

## Social Security: American Icon

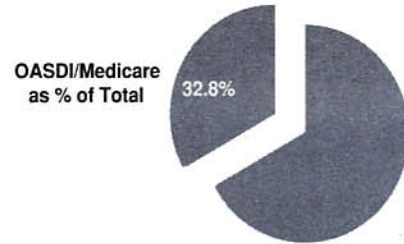
# Portrait of the System in the 1990s

### Expenditures

FY '95 (est.) Total Expenditures for Social Security/Medicare = \$499 billion



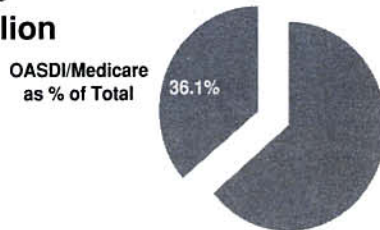
All Federal Expenditures = \$1,521 billion (1995 est.)



### Revenues

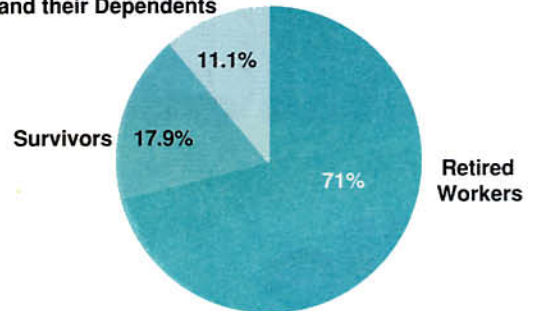
Revenue from Social Insurance Taxes = \$489 billion

All Federal Revenues = \$1,354 billion



### Beneficiaries

Disabled Workers and their Dependents



### Facts in Brief

	1995	1970
Avg. Annual Benefit for a Retired Worker	\$8376	\$1416
Maximum Taxable Earnings (Annual)	\$61200	\$7800
Maximum Tax	\$5969	\$374
Tax rate on Earnings for OASDI/Medicare Tax		
Paid by Worker	7.65 %	4.80 %
Paid by Employer	7.65 %	4.80 %

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# Growth of A Program, From the 1940s Through the 1990s

**President Franklin D. Roosevelt Signed the Social Security Act Into Law on August 14, 1935. In Its Now-Nearly Six Decades of Existence, the Social Security Program Has Grown Enormously, in Every Dimension**

**Number of Retired Workers Receiving Social Security Benefits**

1940	112,000
1950	1,771,000
1960	8,061,000
1970	13,349,000
1980	19,562,000
1990	24,838,000
1992	25,758,000

**Amount of Benefits Paid By All OASDI Programs (in billions)**

1940	\$1.5
1950	\$6.2
1960	\$22.3
1970	\$54.9
1980	\$120.5
1990	\$247.8
1992	\$286.0

	Maximum Taxable Income	Percent Paid by Employer & Employee
1940	\$3,000	1.0
1950	\$3,000	1.5
1960	\$4,800	3.0
1970	\$7,800	4.8
1980	\$25,900	6.13
1990	\$51,300	7.65
1992	\$55,500	7.65

**Sources:** *Historical Statistics of the United States: Colonial Times to 1970, Part 1, Charts H125-229;* and *Statistical Abstract of the United States, 1994-95, Charts 580, 582, and 583.*

