including in
the stock market.
Time

The main idea behind **privatization** is that instead of contributing to the government operated retirement plan, workers would be required to pay into individually owned and directed private accounts. Workers would be free to decide how their contributions are invested, however, in some cases there could be limits or restrictions placed on this to make the funds more secure. For example, a worker might be given several different “secure” investing options, such as large index or money market funds, in order to mitigate the risk that a worker loses all of their funds based on poor investment decisions. There are a few different ways the privatization process could occur. First, all workers could be required to divert a small portion of their income to a private account as they continue to pay a slightly smaller Social Security payroll tax. This would ensure the Social Security system does not run out of money for those who have already paid into it. Another proposed solution involves allowing younger workers to contribute a higher percentage of their income to private accounts, so eventually they will become completely independent of the Social Security system (Bosworth & Burtless).

Many conservatives and other proponents of this solution argue that privatization will increase the rate of return workers receive on their retirement contributions. Furthermore, by giving the worker more power to invest their own hard-earned money, it will increase national savings and investment, and lead to future economic growth. Conservatives are more likely to support ideals of individual liberty and personal responsibility. They believe that workers should have the power to plan their own retirement and reap the benefits of using their own money to engage in smart investing strategies. Private retirement accounts could also be inherited by other family members in the case that the worker dies early or unexpectedly. Finally, privatizing Social Security is seen as the most politically convenient solution because it avoids decreasing benefits or increasing taxes, and in the long-run it could actually increase the amount of return workers are receiving in their retirement.

Liberals argue that privatization would be a disaster for many people already relying on the system, or for those who are close to retiring. By allowing younger workers to start paying into private accounts, it would only further increase the deficits in the program, and could require large levels of federal borrowing. In addition, liberals see privatization as inherently risky. They are traditionally more skeptical of financial institutions and the markets, and worry that people could lose their retirement savings if they make poor investing decisions. This would likely be hurtful to lower income and lower skill workers, who do not have access to the same investing resources as more wealthy members of society would. For progressives, Social Security is seen as a wealth redistribution program, where more money is paid by those with higher incomes in order to support those with lower incomes. A private system takes away this redistributive aspect, and could lead to higher levels of wealth inequality.

Means-Test and Reform Benefit Payouts

Means-testing -
*a way of looking
at an individual's
income to
determine if they
should receive
reduced Social
Security benefits*

Reforming the amount of money that is being paid out in benefits is another way to resolve the financial gap Social Security is currently facing. As the number of retirees has grown, the benefit structure has remained pretty much the same, meaning that each year more and more money is going to pay out benefits. The idea behind **means-testing** the benefits is that retirees with other sources of income above a certain threshold would receive less benefits. The goal of this is to put more support towards seniors who are fully dependent on Social Security as their sole source of retirement income, while decreasing benefits to those seniors who are able to get by without Social Security benefits.

While the details of a means-test are up for debate, essentially there would be a threshold set for how much non-Social Security retirement income would trigger a reduction in benefits. Some plans have proposed that anyone making over \$55,000 a year would start having their Social Security benefits cut. For every set yearly income amount above this threshold, their benefits would be cut by a certain percentage until a retiree's income reaches a level where they would not be eligible for any benefits. Of course, these thresholds would need to consider how it would vary for an individual versus a household or married couple. Furthermore, income levels can change rapidly, so there would have to be a mechanism for someone to start receiving Social Security benefits again if their income were to drop below the thresholds established.

Conservatives and some opponents of this plan argue that higher income retirees have paid into Social Security the same, or even more, than other retirees, and they should not have their benefits cut just because they are earning more income. Opponents

say that means-testing, and solutions like it, would fundamentally change the program from a social insurance program, to a welfare program that requires proof you are in need in order to qualify. Furthermore, means-testing would actually create a disincentive for people to work part-time during retirement, because any additional income they make could actually cut down on the Social Security benefits they are able to receive (John & Reno).

Liberals and proponents of means-testing already see Social Security as becoming more of a welfare program meant to give more aid to those in greater need. Many projections estimate that only around 10% of retirees would be affected by means-testing, meaning that 90% of people would be unaffected by the policy (John & Reno). It is clear that Social Security is facing tough financial challenges, and the best way to deal with these is through asking more of those who can afford to give more. People in retirement who already have a stable source of income will not be affected by the benefits cuts that might have to happen across the board to save the program. However, for those depending on Social Security benefits to buy food and pay the bills each month, it is vital that those benefits stay constant or even steadily increase to match inflation and increases in the cost of living.

