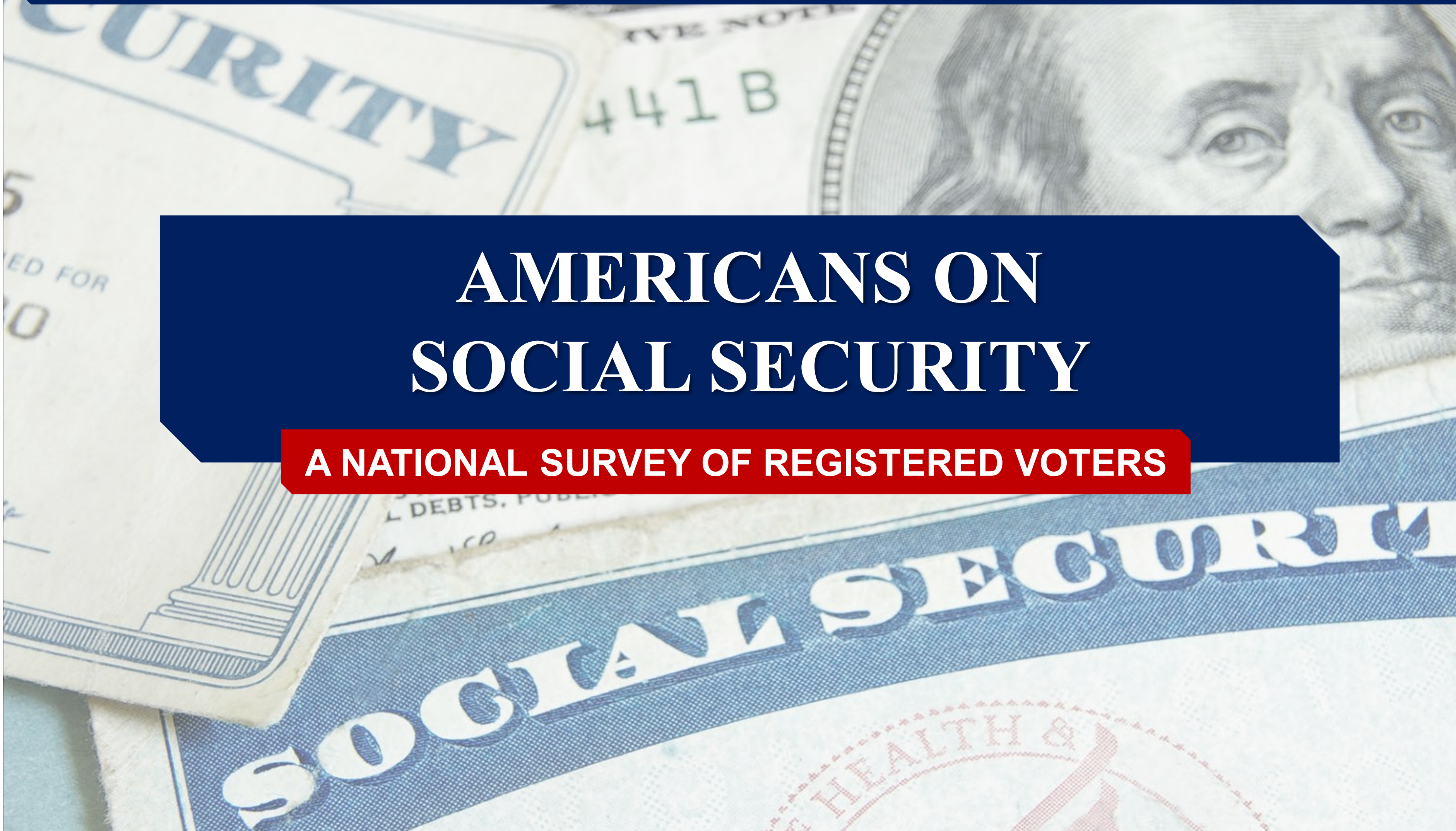
PROGRAM FOR PUBLIC CONSULTATION
SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND



AMERICANS ON SOCIAL SECURITY

A NATIONAL SURVEY OF REGISTERED VOTERS

JUNE 2022

Initial Briefing

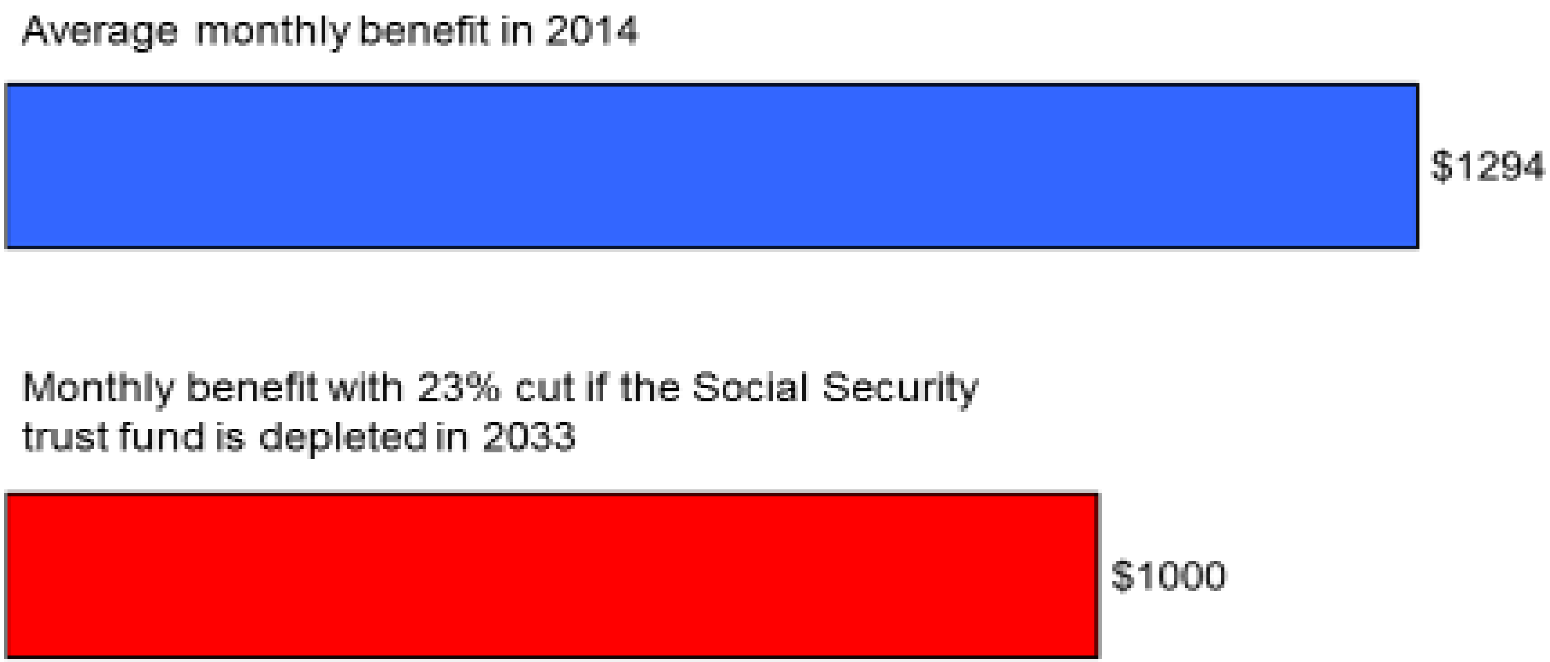
General Briefing on Social Security

- Background and basics of program
  - Amount of benefits
  - Progressivity of benefits

Briefing on Social Security Shortfall

- Time frame and magnitude
- Causes: Changing worker-retiree ratio,
  - Americans living longer
  - Seniors as a larger share of population

Impact of Shortfall if No Action is Taken: Seniors' Monthly Benefit



Design

- Options explained, including effect on shortfall
- Evaluate Pro and Con arguments
- Make initial assessment of acceptability (0-10 scale)
- Finally, all options presented in one spread sheet
- Respondent makes final recommendations, with constant feedback about impact on shortfall