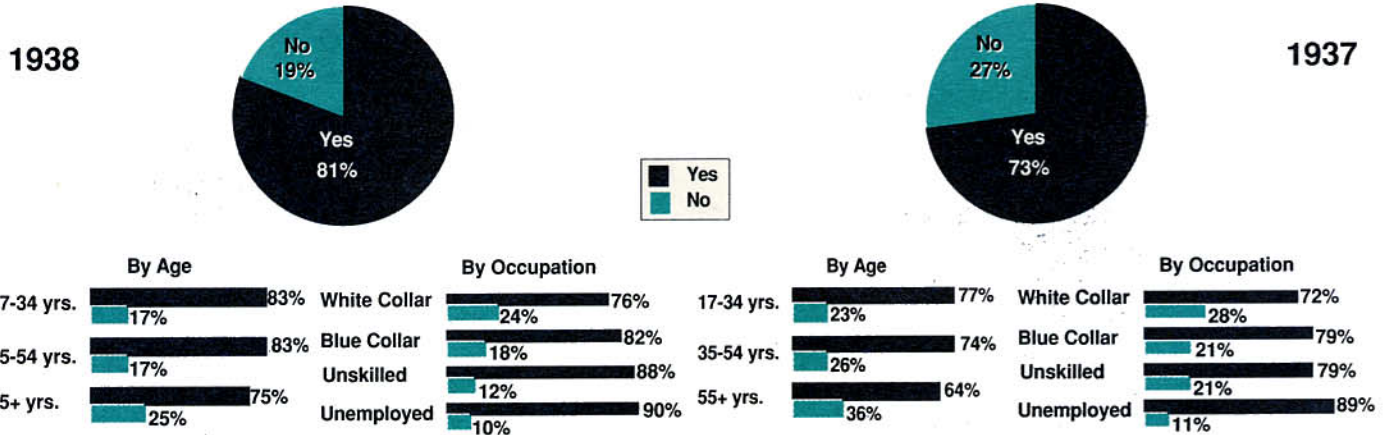
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# Backing Has Cut. . .

**Even in the Depression Years, Occupational Strata Differed Little: The Young Were the Most Receptive**

**Question:** Do you approve of the present Social Security laws which provide old age pensions and unemployment insurance?

**Question:** Do you approve of the present Social Security tax on wages?

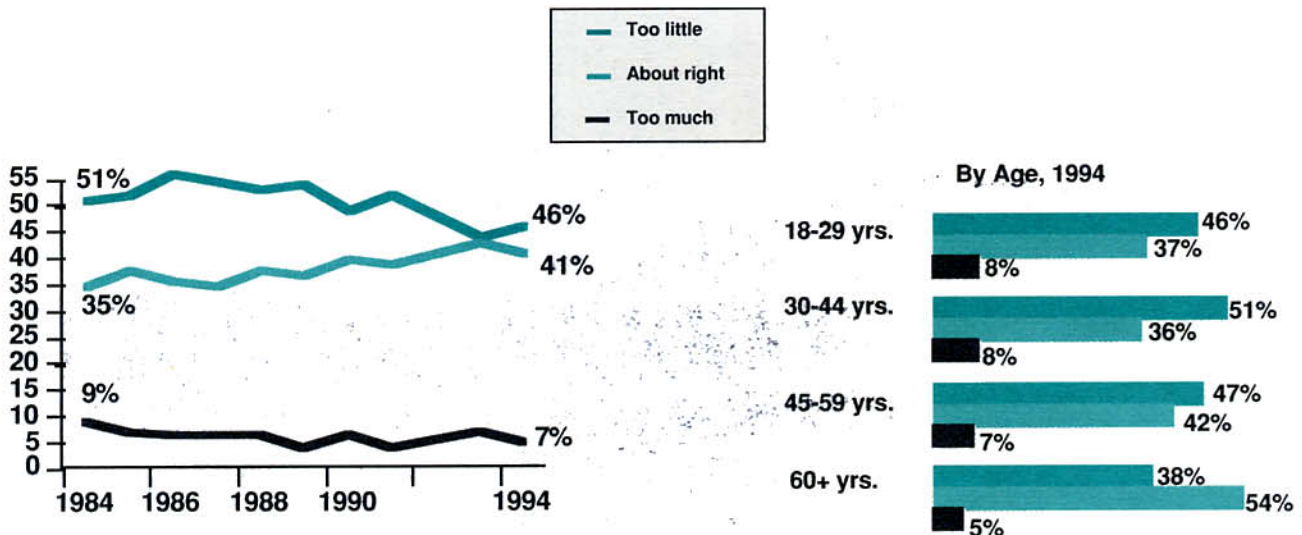


Source: Survey by the Gallup Organization, July 4-11, 1938.

Source: Survey by the Gallup Organization, December 30, 1937-January 4, 1938.

