Solutions for Social Security

Name: ______________________________________ **Date:** _______________

Directions: Read the brief description for each proposal and identify AT LEAST one positive feature of this suggestion and AT LEAST one negative feature of the suggestion.

Suggested Solution	Positive Features	Negative Features
Raise retirement age - Currently at 67, some people have suggested raising the age of eligibility to as high as 80.		
Create a longevity index - You would receive benefits based on a series of data collected about you including your age, health, lifestyle, etc. If your index indicated a long life, you'd receive less benefits up front.		
Recalculate COLA from CPI to elderly CPI - The current "cost of living adjustment" for SS is based on the common consumer price index. Some suggest this inflates the amount of increases and since elderly people spend differently, their CPI should be calculated differently. In most models of this, benefits would be reduced between 0.5% and 2% while in others benefits would increase 3%.		
Increase/Eliminate Payroll Tax Cap - Companies only pay FICA taxes up to a certain amount. People who make multi-million dollar salaries, for example, don't pay payroll tax on all of it. Increasing the cap or eliminating the cap would be a way to bring in more revenue.		

Increase Payroll Tax Rate - Many folks over the years have advocated raising the payroll rate higher than 12.4%, some have suggested as high as 20%.		
Reduce Benefits - If you can't generate revenue, some propose to just pay people less. Several proposals have been floated that would eliminate benefits to spouses and children entirely. Others have proposed to pay flat rate benefits rather than the regressive system that is in place.		
Force all state/local government workers into system - Some states have state-funding pension plans for their government workers and they have received exemptions from paying in to SS. Of course, they also don't get the benefits. One proposal is to make everyone, regardless of job, pay in.		
"Means test" individuals - Arguably one of the more controversial suggestions is to only pay people "if they need it." When you retire, you would apply for Social Security and your payout (if any) would be based on your income, savings, other retirement options, ability to work, etc. In most versions of this, you would still be paying into the system while you worked not knowing what your payout would be.		