Fielding

Sample Provided by: Nielsen Scarborough

Field Dates: April 11 – May 15, 2022

Sample Size: 2,545 Registered Voters

Margin of Error: +/- 1.9%

ADDRESSING THE SHORTFALL

-Reducing Benefits-

Reducing Benefits
-For High Earners-

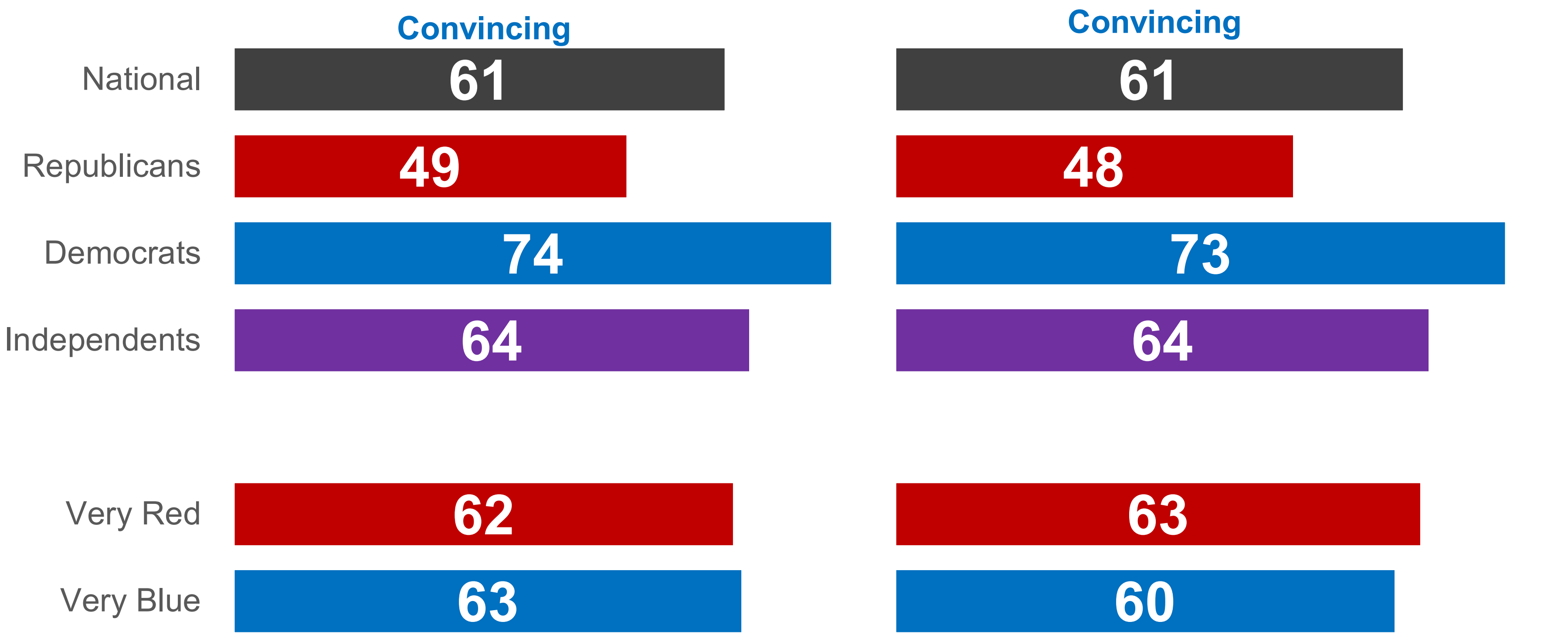
One option -- for new retirees only -- is to gradually lower benefits for people who had higher earnings. Their benefits would still be higher than for people who had lower earnings, but their benefits would be less than people in that income group are currently scheduled to receive.

Reducing Benefits for High Earners

ARGUMENTS IN FAVOR

Wealthier retirees have other ways to fund their retirement, but their benefits are higher than other people. This gap should be reduced so their benefits are more like others.

The purpose of Social Security is to ensure that older or disabled Americans don't fall into poverty. It makes no sense that wealthier people receive higher benefits than people with lesser incomes.

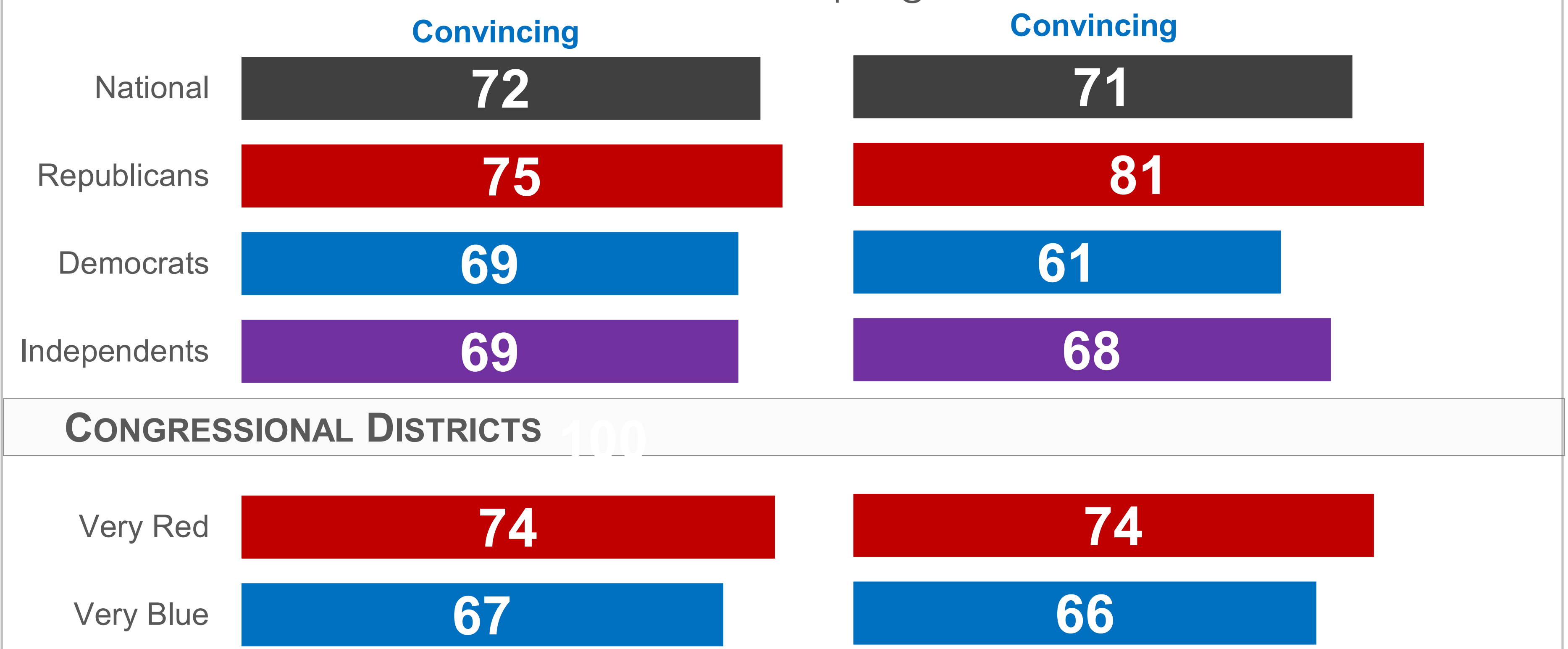


Reducing Benefits for High Earners

ARGUMENTS AGAINST

Reducing benefits based on income would end up hurting some in the middle class, particularly those who live in areas with a higher cost of living.

