



Social Security: By the Numbers

- **2017:** The year Social Security taxes are not sufficient to meet that year's benefits
- **2041:** The year Social Security cannot legally pay full benefits any longer.
- **33%:** The benefit cut that will happen in 2041 and onward under current law
- **50%:** The tax increase needed to avoid the 33% benefit cut
- **12.4%:** The current Social Security tax rate
- **18.6%:** The tax rate needed to pay full benefits after 2041
- **0%:** The real rate of return on Social Security taxes workers under 35 can expect (best case)
- **\$97,501:** Your wages or self-employment income in 2007 you need to earn before you **begin to stop** paying into the failing Social Security system
- **\$12,090:** The amount of Social Security taxes you pay when you hit this wage cap in 2007

There is a better way...

- Personal accounts would allow younger workers to **voluntarily put their current Social Security taxes (10% of their income) into a personal account that they own and control, held in the Social Security trust fund.** This account would be invested in the same "thrift savings" retirement plan that federal employees have, including no-brainer "lifecycle" accounts that move from stocks to bonds as the worker ages. It would have a few simple index mutual fund options to choose from.
- Over a working lifetime a younger worker saving her Social Security tax payments in a balanced "lifecycle" fund would accumulate more than Social Security promises under current law, but cannot afford to pay. Benefits would be legally guaranteed not to be lower than current law. It's a win-win.
- Younger workers are already used to saving for retirement, so personal accounts would simply ensure that their Social Security payments would be there for them alongside their 401(k) and IRA savings. According to the Investment Company Institute, **51% of households** own shares of stocks, bonds, mutual funds, and ETFs. America's **47 million IRA owners hold \$4.2 trillion** in retirement savings. The workforce's **55 million 401(k)-style pension participants hold \$4.1 trillion** in their nest eggs.