## In Recent Years, "We're Spending Too Much" Finds Little Backing

**Question:** We are faced with many problems in this country, none of which can be solved easily or inexpensively...[A]re we spending too much, too little, or about the right amount on...Social Security?



Source: Surveys by the National Opinion Research Center-General Social Survey (NORC-GSS), February-April of each year shown.

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# ...Across Group Lines Historically

**Don't Extend the Taxing of Benefits**

**Protect the COLAs**

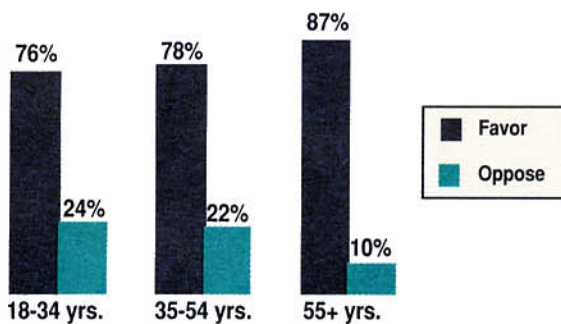
**Question:** ...Please tell me whether you would generally favor or oppose [Increasing the proportion of Social Security benefits subject to the federal income tax above the current 50%] if it was part of a plan to reduce the federal budget deficit?

**Question:** Please tell me whether you would generally favor or oppose [Not providing the annual cost of living increase in Social Security benefits next year] if it was part of a plan to reduce the federal budget deficit?

	Favor	Oppose		Favor	Oppose
	23	74	Everyone	27	70
			By Gender		
	28	69	Male	31	67
	18	78	Female	24	72
			By Race		
	22	74	White	27	70
	26	73	Black	29	71
			By Income		
	16	81	Less than \$15,000	19	77
	24	74	\$15,000-\$19,999	39	59
	23	74	\$20,000-\$29,999	25	70
	24	72	\$30,000-\$49,999	28	69
	23	73	\$50,000-\$74,999	28	71
	31	66	\$75,000+	33	65
			By Party		
	21	76	Republican	26	73
	25	72	Democrat	28	68
	21	75	Independent	28	69

Source: Survey by Gallup for CNN/USA Today, January 29-31, 1993.

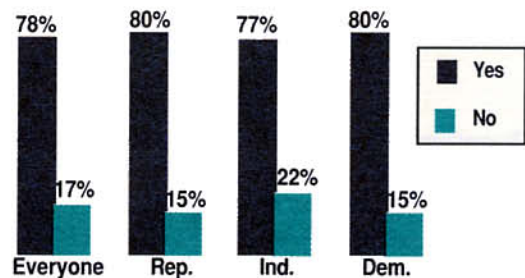
### By 3-1, Younger Workers Still Say Yes to Universal Coverage



**Question:** In general, do you favor or oppose the fact that a part of every working person's income goes to support the Social Security program?

**Source:** Survey by the Gallup Organization for the Employee Benefit Research Institute, January/February 1994.

### By 5-1, Republicans and Democrats Alike Say We can cut spending Without Touching Social Security



**Question:** In your view, is it possible to make significant reductions in government spending without making cuts in Social Security spending?

**Source:** Survey by Yankelovich Partners for Time/CNN, December 7-8, 1994.

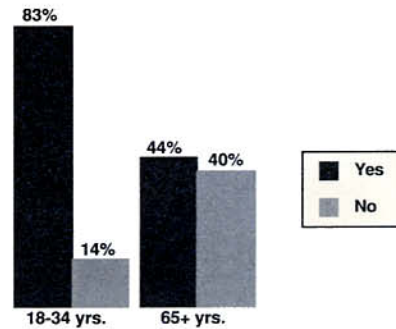
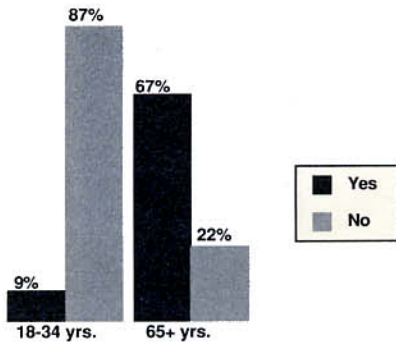
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**But For All This Impressively Consensual History. . .**

**Findings That Suggest They Are**

**Question:** Do you think the Social Security system will have the money available to provide the benefits you expect for your retirement?