Other Solutions

There are a few other solutions that are worth mentioning in less detail in order to give a better picture of just how many ways the system can be reformed. One proposed solution is changing how Social Security measures inflation and **cost-of-living adjustments**. Currently, the Social Security Administration uses a consumer price index known as CPI-W to measure inflation and determine how much benefits should increase. Many Republicans favor switching to a measure known as Chained CPI, which would oftentimes result in lower annual raises and save the program some money (Williams). Democrats and opponents of this plan believe that many seniors are reliant on the increase in benefits each year to match the increase in food and drug prices, and this is not the area to make changes in.

Another change some lawmakers have proposed is eliminating the tax on Social Security benefits all together. For many, it seems ridiculous that beneficiaries would have to pay a tax on benefits when they have been paying taxes their whole lives to receive them in the first place. This proposal has not received much attention because it would further increase the budget deficit for the program. However, Republicans are supportive of this because it lowers taxes on the benefits people have earned, and Democrats like that it would increase benefits payments to seniors. In any large overhaul of the Social Security system, this could be an area for

***Cost-of-living
Adjustments***
*- increases in
Social Security
payments that
track inflation
and the price of
common goods*

reform where seniors can get more benefits, if it is matched with another solution to increase revenues and close the budget deficit.

BUDGETARY CONSIDERATIONS

In 2019, 23% of the entire federal budget, or over \$1 trillion dollars, was spent on Social Security.

One of the most complicated issues surrounding Social Security involves its budget. In 2019, 23% of the entire federal budget, or over \$1 trillion dollars, was spent on Social Security paying monthly benefits (“Policy Basics: Where Do Our Federal Tax Dollars Go?”). The majority of this money comes from the payroll tax we have discussed throughout. In 2019, this tax brought in \$945 billion in revenue, which accounts for around 90% of total revenue. Social Security is also funded by around \$80 billion in interest coming from investments, and around \$37 billion from income taxes on Social Security benefits. At the end of 2019, Social Security had a reserve totaling around \$2.9 trillion (Aarp & Aarp). For most of its history, the program has run a surplus and has been able to save this money and invest it. However, in recent years the program has started to run a deficit, and benefits are having to come out of that reserve. This reserve is expected to run out in 2035, and benefits will have to be cut dramatically in order to keep the program from sinking into debt. It is imperative that lawmakers find ways to increase the revenue of the program so that funds will not have to come from the reserve fund in order to pay benefits.

CONCLUSION



There is no shortage of studies when it comes to Social Security and its financial situation.
AARP

It is clear that in order to protect the long-term stability of Social Security, Congress must act boldly to save the program before it is too late. Every year, as more people retire and less people enter the workforce, the problem continues to get worse. The longer Congress waits, the harder the long-term fix will be. While it is clear there is no shortage of solutions to the problems Social Security faces, there are problems forming a consensus. Individual members of Congress are oftentimes more worried about winning an election than making the right choice, even if it angers some constituents. At the end of the day, reforming Social Security will make some groups of people very angry, but this is the price of governing and making decisions for the greater good.

Social Security is a system that affects everyone. Even if your parents or grandparents are not receiving benefits directly, there is a good chance they have paid taxes into the system, or you know someone who is highly reliant on the system. Not to mention the fact that the program keeps millions of seniors out of poverty and

creates a more stable economy. As politically engaged young people, it is crucial to start thinking of the solutions behind the problems plaguing Social Security, because it will likely fall on you to implement them. Fixing Social Security will require bold leaders who are not afraid of special interests and losing an election, in order to reimagine the system and modernize it. This briefing is just a starting point for the innovative solutions that are out there, that can be combined to chart a new path forward for a system that has become a part of the American promise for nearly 100 years.

GUIDE TO FURTHER RESEARCH

Apart from this briefing, there is a lot of outside information on Social Security. This program has been around for decades, and the problems it is experiencing are not new. As a result, there have been a plethora of studies and policy solutions put forth on this topic. Many think tanks, such as the Brookings Institute have good resources on potential Social Security reforms. Also, looking at some of the history and reading reports from the Social Security Administration website might be helpful, but this briefing should provide more than enough information to understand the complexities of the issue and potential solutions to propose.

When looking for further information, it would be helpful to examine what have been some of the holdups on potential solutions in the past. There are clearly lots of fixes to choose from, but only a few of the factors behind why those fixes have not been implemented have been explained in the briefing. Look deeper into the pressures surrounding your member of Congress in order to determine why they may or may not support certain reforms that are sure to be discussed.

GLOSSARY

Insolvent- the state of being unable to pay debts that are owed

Section 218 agreements - state agreements with the Social Security Administration allowing state and local government employees to receive Social Security benefits

Earnings Cap - the maximum amount of income that is able to be included under the Social Security payroll tax

Privatization - a plan where workers pay into their own private retirement accounts instead of paying into the government system

Means-testing. - a way of looking at an individual's income to determine if they should receive reduced Social Security benefits

Cost-of-living Adjustments - increases in Social Security payments that track inflation and the price of common goods

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