



The Next President Has No Plan to Save Social Security

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Social Security, an issue equally important to Americans across party lines, has been largely omitted from the political discourse throughout this election cycle. During Wednesday night's debate, the candidates once again glossed over how they would handle the program's pending insolvency predicament.

Donald Trump, who was asked to speak first about entitlements, completely avoided addressing Social Security, instead pivoting to how he would spur economic growth. In the past, the Republican candidate has said he would "not touch" the program.

Hillary Clinton laid out a more coherent plan, though it does little to address an impending shortfall. "We need to put more money into the Social Security Trust Fund. That's part of my commitment to raise taxes on the wealthy," the Democratic candidate said. "I will not cut benefits. I want to enhance benefits for low-income workers and for women who have been disadvantaged by the current Social Security system."

As Michael Tanner, senior fellow at the Cato Institute, points out to FOXBusiness.com, "her tax increase will largely go to paying for more benefits. It's not going to make the system any more solvent."

While the American people want to receive retirement benefits from a system they have paid into throughout their entire working careers, Social Security appears to be yet one more issue to add to the list of policies sullied by gridlock; despite a common goal, the major parties cannot find common ground for reform.

Social Security's Looming Shortfall

Nearly 66 million Americans receive Social Security or Supplemental Security Income payments. And as the Baby Boomer generation reaches retirement age, a projected shortfall represents a tangible reality.

"[Social Security] projects out decades... as part of its Trustees report, and that does show in 2034 there is a manageable shortfall, it's less than 1% of GDP. That's if Congress were to do nothing. I consider that maintenance, you know like your highways have potholes," Nancy Altman, co-director of Social Security Works, tells FOXBusiness.com.

The annual Social Security Trustee's report shows that by 2034, Social Security will only be able to pay about 79% of promised benefits to recipients as the program's cash flow runs dry.

Altman, like many of the liberal politicians in D.C., is quick to downplay any sort of doomsday scenario.

"There's no issue with Social Security. The problem is retirement income in general. There's a retirement income crisis, and in fact, expanding Social Security is the solution. And there's no question we can afford it," Altman says.

In stark contrast to Altman's outlook, some are diagnosing Social Security with an exceedingly poor prognosis.

"The program is running a shortfall today in the sense that it is paying more in benefits than it is taking in in revenue by about \$65-\$75 billion," the Cato Institute's Tanner says.

In fact, Old-Age, Survivors, and Disability Insurance (OASDI) predicts it will accumulate a \$1.6 trillion cash deficit between 2015 and 2026.

"You're going to have to face up to the fact, for young people, and tell them the truth, which is that we have basically lied to them and they're not going to get the level of benefits they've been promised," Tanner admonished.

By the year 2026, it is expected that the country will have 37% more people aged 65 and over. By 2030, it is projected that the ratio of workers per retiree receiving Social Security will be two to one.

"[Social Security is] headed for serious trouble within the foreseeable future, certainly before 2030. The fact is that nothing has changed in terms of the substance of the program... but everything has changed in terms of the world we live in," former Senator Bill Brock (R-TN), U.S. Secretary of Labor under President Ronald Reagan, tells FOXBusiness.com.

Brock mentions people living longer lives, receiving benefits for a longer period of time and having fewer children as factors that need to be taken into account when honoring "the commitment that was made" to the American people through Social Security.

Social Security Solutions

With such disparate views on the topic, it's no surprise the suggested solutions are equally as incongruent.

According to Altman, "there's no question Social Security will be there, and can be there in expanded form." She thinks Hillary Clinton's proposed policy of raising taxes on the wealthiest Americans to finance an expansion in Social Security benefits is the most suitable.

Meanwhile, Tanner believes benefits will have to be cut, and thus neither candidate has an appropriate policy stance: "When [the candidates] stand up there and say that you can keep Social Security without making any changes to the way the program is running right now, they're not telling the truth."

According to Brock, divisive party distinctions are hindering the government's ability to address Social Security.

“If Republicans would try to say we need to do something about reform, Democrats would quickly say... the Republicans are trying to destroy Social Security... It has kept us from addressing problems for a system that is really important for a great percentage of the American people. And that's so sad, it's tragic... but it also infuriates you if you honestly believe the purpose of government is to fulfill everything it has promised to perform.”

Brock's reform proposals include raising the retirement age and instituting a tax on financial transfers instead of income, the latter of which he views as a disincentive for businesses to hire and an incentive for corporate inversions.

Whether you believe the program is simply in need of maintenance, or is headed for a solvency crisis in the near-term, one fact remains; Social Security has issues that need to be addressed if the government is to continue providing benefits for those who are currently paying into the system. It would be irresponsible for either party to ignore the government's obligation to American workers.