**Question:** In your opinion, do you feel the government has made financial promises to your generation that it will not be able to keep?

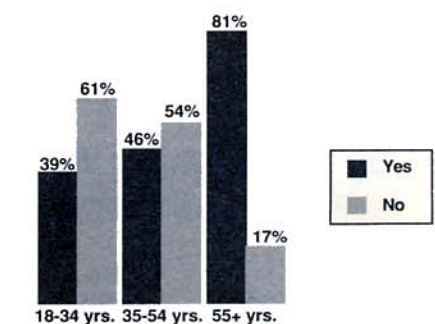
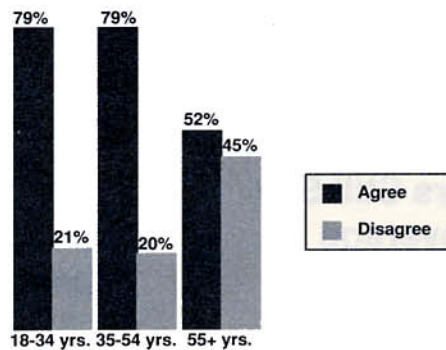
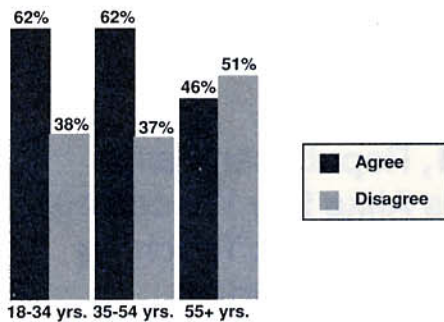


**Note:** 500 persons 18-34 years of age and 500 persons 65 years of age and older were surveyed in this study.  
**Source:** Survey by the Luntz Research Companies/Mark A. Siegal and Associates, September 8-10, 1994.

**Question:** Please tell me if you agree or disagree...Social Security will have to be cut in the future due to the fact that there will be more retirees for every worker?

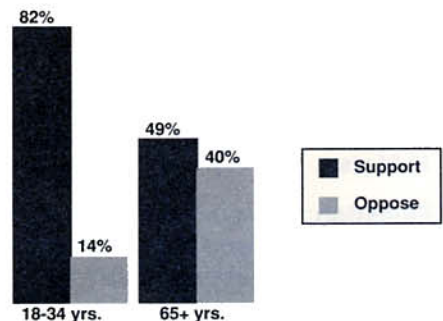
**Question:** Please tell me if you agree or disagree...You do expect to get out of Social Security less money than you put in?

**Question:** Do you think the Social Security system will be able to pay you a benefit when you retire?



**Source:** Survey by the Gallup Organization for the Employee Benefit Research Institute, January/February 1994.

**Question:** The federal government estimates that, if the current mix of taxes and benefits is not changed, Social Security will begin to run into serious financial difficulties by the year 2012. Knowing this, do you support or oppose...Allow[ing] Americans to direct part of their Social Security taxes to a personal retirement account...which could be kept at any financial institution you choose. Individuals would then receive reduced Social Security benefits from the government, while also relying on funds from their personal retirement account?



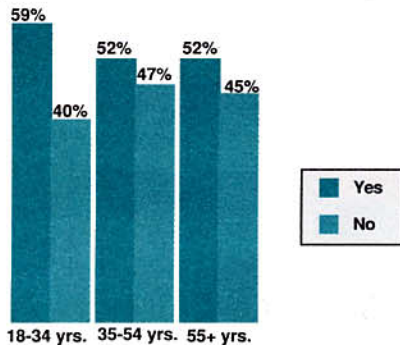
**Source:** Survey by the Luntz Research Companies/Mark A. Siegal and Associates, September 8-10, 1994.

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# ...Are Divisions (Especially Age) Now Emerging?

