

 **TODAY'S "SHORT TOPIC":  
SOCIAL SECURITY  
REFORM: WE HAVE  
NO CHOICE!**



By Stephen L. Bakke  October 29, 2015

*Here's what provoked me:*

*Social Security is going broke and any attempt to deal realistically with the possible end result – e.g. reduced benefits – is often described as conducting a “war against senior citizens.” Something will have to be done very soon!*

*Here's my response:*

**Social Security Reform: We Have No Choice!**

Elizabeth Rosenberg's letter on 10/25 (“Tea Party supporters be aware”) is an example of concerns many have for their Social Security benefits. Rosenberg resists reform, making it a political issue.

Here are some Social Security facts:

- When created by FDR, the ratio of contributors to beneficiaries was 42:1. It's now 3:1.
- This ratio will continue to worsen due to reduced birth rates and rising longevity.
- Benefits have exceeded receipts since 2010 – therefore it's adding to the national debt.
- Social Security will be broke by approximately 2024.
- There are no dollars in the trust fund – only IOUs from the federal government – funds were removed and spent in the general budget.
- The current indexing formula will push benefits up by over 150% in real terms in the next 75 years.
- To fund these increases and balance the Trust Fund, the payroll tax will have to increase by about 18%.

Solutions are easy to identify but difficult to implement because of political resistance. Some combination of the following must occur: delayed benefits; higher taxes; changed indexing method; lower benefits for higher wage workers; partial privatization; and possibly even reduced benefits.

The status quo is not sustainable!