Social Security is an “entitlement.”

Social Security is not an entitlement; it is an earned benefit. Americans earn their Social Security benefits by working and contributing to the program throughout their working lives. Not just a retirement program, Social Security also provides a modest guaranteed income to families when the breadwinner can no longer stay in the workforce due to disability or death. One-fourth of Social Security’s benefits today go to people with disabilities, survivors of deceased workers and their families. Social Security lasts a lifetime and provides a modest Cost-of-Living Adjustment to help keep up with inflation.

Social Security will soon go bankrupt.

This is not true. If Congress does nothing — makes no changes at all — Social Security is projected to deliver full guaranteed benefits until at least 2033. Even after 2033, again without any changes, Social Security will be able to pay about 77% of promised benefits out of the payroll contributions that will continue coming into the system.

Social Security has paid benefits in full and on time since its creation 79 years ago. If Congress enacts modest changes, Social Security will be able to meet 100% of its benefit obligations indefinitely. As one of the most
Successful government programs ever, the administrative costs to run it—less than 0.8% of contributions—are far below what Wall Street would ever charge investors for private retirement accounts.

America can’t afford Social Security.

America can’t afford not to have a strong Social Security program. An advanced nation such as ours cannot return to a time when old age or disability often resulted in poverty. The amount of money it would take to fully fund promised benefits is relatively small when compared with the size of our economy—less than 2% of Gross Domestic Product (GDP). Finding these resources is simply a matter of priorities. When the economy went into steep decline in 2009, pensions and other retirement savings such as 401(k)s lost as much as half of their worth at the same time as housing values plummeted and food, health care, and energy costs rose. While uncertainty and loss are commonplace during chaotic economic times, Social Security stands alone as a pillar of dependable economic security for millions of Americans.

Social Security was created in just such economic times. In the midst of the Great Depression, Franklin D. Roosevelt signed the Social Security Act to provide a foundation of financial security for America’s retirees. Social Security spreads the risk of economic loss over large groups of people and over long periods of time. Tomorrow’s retirees will need this protection just as much as—if not more than—today’s retirees.

The Social Security Trust Fund is full of worthless IOUs.

To the contrary, Social Security’s surplus is invested in American government securities. Like other government bonds, they are, by law, backed by the full faith and credit of the United States. That means that as long as the government is around, it is obligated to pay both principal and interest on its securities. Among investors, U.S. securities are considered the safest choice for an investment portfolio.

America needs to cut Social Security Benefits.

Social Security benefits are modest. The average benefit for today’s retiree is only about $15,500 per year—or about $1,300 per month.
Two out of three Social Security beneficiaries age 65 and older depend on Social Security for at least half of their total income, and more than one in three rely on Social Security for 90% of total income. Without their monthly Social Security checks, it’s very likely that half of today’s seniors would live in poverty — about the same amount that were living in poverty before Social Security was created.

**The cost of Social Security is a burden to our grandchildren.** Social Security costs are expected to grow only slightly as a share of the U.S. economy and will remain quite manageable. As a proportion of GDP, Social Security costs are projected to rise from 5.06% in 2013 to about 6.2% in 2035 and then drop back down to 6.04% by 2050.

The cost of fixing Social Security is relatively modest and can be paid for by adopting policy options that increase revenue to the program, such as increasing or eliminating the cap on payroll contributions and modestly increasing the contribution rate. They are modest in their effect on individual workers and consistent with the approaches that have been employed by Congress in the past.

Traditional pension plans are disappearing. Only about one half of all Americans have access to any kind of retirement plan at work, such as a 401(k). And those who are saving have a median account balance of only $23,000 in their plans as they approach retirement. It is clear our children and grandchildren will need Social Security more than ever when they are ready to retire. They can’t afford not to have a Social Security program.

**There won’t be enough workers to support the many elderly baby boomers.** This country has a proven record of accommodating the population “bulge” of the Baby Boomer generation from the time they were born. When Boomers needed schools, they were built. When Boomers needed housing, the government helped finance them. As with every age, the work and sweat of one generation helps to build the economy for the next. While some would have us focus on the declining ratio of workers to retirees, the more correct measure is the ratio of workers to the total number of dependents of all ages. That ratio remains the same as it was
in the 1960s when the Baby Boomers were in school.

Social Security cannot be sustained for our kids and grandkids.

Unfortunately, the opponents of Social Security have spent millions of dollars promoting the idea that Social Security is in severe financial trouble and will not be there when the next generation retires. Nothing could be further from the truth. That is why the National Committee to Preserve Social Security and Medicare is spreading the real story through educational materials like the one you are reading now.

Social Security is a strong and effective retirement program that provides millions of Americans with the financial protection they need when they most need it. Implementing a few modest changes will ensure that Social Security remains stable for generations to come.

Become a member of the 100% member-supported lobbying organization that fights for your earned retirement benefits every day.

For more information:

Call: 800-998-0181
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