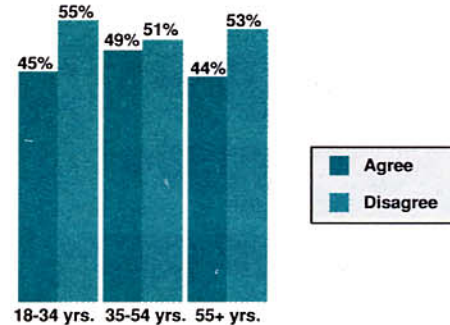
### Still, Don't Jump to Conclusions

**Question:** Do you think participation in the Social Security system should be made voluntary?



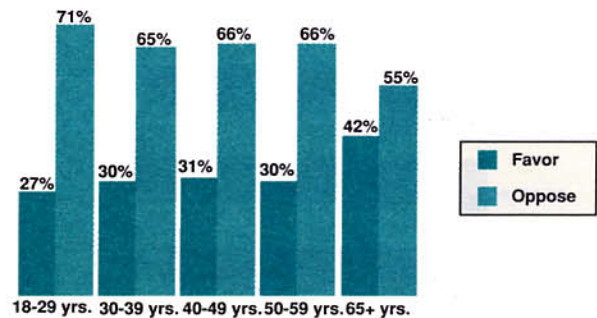
**Source:** Survey by the Gallup Organization for the Employee Benefit Research Institute, January/February 1994.

**Question:** Please tell me if you agree or disagree...Taxes will have to be raised dramatically to pay for Social Security benefits in the future?



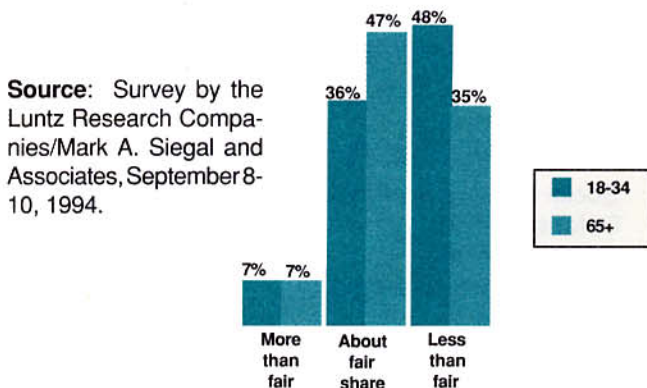
**Editor's Note:** As Social Security taxation has risen sharply (pp. 20-21) and as young workers thus look ahead to the prospects of paying-in large sums before (hopefully) drawing benefits, there are some indications of an emergent age-group split (see opposite page). It's clear that young workers have, understandably, a different perspective on the system than do their elders. But is real cleavage appearing? As we show on this page, other recent survey data suggest that there are important continuities in the way Social Security is viewed. In particular, the young as much as the old think that most Social Security recipients need the assistance they are getting. And, paralleling findings from earlier eras, the youngest workers are actually more inclined to say that the elderly are getting *less than* their fair share of benefits than are the elderly themselves.

**Question:** Currently, people who have retired pay tax on a portion of their Social Security payments if they have an income over \$25,000 if they live alone or over \$32,000 if they are married. Would you favor or oppose increasing the tax that these retirees pay on their Social Security benefits in order to reduce the federal budget deficit?



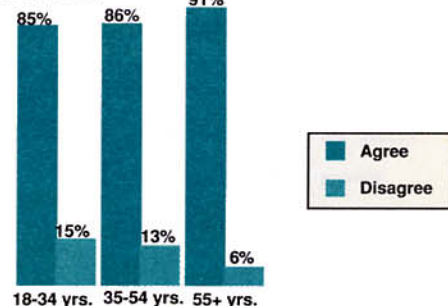
**Source:** Survey by Yankelovich Partners for Time/CNN, February 10-11, 1993.

**Question:** Right now, do you think the elderly are getting more than their fair share, less than their fair share, or just about their fair share of government benefits?



