75-Year Financing Plan Would Stabilize Social Security: NASI

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Covering the projected long-term shortfall facing Social Security would require revenue increases equal to slightly more than 2% of taxable payroll over the next 75 years, according to the National Academy of Social Insurance.

A research brief released by the National Academy of Social Insurance (NASI) describes what it calls a program of affordable Social Security reforms that most or many Americans would support.

The new policy paper, *Strengthening Social Security for the Long Run,* by NASI president Janice M. Gregory, Thomas N. Bethell, Virginia P. Reno, and Benjamin W. Veghte.

While Congress addressed the immediate funding crisis the program faced in 1983, it did nothing to resolve the program's long-term deficit except to call for phasing in an increase in the retirement age from 65 to 67. That benefit reduction is still being phased in today, the report explains. Congress did not add any new revenue, even though providing future revenue had been an accepted practice in the past.

The Social Security program today does not face the same kind of crisis it did in 1983, when a short-term financing problem occurred. Nor is its cost ballooning out of control: Even though the percent of the population receiving Social Security benefits will increase from about 17% today to 25% in 75 years, the cost of the program as a percent of the economy will increase only from about 5% to about 6%.

But NASI sees three reasons to doubt the future *adequacy* of Social Security benefits. First, average benefits are only about $14,000 today; second, benefits are projected to decline as a percent of prior earnings; third, other sources of retirement income are becoming less secure and less adequate.

Covering the projected long-term shortfall facing Social Security would require revenue increases equal to slightly more than 2% of taxable payroll over the next 75 years, according to the authors. That revenue could be raised by lifting the FICA contributions cap to again cover 90% of earnings "as Congress intended and scheduling potential FICA rate increases for points in the distant future when additional funds would strengthen the program," NASI said in a release.