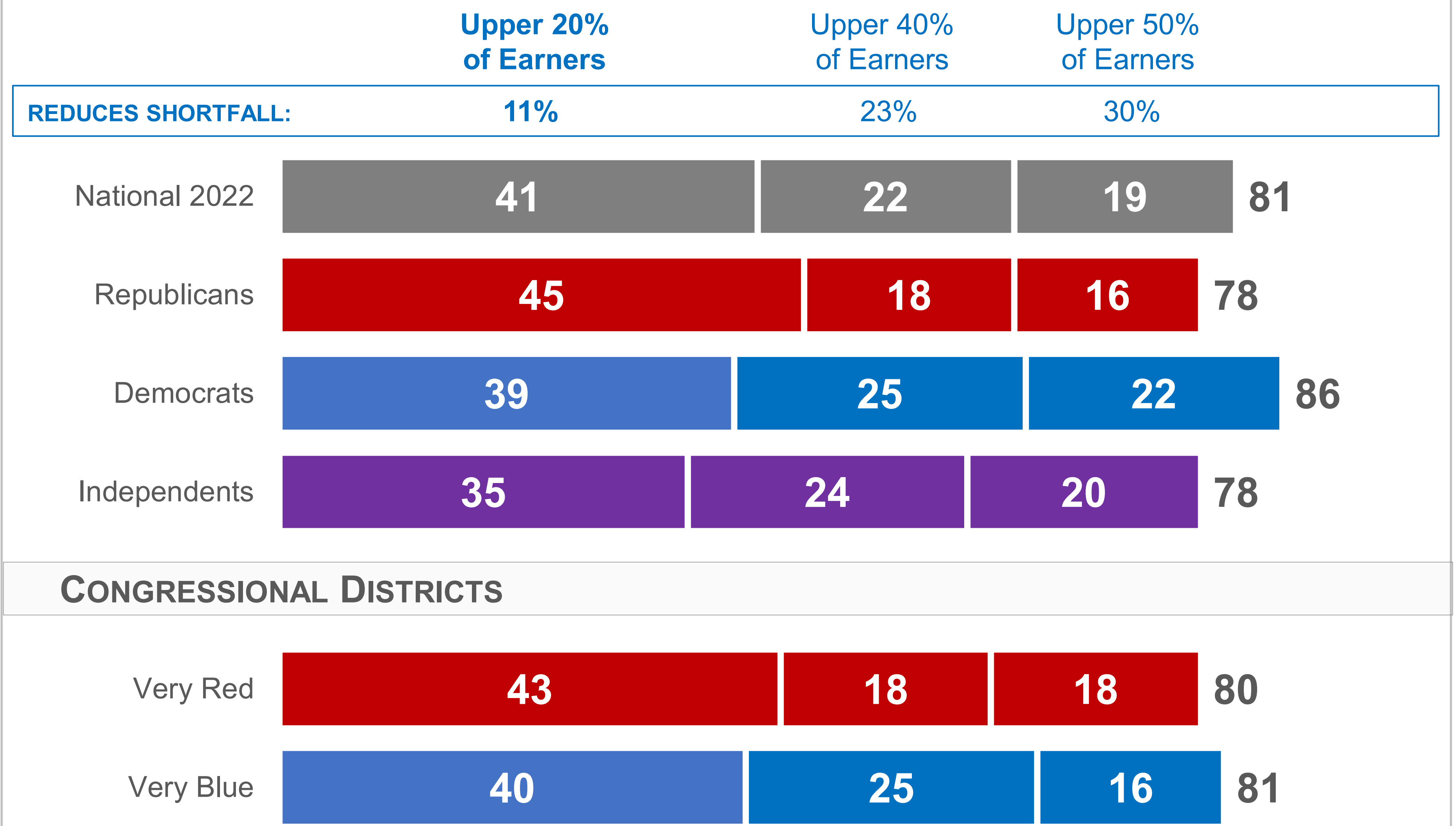
Workers paid taxes on the promise they'd get this money back in the form of benefits. Reducing benefits violates this understanding and changes Social Security to a welfare program.



Reducing Monthly Benefits of Those with Higher Lifetime Earnings

FINAL RECOMMENDATION

Reduce monthly benefits for…



Reducing Benefits
-Raise Retirement Age-

Currently, the full retirement age is 66 years. According to current law, it is scheduled to gradually rise until it reaches 67 by the year 2027 and then will stop rising. This has no effect on those already receiving Social Security. It does affect those born in 1960 or later.

Option: Reduce benefits by raising the full retirement age, which would reduce the total amount of benefits people would receive over their lifetime.

Raising Full Retirement Age

ARGUMENTS IN FAVOR

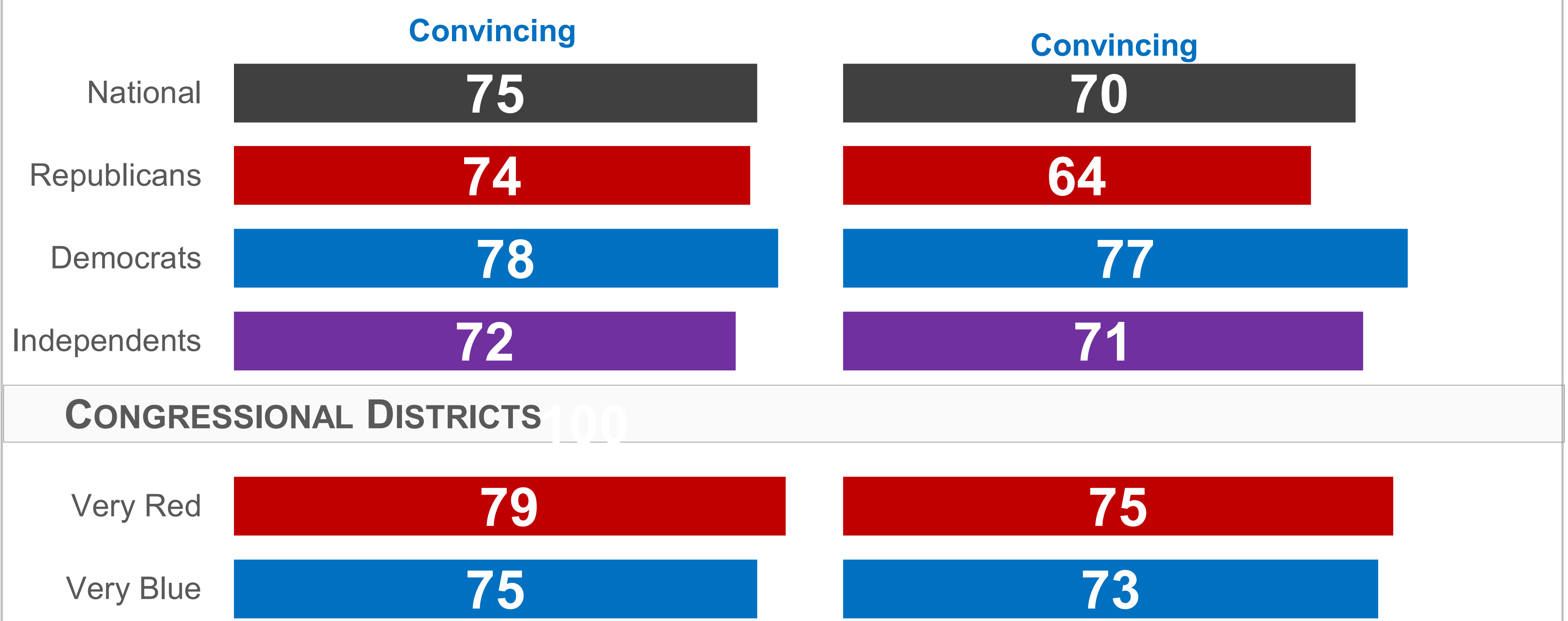
	The number of retirees receiving benefits is growing while the number of workers who contribute to Social Security is shrinking. It is not affordable for people to retire as early as they have.	People at 66 are healthier than in the past and most work is less physically demanding, so people can work longer before retiring.
	Convincing	Convincing
National	53	53
Republicans	54	55
Democrats	53	53
Independents	50	49
Congressional Districts		
Very Red	56	54
Very Blue	52	49

Raising Full Retirement Age

ARGUMENTS AGAINST

Raising the retirement age is unfair because many workers in their 60s still hold physically demanding jobs.

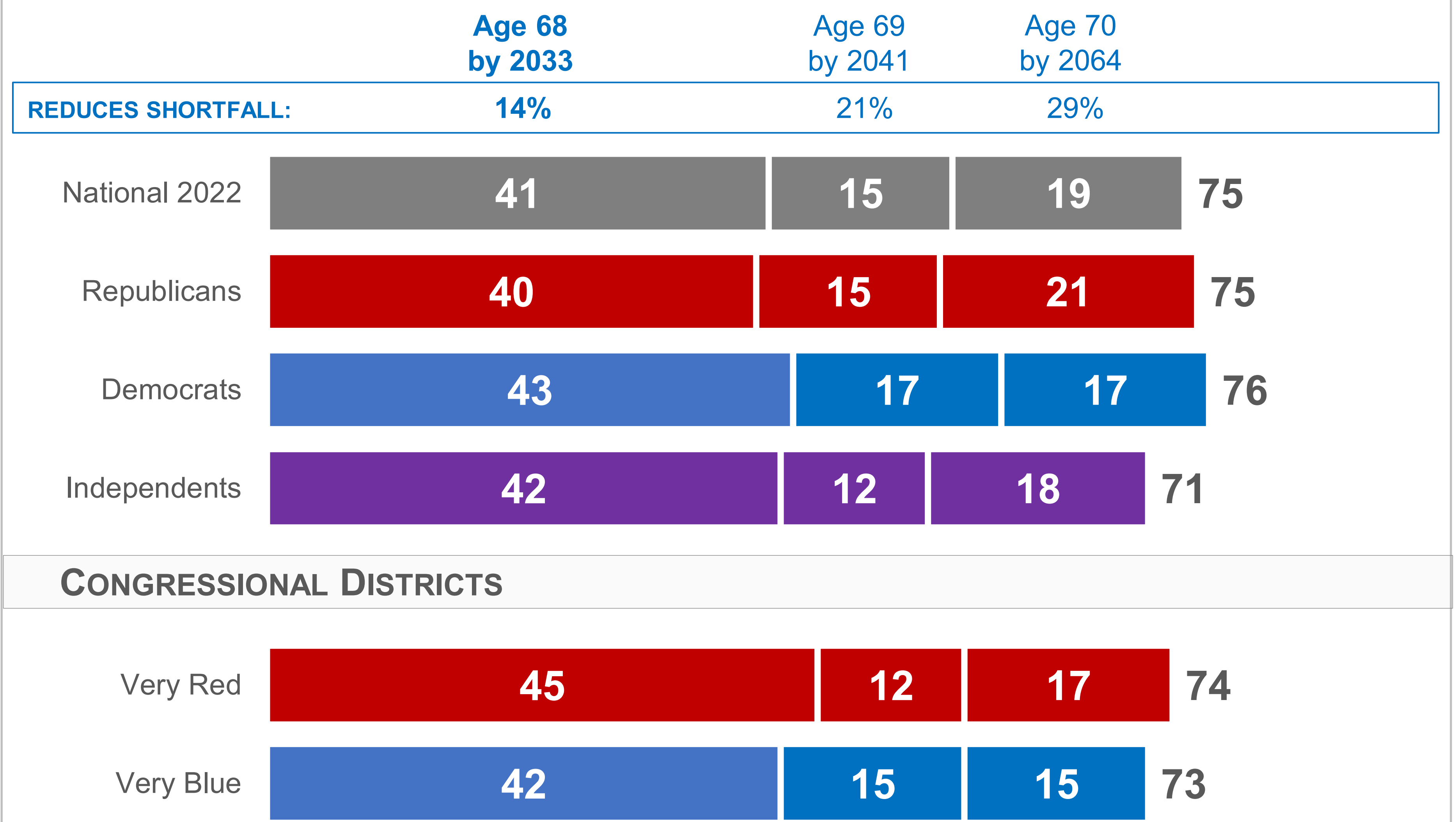
Raising the retirement age is a benefit cut by another name. Lower income people and minorities don't live as long on average, so they draw fewer benefits over their lifetime.



