Caution: Children Might Impoverish Their Parents

By Kerry Pechter *Fri, Jun 26, 2026*

Imagine that an economist in 1964 shocked the Boomers with a prediction that they would need tens of trillions to raise their as-yet unborn children. The claim that the cost of Social Security will crush Boomers' offspring (i.e., future Social Security beneficiaries) is just as exaggerated.

I've heard a lot of recommendations about solving the Social Security funding problem. We're apparently stuck on the tax vs. benefits issue. Democrats reject benefit cuts. Republicans reject tax increases. President Trump has prioritized tariffs, tax cuts, deportation, oil and war over Social Security.

A regrettable part of the debate has been the pitting of 'generations' against each other. We're told that the debt-laden young are being asked to take on the added burden of paying benefits to wealthy old people. This accusation seems odd to me. Young people are just future old people. There is no dividing line between generations. Is it a good idea for workers to cut their own future Social Security benefits to avoid a higher payroll tax today?

If they do choose to cut their future benefits, only some will have the capacity or motivation to make up the difference with personal savings. I don't have precise numbers, but given the fees and volatility of investing—and the frequent need by middle-class workers to use long-term savings for big expenses—workers will need to save more in stocks and bonds, on average, than they do on payroll taxes in order to receive the amount of lifetime income they will be guaranteed by Social Security.

The financial industry will create illustrations showing that you can accumulate more in stocks and bonds (and private market assets) than by contributing to Social Security. That might happen; but only if you can afford never to touch your savings. Most Americans won't be in that position.

There are many creative ways to scare the public with long-term projections. Imagine an economist in 1964 predicting that it would cost the 76 million Baby Boomers tens of trillions of dollars to feed, clothe, shelter, and educate their anticipated children. Someone might have added a warning that those millions of unborn Americans would rob their parents of decent lifestyles. Clearly, those trillions didn't exist in the 1964 economy. But the children, and the money, appeared. (Spoiler: A chunk of that money is our national debt.)

The argument that Boomers are now a deca-trillion-dollar liability for their own children and grandchildren is just as ridiculous. Boomers have more money than younger people because they saved and invested in the economy. For decades, they even lightened the nation's tax bill by over-paying into the Social Security trust fund. They'll hand off trillions of dollars in assets to their children and charities.

Neither Social Security, or taxes generally, are zero-sum games between rich and poor or young and old. The big-picture problem is our shrinking homegrown population, which could lead to a smaller domestic economy, less output, and deflating asset values. Social Security's financing dilemma is a symptom, not a cause, of that problem. An economist might even be able to demonstrate that consumer spending by Social Security beneficiaries will carry us through the looming demographic choke point. Stoking generational antagonism won't help.