



July 29, 2013

August Recess Legislator Meeting Fact Sheet: Social Security

What is Social Security?

- The Social Security program provides cash benefits to retirees, the disabled, as well as spouses and dependents of deceased workers.

Key Facts

- **How Social Security Is Funded:** Social Security is funded with a special payroll tax that comes directly out of your paycheck. Workers paying into the Social Security program directly finance Social Security benefits for current beneficiaries.
- **Social Security Is Not Going Broke:** Social Security does not face an urgent crisis. With no changes at all, **the Social Security program can pay all scheduled benefits through 2033, after which time it can pay 75 percent of scheduled benefits through 2086.**ⁱ
- **Promising Proposals:** A few administrative changes would extend Social Security's full financial solvency long past 2033. Lawmakers can adjust retirement benefits so wealthy retirees receive smaller cash payments,ⁱⁱ or delay wealthy retirees' eligibility by a few months past their 65th birthday. Lawmakers also have the option of raising or eliminating what's called the "taxable maximum." Currently workers pay Social Security taxes up to a maximum level of \$113,700 in wage income, but lawmakers can lift that maximum to raise substantial additional revenue for the program.ⁱⁱⁱ
- **Public Opinion:** Eighty-eight percent of Americans want Washington to take major steps to secure the long-term stability of Social Security, according to Gallup polling.
- **What's Happening Now:** President Obama and Republicans in Congress have discussed the possibility of "entitlement reform" as part of a deal to raise the debt ceiling this fall. (The debt ceiling is the legal limit Congress places on its own borrowing.) Cuts to Social Security benefits could be included as part of such a deal; the president in the past has proposed slowing cost-of-living adjustments for Social Security beneficiaries, a proposal known as "chained CPI," which is equivalent to a reduction in future benefits for retirees and the disabled.

What Americans Say:

"Only having one source of income which is [Social Security disability], [the benefits] don't hinder me from wanting to improve my life... people think people on social programs are lazy. Well, I'm proof that I am trying to do something. I'm going to college, trying to better myself through a work program."
– Sharron (Northampton, MA)

"Give younger people the option if they want to set up their own retirement fund. Perhaps they don't want in to Social Security."
– Pat (Stuart, FL)

What to Ask Your Legislator:

What changes would you support to extend the financial solvency of Social Security? Why has Congress been slow to take up such changes?

For More on the County-Level Impact of Social Security: bit.ly/2011socialsecuritybycounty

ⁱ [Social Security Trustees Report](#) 2012, pages 10-11.

ⁱⁱ National Commission on Fiscal Responsibility and Reform, [final report](#), December 2010, page 49.

ⁱⁱⁱ Congressional Budget Office, "[Reducing the Deficit: Spending and Revenue Options](#)," March 2011, page 169.