Raising the Full Retirement Age

FINAL RECOMMENDATION

Gradually raise the full retirement age to…



Increasing Revenues

Increasing Revenue
-Subject Wages Over $400k to Payroll Tax-

Currently, the amount of wages subject to the Social Security payroll tax capped at $147,000 per year.

Option: Make all wages over $400,000 taxable as well, effective immediately. This would not include income from dividends or capital gains.

Reduces the Social Security shortfall by 61%.

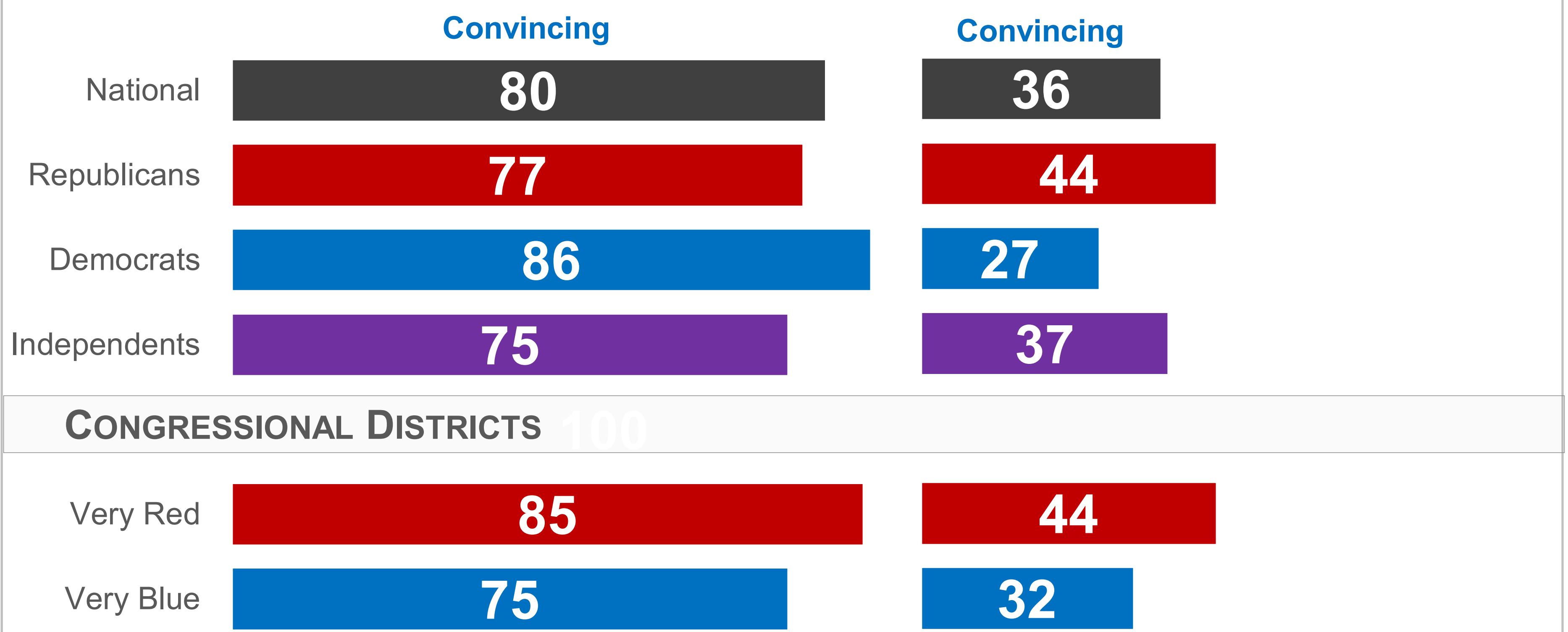
Subject Wages Over $400k to Payroll Tax

ARGUMENT IN FAVOR

The incomes of the wealthy have been growing, while the incomes of the middle class have been stagnating. The wealthy should pay the payroll tax all year (like everybody else), not just the first part of the year.

ARGUMENT AGAINST

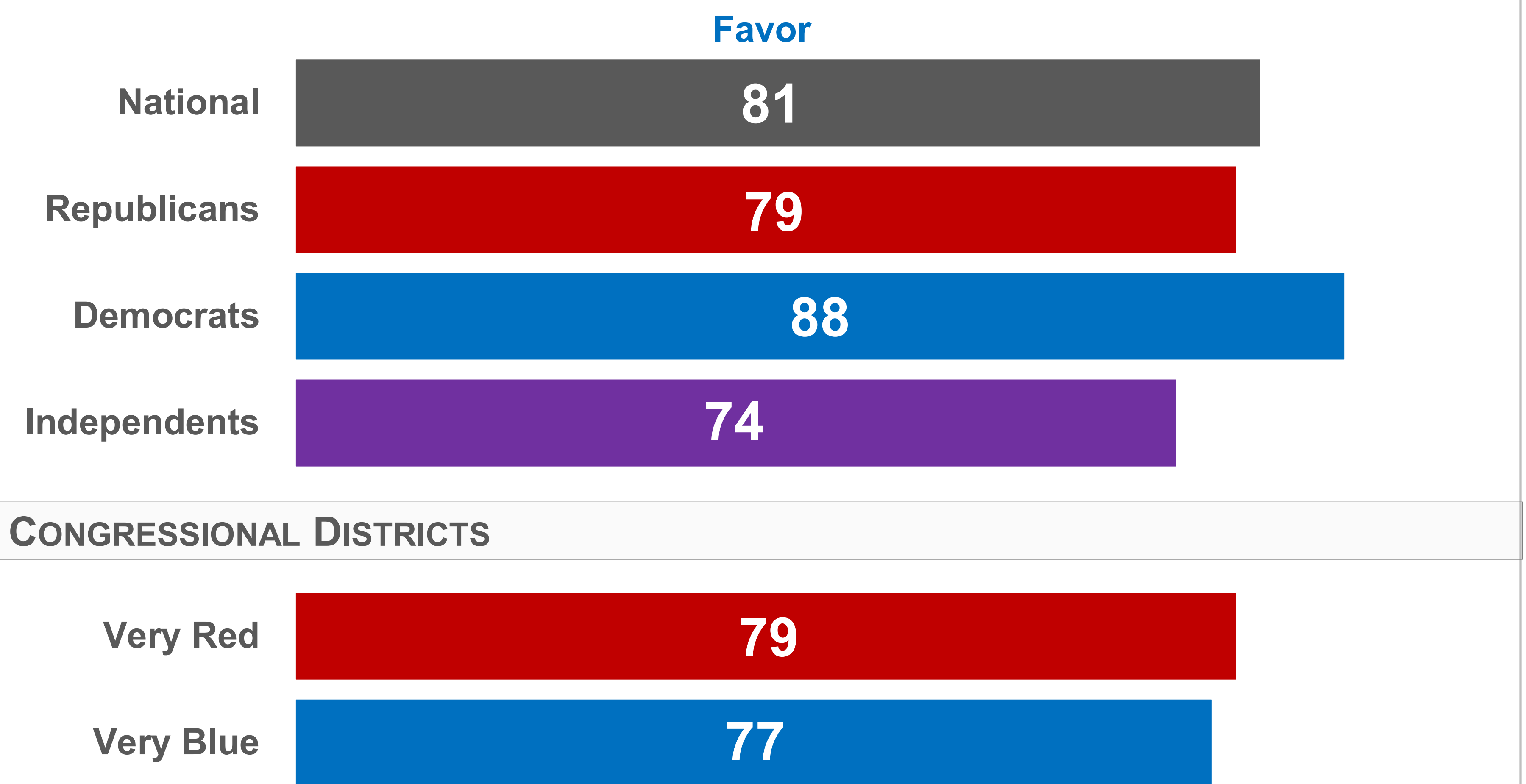
Higher taxes will discourage high income earners from working and encourage tax evasion. They will also have less money to invest that create jobs and promote economic activity, hurting the economy.