**Source:** Survey by the Luntz Research Companies/Mark A. Siegal and Associates, September 8-10, 1994.

**Question:** Please tell me if you agree or disagree...Most people now receiving Social Security really need the assistance provided?



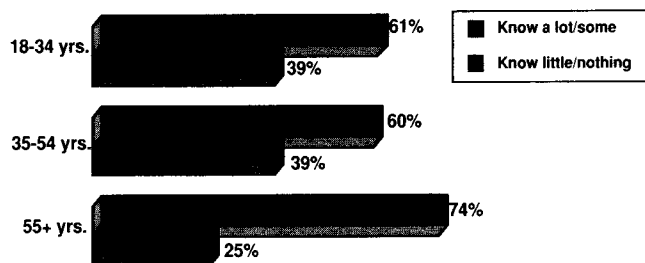
**Source:** Survey by the Gallup Organization for the Employee Benefit Research Institute, January/February 1994.

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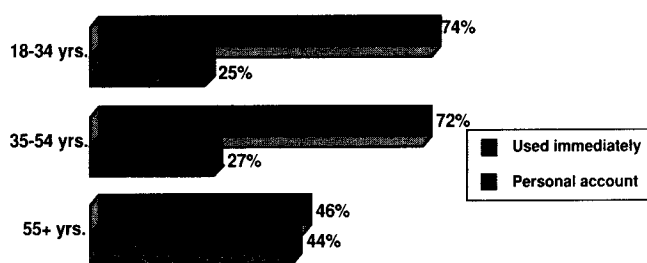
# How Informed Are We?

## More Older Americans Say They're Informed, But More of Them Think Social Security's a Big Bank Account

**Question:** Which of the following best describes your level of knowledge about Social Security?



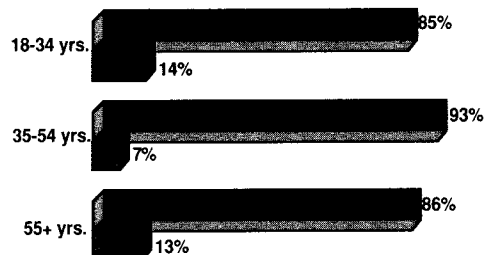
**Question:** Which statement do you think is most accurate: ...Social Security payroll taxes are used to pay benefits immediately to current retirees, or ...[they're] put into an account to pay for your...benefits when you retire?



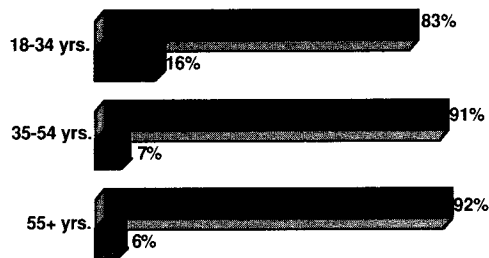
## General Recognition that Coverage Extends to Survivors and the Disabled

**Question:** Please tell me if you agree or disagree with each of the following:...

**Social Security provides benefits to widows and survivors if the worker should die before retirement?**



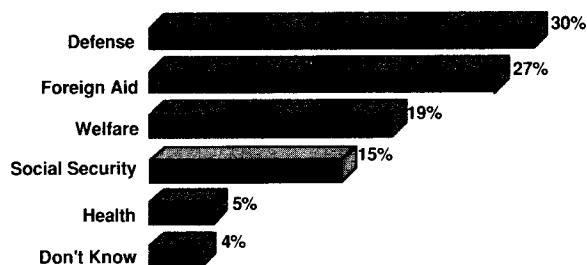
**Social Security provides benefits to disabled workers?**



Source(here and above): Survey by the Gallup Organization for the Employee Benefit Research Institute, January/February 1994.

## Widespread Unawareness that Social Security/Medicare is By Far the Largest Federal Program

### What Voters Say is the Largest Federal Expense Today



Source: Survey by Kaiser Family Foundation/Harvard School of Public Health, November 8, 1994.

### FY 1994 Federal Outlays

Social Security/Medicare	\$464 billion
Defense	\$269 billion
Income Security	\$214 billion
Health other than Medicare	\$107 billion
Foreign aid	\$18 billion