



SOCIAL SECURITY TAX CUT ENDS, STILL \$50 BILLION DEFICIT

Chris Woodward Wednesday, January 09, 2013

Workers are back to paying the normal rate of the Social Security payroll tax, but one expert on the program says it will continue to face problems.

Michael Tanner, senior fellow for the Cato Institute, says Social Security ran a deficit of nearly \$150 billion last year. About \$100 billion of that was due to the payroll tax cut, with another \$50 billion the result of changing demographics.

"Even with that \$100 billion going back into Social Security, Social Security will run a deficit again this year of somewhere between \$50 and \$70 billion, and that's only going to get worse each year going out," he tells OneNewsNow.

"The trust fund -- assuming you believe in the trust fund -- is totally exhausted by 2036. So Social Security has got real problems going forward."

The payroll tax of 6.2 percent was reduced by two percentage points for the last two years. Employers, meanwhile, continued to pay the same 6.2 percent. The fiscal cliff agreement allows the tax cut to lapse.