Subject Wages Over $400k to Payroll Tax

FINAL RECOMMENDATION

All wages above $400,000 would be subject to the payroll tax (but not income from dividends or capital gains), covering 61% of the shortfall.



Increasing Revenue
-Raise SS Payroll Tax Rate-

At present both workers and employers pay a tax of 6.2% on the amount of an employee's salary and wages.
Self-employed people pay both the employer and employee share.

Option: Gradually raise the payroll tax rate .

Increasing SS Payroll Tax Rate

ARGUMENT IN FAVOR

Paying a little more now will shore up Social Security and make all Americans more secure later. It's also appropriate for employers to make slightly higher contributions to their employees' retirement, since fewer offer pensions.

ARGUMENT AGAINST

Raising the tax rate is bad for employees, leaving them with less to spend and save for retirement. It's also bad for employers because it increases their costs, leading them to cut employees and create new jobs.

	Argument in Favor: Convincing	Argument Against: Convincing
National	67	70
Republicans	62	73
Democrats	74	67
Independents	65	73

CONGRESSIONAL DISTRICTS

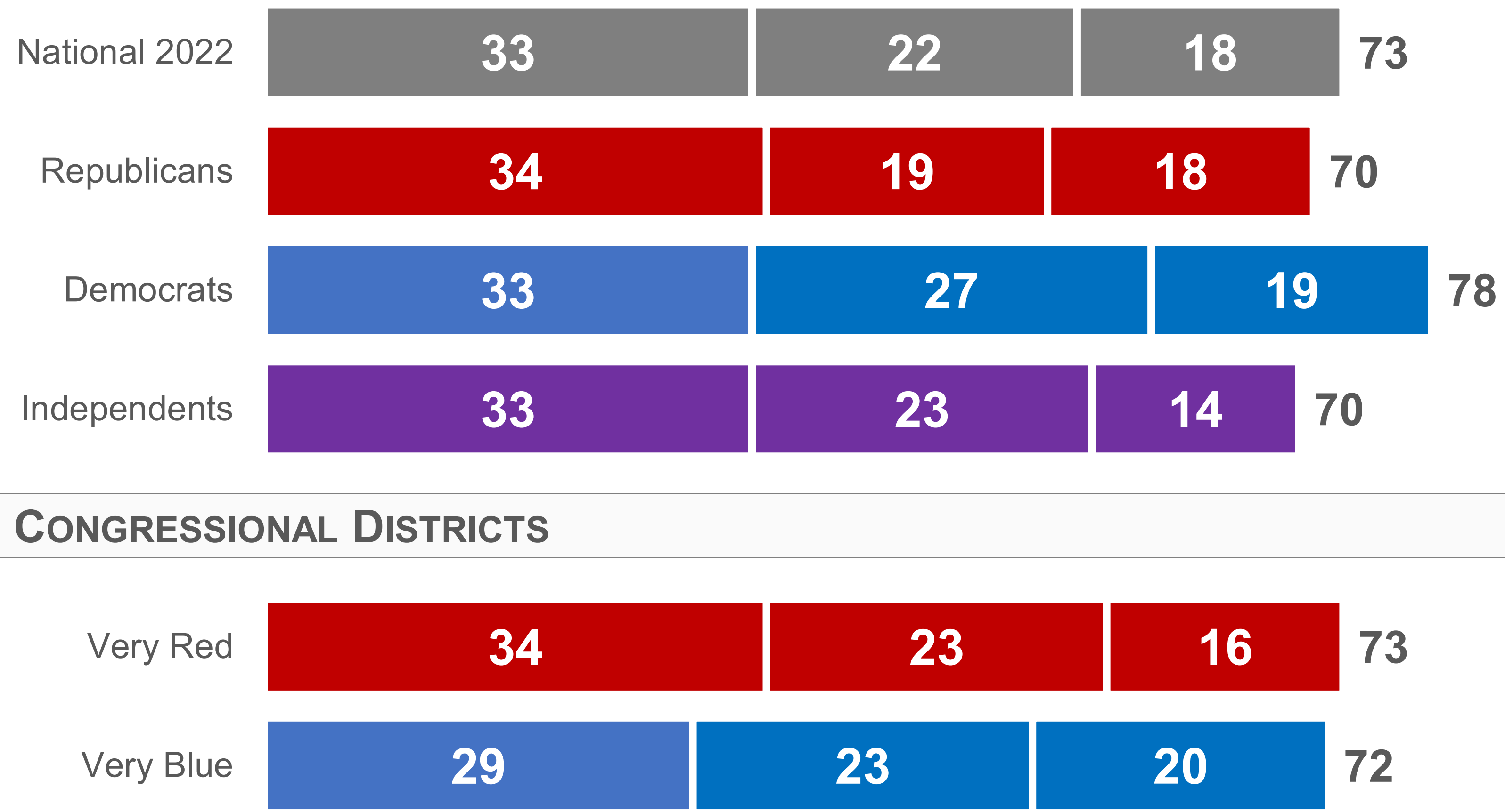
	Argument in Favor: Convincing	Argument Against: Convincing
Very Red	71	78
Very Blue	66	62

Increasing SS Payroll Tax Rate

FINAL RECOMMENDATION

Increase the payroll tax rate from 6.2% to…

	Up to 6.5% over 6 years	Up to 6.9% over 14 years	Up to 7.2% over 20 years
REDUCES SHORTFALL:	**16%**	30%	43%



INCREASING BENEFITS

Increasing Benefits
-Increase Minimum Monthly Benefit-

Currently, the minimum Social Security benefit for someone who has worked 30 years or more is about $951 a month

Option: Raise the minimum benefit to $1,341 a month. This amount would continue to rise with inflation, but would always be 125% of the official poverty line.

Increases the Social Security shortfall by 7%.

