

Leadership Letter

Social Security — A Retirement Essential

“If we don’t take care of this, we don’t make it to the men’s room. Is that clear enough for you?”¹

By Jack Towarnicky

A month or so ago, the Social Security trustees released their annual report. The trustees’ report states, in part: “...Under the intermediate assumptions, ... total income is estimated to fall short of expenditures beginning in 2020... the assets of the combined ... Trust Funds are estimated to be depleted... in 2030.”

Oops, that was the 1995 report, 25 years ago, under President Clinton.

Here’s an excerpt from the 2019 report:

“...Under ... intermediate assumptions, OASDI cost is projected to exceed total income starting in 2020, and the...combined trust fund reserves declines until reserves become depleted in 2035.”

As Hall of Fame catcher Yogi Berra would say: “It’s like déjà vu all over again.”

What are our elected representatives waiting for? What could be more important in terms of solidifying Americans’ retirement expectations? However, instead of addressing entitlement funding deficiencies, policy wonks and elected representatives inside the beltway and in state houses continue to focus on what some call the “retirement savings crisis.” They believe workers lack access to adequate, tax preferred retirement savings options.² It just isn’t so — and — it hasn’t been so since 1982, 35 years ago!³

Access isn’t the issue. Commitment and funding are⁴ — retirement promises without funding are mere dreams!

By 2035, 78 million Americans will be age 65 or older.⁵ Add about 15 million ages 62–64 who will be eligible to commence Social Security benefits. According to the Congressional Research Service, there is no statutory guidance on how benefits will be paid once trust reserves are exhausted.

Who among you wants to wait to see what will happen? Me neither. 🇺🇸

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¹ C. Cooper as the character Conklin, Bourne Identity (2002), Accessed 5/21/19 at: <https://www.imdb.com/title/tt0258463/characters/nm0177933> See also: K. Romig, Social Security Lifts More Americans Above Poverty Than Any Other Program, Center for Budget and Policy Priorities, 11/5/18. “...Without Social Security, 22.1 million more Americans would be poor.” Accessed 5/21/19 at: <https://www.cbpp.org/research/social-security/social-security-lifts-more-americans-above-poverty-than-any-other-program>

² R. Snel, A Nobel Laureate’s Fix for the Retirement Crisis, Barron’s, 4/19/19. “Nobel laureate Richard Thaler ... says people should be allowed to contribute a portion of their 401(k) benefits into Social Security when they retire....”, Accessed 5/21/19 at: <https://www.barrons.com/articles/a-nobel-laureates-fix-for-the-retirement-crisis-51555701415>

³ J. Towarnicky, DC Plans, Can Everyone Win? 10/20/17, Accessed 5/21/19 at: https://www.psc.org/blog_jack_2017_11 See also: J. Towarnicky, Retirement in America — Individual Account Retirement Savings Plans ARE Good Enough! 7/5/18, Accessed 5/21/19 at: https://www.psc.org/blog_jack_2018_33

⁴ J. Towarnicky, House, Senate Action Needed On Social Security, 10/24/17, Accessed 5/21/19 at: https://www.psc.org/blog_jack_2017_12 See also: J. Towarnicky, Pension Promises Without Funding Are Mere Dreams, 11/12/18, Accessed 5/21/19 at: https://www.psc.org/blog_jack_2018_52

⁵ J. Vespa, The U.S. Joins Other Countries With Large Aging Populations, 3/13/18, revised 9/6/18, Accessed 5/21/18 at: <https://www.census.gov/library/stories/2018/03/graying-america.html>