Raising Social Security age may be necessary, actuaries say

By Editorial Staff *Thu, Mar 3, 2022*

Increases in US longevity point to a need to drive up the age for claiming full OASI benefits, says the American Academy of Actuaries. But the rich live longer than the poor, on average. It's complicated.

Raising the age at which Social Security recipients become eligible to receive unreduced retirement benefits—Social Security's "normal retirement age"—will likely be among the reforms Congress considers for addressing the program's long-term financial challenges, the American Academy of Actuaries explains in a new **issue brief**.

"Raising the normal retirement age may be considered as part of a reform package in addressing the increased costs to Social Security as a result of greater longevity," said Amy Kemp, chairperson of the Academy's Social Security Committee, which developed the issue brief, Raising the Social Security Retirement Age.

The report says:

"The fact that increased longevity is among the root causes of Social Security's financial problems suggests that raising the normal retirement age is a likely—perhaps even necessary—component of any package of program changes that addresses them. The American Academy of Actuaries issued a public policy statement in 200810 advocating for an increase in Social Security's normal retirement age as part of a package of reforms designed to restore the system's long-term financial health.

"The Academy provides a necessary actuarial perspective for public policymakers in evaluating such an option, including discussion of important considerations when developing a reform package, such as variations in longevity increases across socioeconomic status."

An increase in the normal retirement age would reduce benefits payable at any given claiming age while providing an incentive for delayed retirement and longer working lifetimes. It also has significant precedent as a public policy approach.

In 1983, Congress enacted a series of phased increases in the normal retirement age, recognizing that life expectancy had increased substantially since the program's inception. But while the age for collecting unreduced benefits thus increased by two years since Social Security began paying monthly benefits to retired workers in 1940, life expectancy at age

65 has increased by roughly 6½ years in that time. Social Security is currently projected to be able to pay only about 75% of scheduled benefits starting in 2034.

“This issue brief allows the unique expertise of the actuarial profession to assist in addressing Social Security’s financial condition, so the financial health of this vital public program is preserved for future generations,” said Kemp.

The Academy’s objective analysis presents actuarial rationales and potential approaches and challenges to raising the normal retirement age, including assessing a differential impact on lower-income beneficiaries whose longevity expectations differ from higher-income beneficiaries.