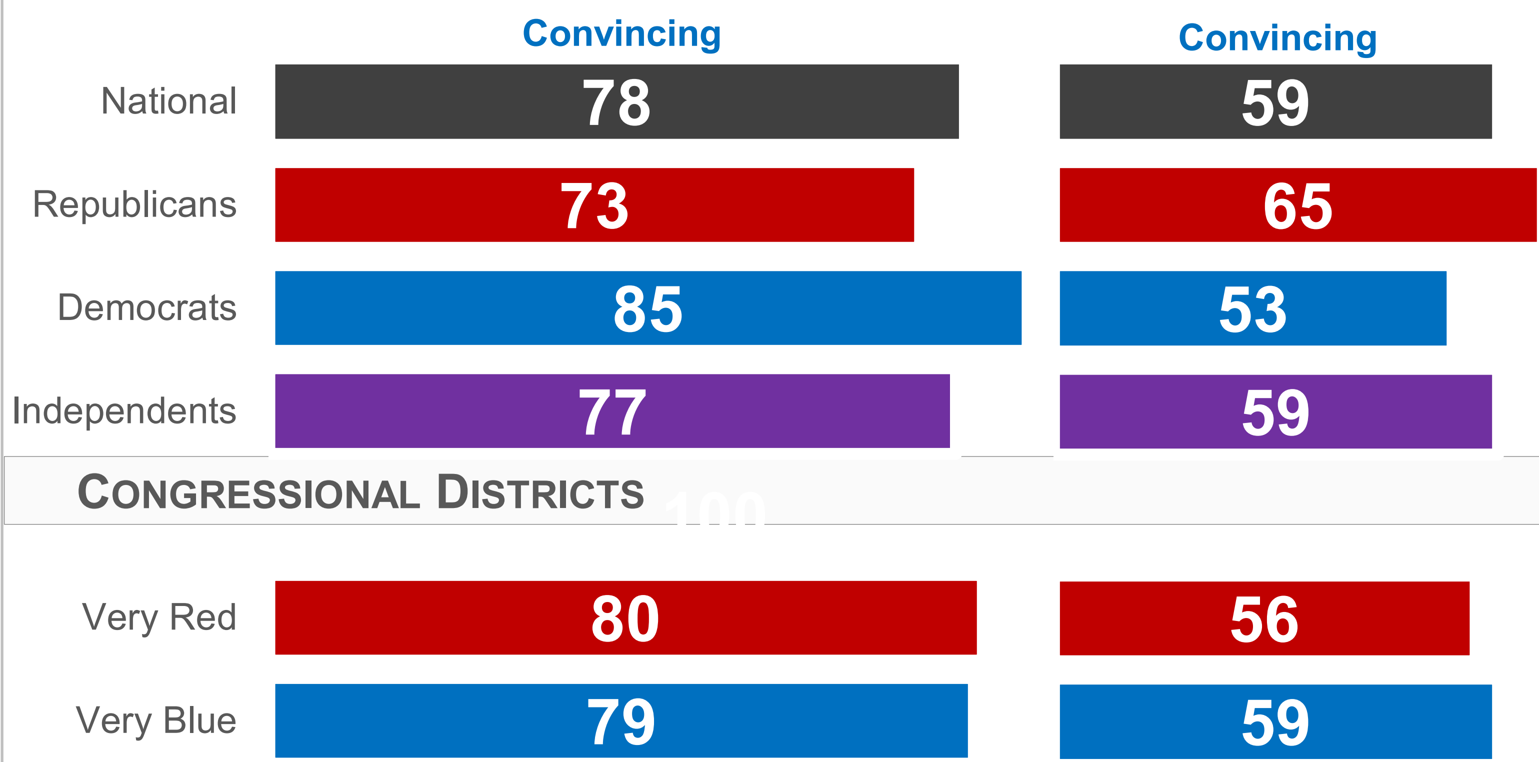
Raising Minimum Benefit

ARGUMENT IN FAVOR

The current minimum benefit is below the poverty line. If you work for 30 years and pay your Social Security taxes, your benefits should assure that you can retire and not live in poverty.

ARGUMENT AGAINST

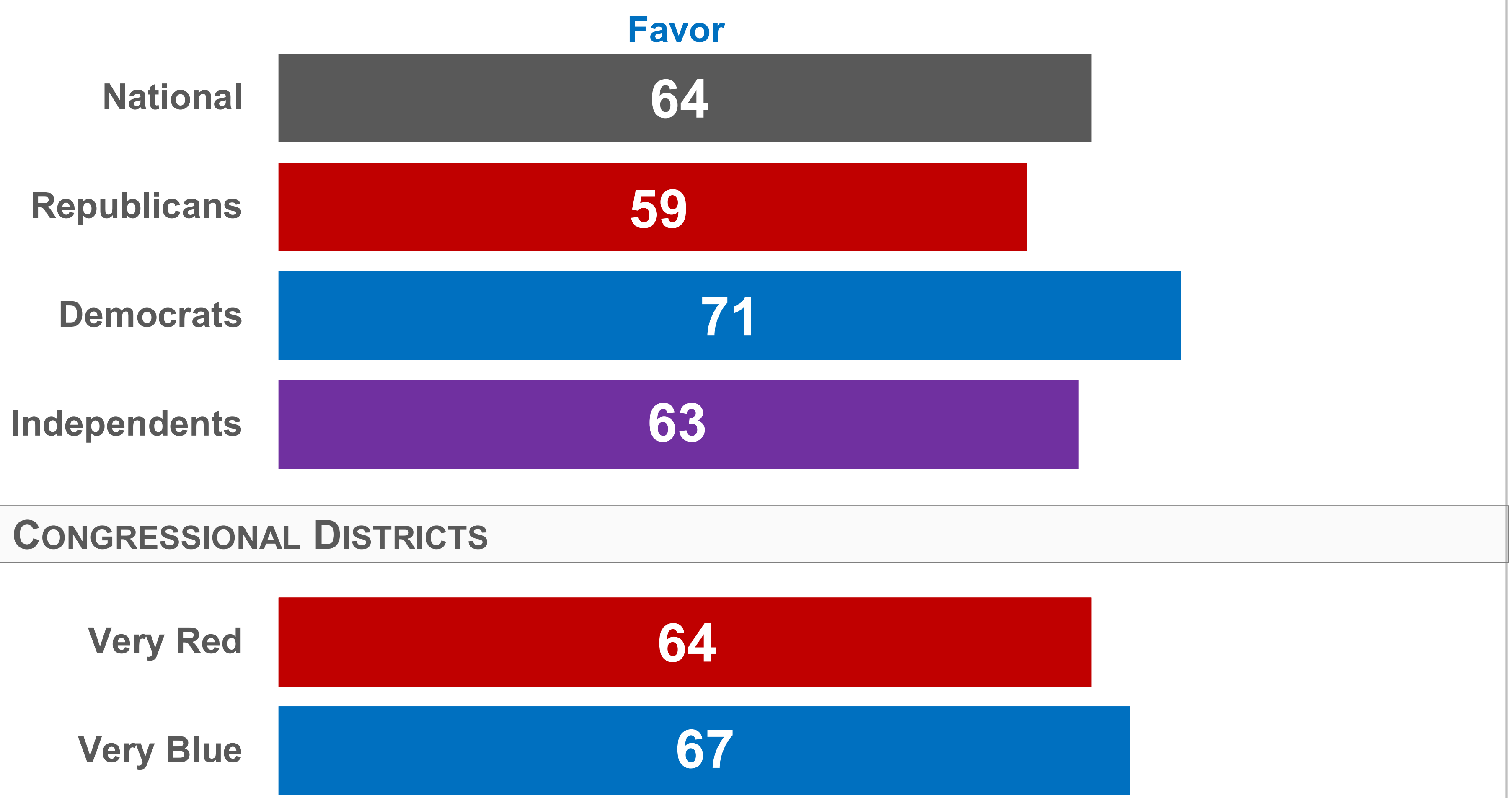
The shortfall should be solved first and only then should we consider raising the minimum benefit.



Raising Minimum Benefit

FINAL RECOMMENDATION

Raise the minimum monthly benefit for those who have worked 30 years or more from $951 to $1,341 (increases shortfall by 7%)



Increasing Benefits
-Supplementing Benefits for Oldest-

Option: Gradually increase benefits starting at age 81.

By age 85 the increase would be an extra 5%.

Increases Social Security shortfall by 5%.

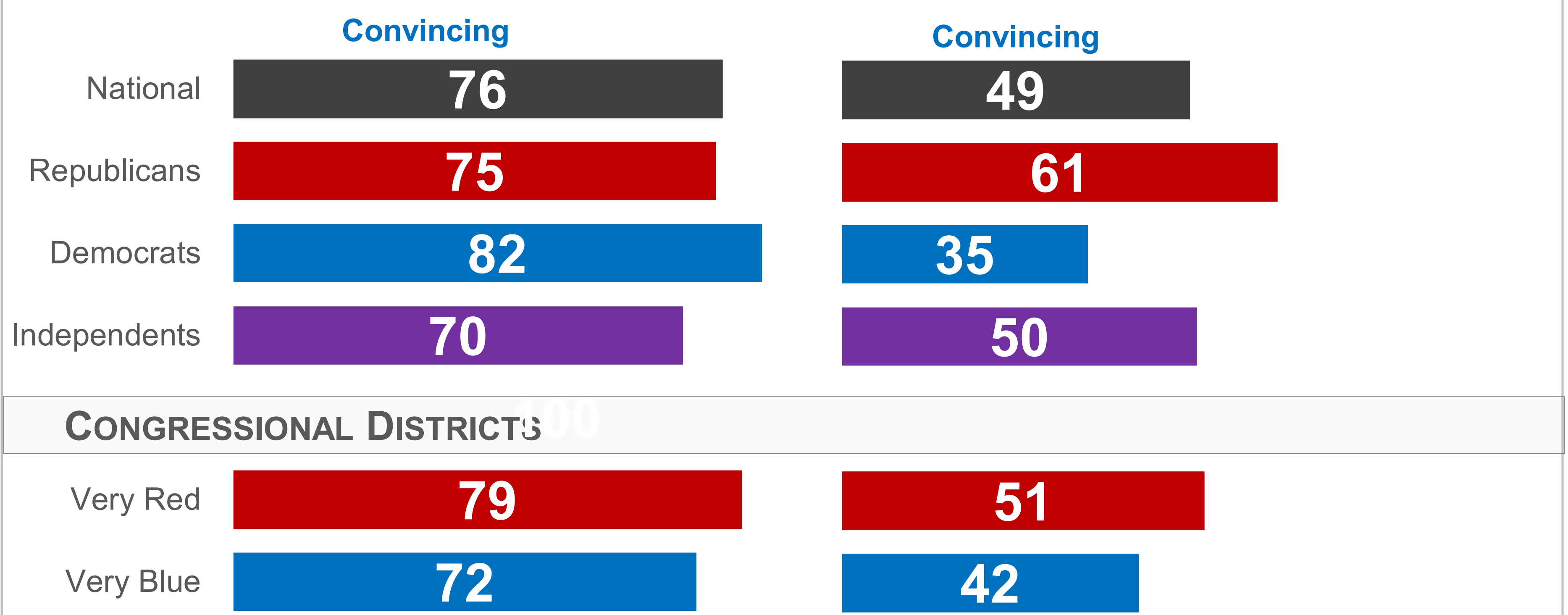
Supplementing Benefits for the Oldest

ARGUMENT IN FAVOR

Many people in their 80s have exhausted their savings and often need special services to help them cope with living.

