

Voter Guide 2014: Social Security

National Priorities Project examines issues related to the federal budget in time for the 2014 election.

What is Social Security?

Social Security is a social insurance program that workers and employers pay into through payroll taxes. Preserving and strengthening Social Security is critical to ensure retirement security for all Americans. It provides eligible workers, as well as their spouses and dependents, with benefits if they lose income due to retirement, disability, or death. Workers and employers each pay 6.2 percent of a worker's wages (up to an earnings cap, which is \$117,000 in 2014) into the program. Funds pay benefits for current recipients, and extra funds remain in the trust until they are needed.

Social Security is funded through mandatory spending in the federal budget, which means that the amount spent depends entirely on how many people are eligible to receive benefits, and how much they are qualified to receive. This makes benefits much more reliable (and expenditures more predictable) than if they were subject to annual appropriations decisions by Congress.

The Importance of Social Security Benefits

- Social Security is a source of income for 1 in 4 households in the U.S., providing benefits to more than 59 million people this year.¹
- Social Security recipients include retirees and spouses and dependents of retired workers (71 percent of beneficiaries), survivors (including children) of deceased workers (10 percent), and recipients of disability insurance (19 percent).
- Average Social Security disability benefits are about \$1,145 per month, or \$13,740 annually.
- Average Social Security retirement benefits are about \$1,300 per month, or \$15,600 annually.² Fifty-two percent of elderly married couples and 74 percent of unmarried elderly individuals receive at least half of their income from Social Security.³

What Americans Say

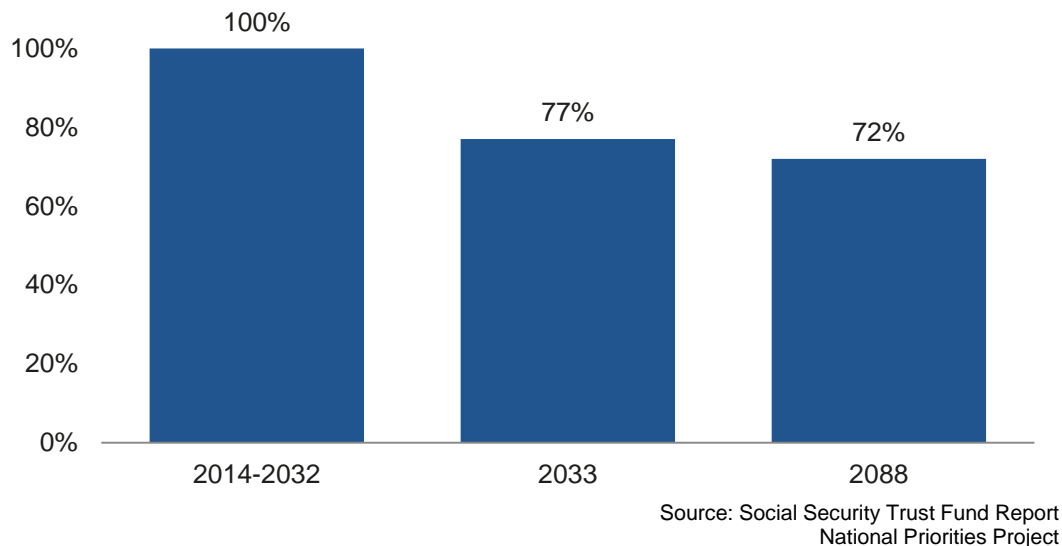
"I was the first generation of my family to go to college, thanks to Social Security Survivors benefits."

-Terry, Albuquerque, NM

Social Security Is Not Going Broke

- While projections show that Social Security will eventually need more money in order to pay benefits at their current level, it does not face an urgent funding crisis and is not contributing to the nation's deficit or debt.⁴

Percent of Social Security Benefits Funded Under Current Law



- Workers paying into the Social Security program directly finance benefits for current beneficiaries, and there are currently 2.8 workers for every beneficiary.⁵
- In 2014, Social Security had a substantial trust fund of \$2.8 trillion. Between the trust fund, which has been built over decades, and incoming payroll taxes, Social Security is expected to be able to pay 100 percent of benefits until 2032 with no changes to the program. By 2033, if lawmakers haven't made changes, Social Security could pay out 77 percent of benefits, by 2088 Social Security could pay 72 percent of benefits.⁶
- In order to fully secure the program's financial outlook for the long term, Congress must enact program cuts, raise revenues, or some combination of the two.

Public Opinion

Polling shows that Americans think Social Security should be a top priority for the president and Congress this year.⁷ Americans overwhelmingly oppose Social Security cuts and are willing to pay more in order to prevent them. As many as 87 percent of Americans want to maintain or increase Social Security spending⁸ and many want to do so by raising payroll taxes and raising or eliminating the earnings cap.⁹

What Can Be Done to Ensure Social Security's Long-Term Future?

Each year, Congressional lawmakers propose several options to improve Social Security's long-term outlook. Recent proposals include:

- Raising more revenues to fund Social Security
 - Allow wages above \$117,000 to be subject to the Social Security payroll tax
 - Raise the current payroll tax rate of 6.2 percent for employees and employers

- Reducing Social Security benefits
 - Social Security benefits are adjusted annually used the consumer price index (CPI) in order to keep up with inflation. One proposal is to switch to a different measure of inflation, known as the “chained CPI,” which would make inflation increases smaller than under current law.
 - Raise the retirement age. Retirees can currently claim benefits starting at age 62, though retirees who can wait longer receive higher benefits.
 - Give lower benefits to retirees who had higher earnings and more savings (known as means testing)

What to Ask Your Congressional Candidates

- Do you believe Social Security reform is necessary? If so, what changes would you support, and when?

More on Social Security and Social Insurance Programs: bit.ly/NPPsocialinsurance

¹ Social Security Administration [Fact Sheet](#).

² Social Security Administration, [Number of Social Security Recipients at the End of July 2014](#).

³ Social Security Administration [Fact Sheet](#).

⁴ [Social Security Trustees Report](#) 2014.

⁵ Social Security Administration [Fact Sheet](#).

⁶ [Social Security Trustees Report](#) 2014.

⁷ Pew Research Center [poll](#), conducted January 15-19, 2014.

⁸ Pew Research Center [poll](#), conducted February 13-18, 2013.

⁹ National Academy of Social Insurance, [Strengthening Social Security: What Do Americans Want?](#), 2013.