ARGUMENT AGAINST

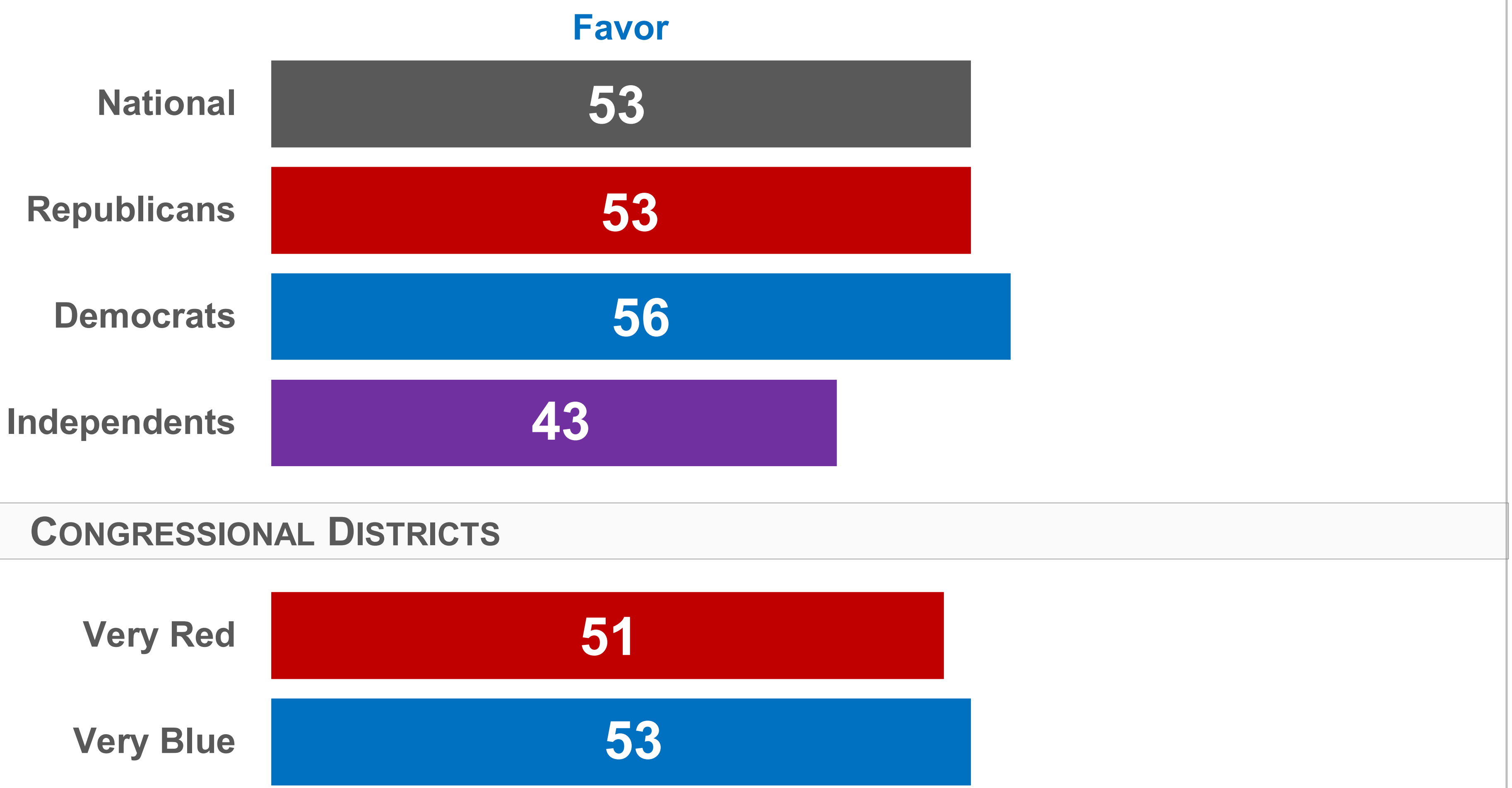
This idea is another example of thinking that people shouldn't be considered responsible for their own financial needs. This will discourage people from saving.



Raising Benefits for the Oldest

FINAL RECOMMENDATION

Increase benefits of those 85 and over by 5%, or about $97 a month
(increases shortfall by 5%)



Increasing Benefits
-Cost of Living Adjustments (COLA)-

Option: Use a measure for inflation based on a set of goods elderly people tend to buy.

After 30 years average monthly benefits would be about $261 more than by the current method.

Increases the Social Security shortfall by 12%.

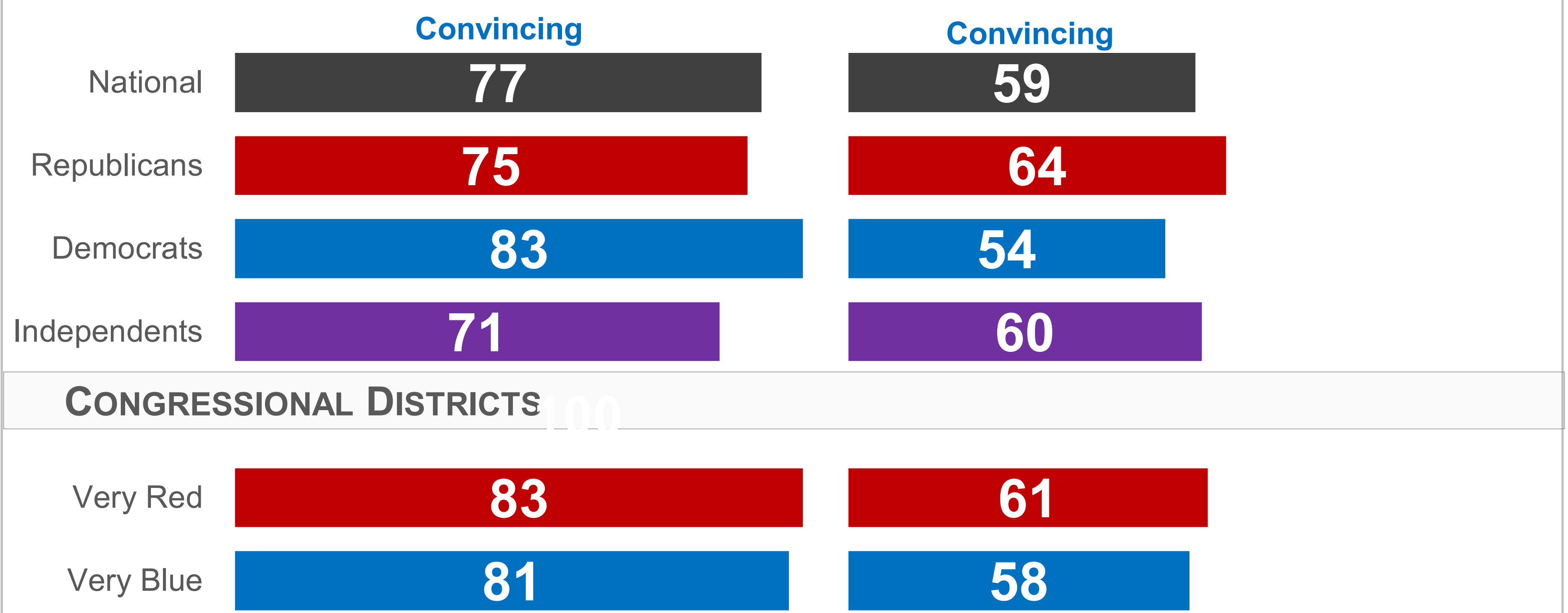
Cost of Living Adjustments (COLAs)

ARGUMENT IN FAVOR

The current system for calculating inflation doesn't reflect what seniors actually buy, thus reducing their purchasing power.

ARGUMENT AGAINST

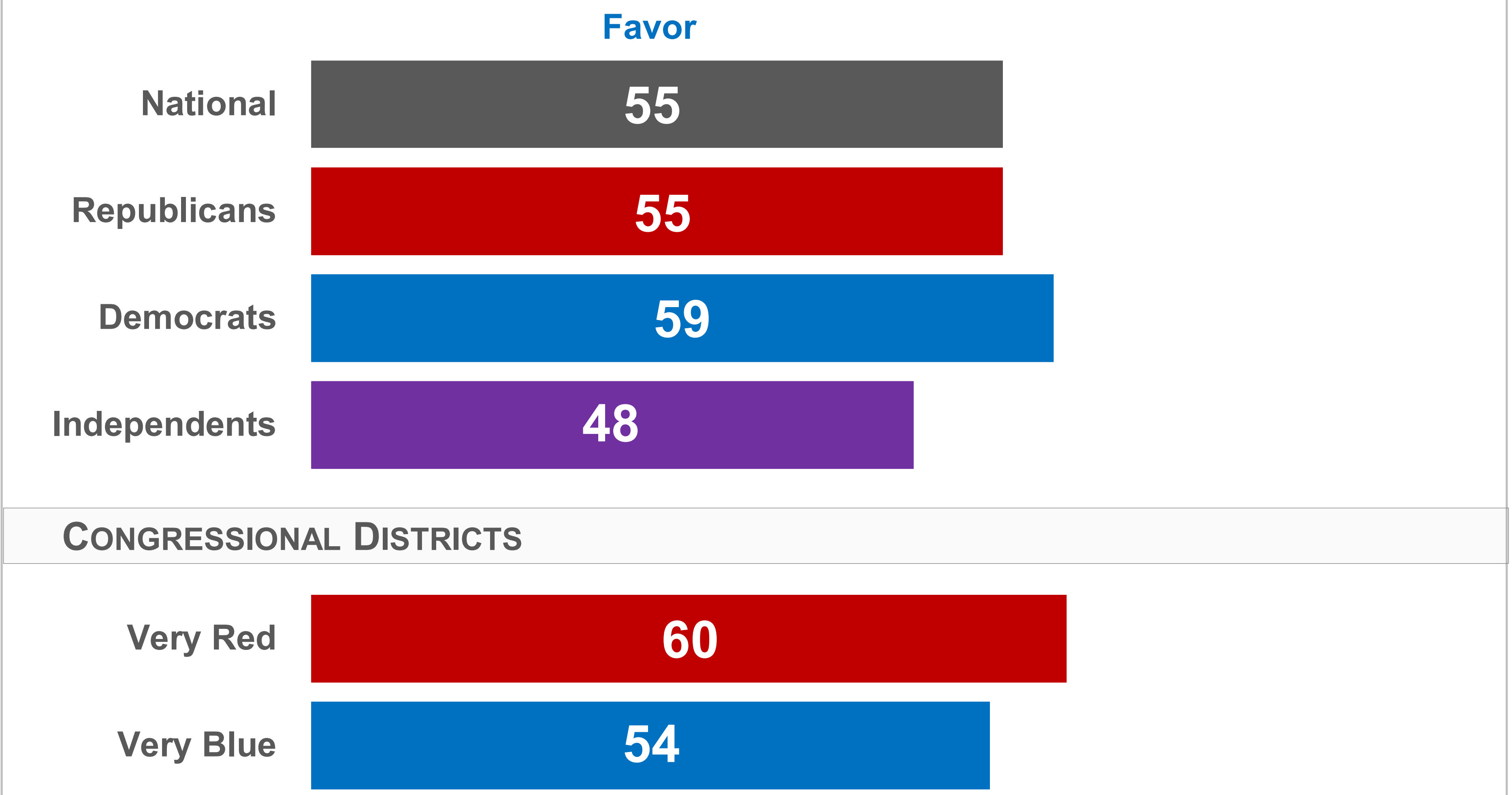
People come up with many reasons why certain groups should get higher benefits. We must think of ways to reduce the shortfall, not increase COLAs.



Base COLAs on Goods that Older Adults Tend to Buy

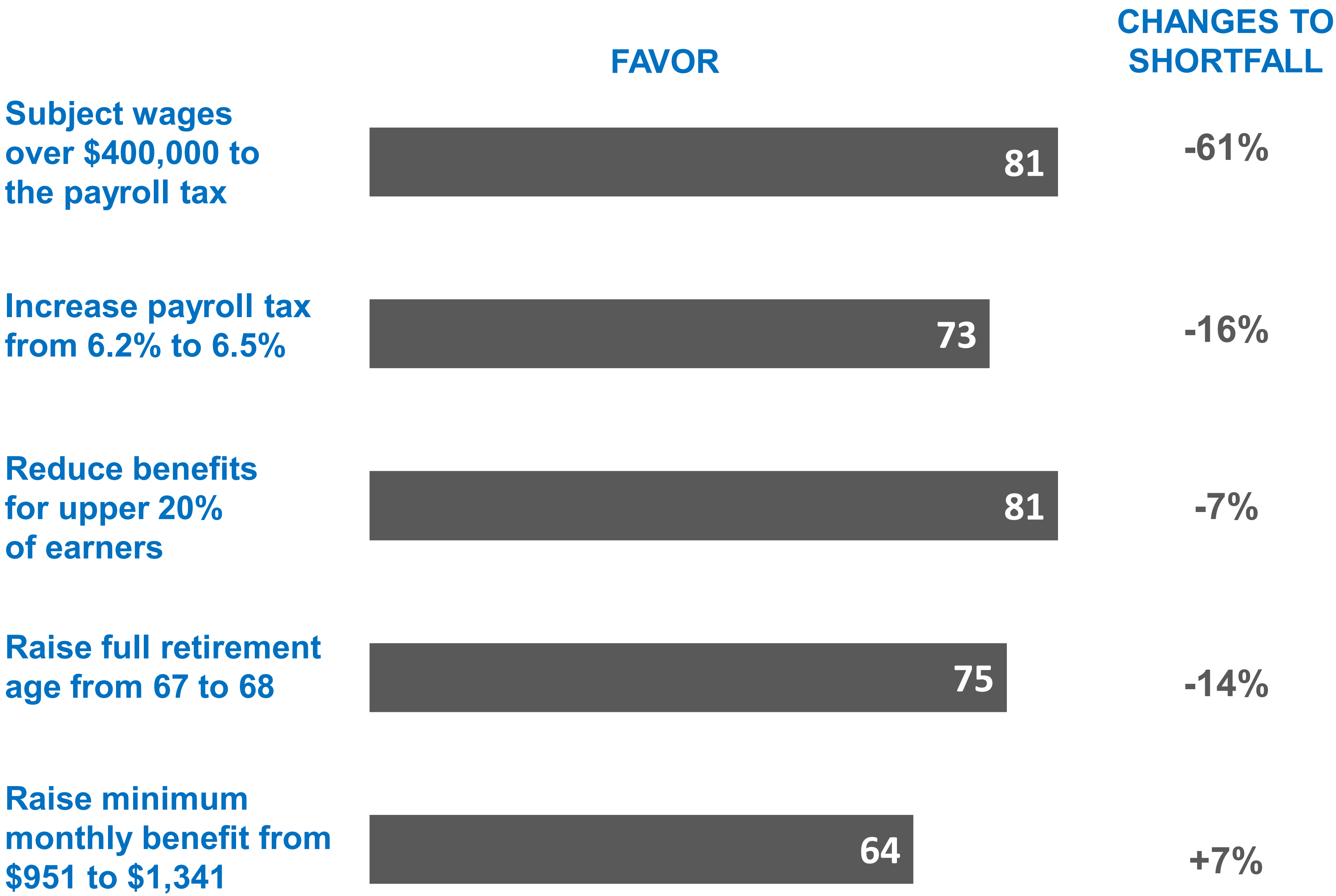
FINAL RECOMMENDATION

Base annual COLAs on the inflation rate for a set of goods that reflect what older adults tend to buy (increases shortfall by 12%)



FINAL RECOMMENDATIONS

Recommendations Endorsed by Large Majorities: Covers 95% of Shortfall



Recommendations Endorsed by Modest Majorities

	FAVOR	CHANGES TO SHORTFALL
Calculate COLAs based on goods and services older adults tend to buy	53	+5%
Raise benefits for those 80+ by 5%	55	+12%