Averting a Looming Crisis: CED Provides Plan to Save Social Security

New York, NY, February 13, 2024...The Committee for Economic Development, the public policy center of The Conference Board (CED), has issued a new Solutions Brief, Saving Social Security, which offers a series of steps to shore up the critical federal retirement program for both the short term and long term.

The Solutions Brief—the latest in CED’s Sustaining Capitalism series—sounds the alarm bells on Social Security’s current trajectory: Without prompt action, Social Security’s dedicated trust fund is projected to reach insolvency in 2033. This will result in sharp decreases in benefits or increases in demands for funds from the general account of the federal budget, exacerbating the already soaring budget deficit and debt problems.

Social Security, which provides more than 66 million Americans with benefits, is the largest component of the total federal budget and is the largest driver of long-term debt. With the US national debt ballooning over $34 trillion, annual deficits projected to average $2 trillion for the next 10 years, and debt servicing demanding a growing share of the federal budget, US fiscal policy needs urgent and comprehensive debt reduction and reform. Saving Social Security is an important part of this effort.

“This cornerstone program providing security and dignity to American retirees is at grave risk without an immediate and comprehensive effort by policymakers—in collaboration with private-sector leaders,” said Dr. Lori Esposito Murray, President of CED. “Our fiscal policy cannot sustain its current dangerous and destabilizing path, and both our senior retirees and the future generations paying into Social Security deserve the leadership necessary to save and sustain the program. We must act now and the most viable vehicle for a solution is a comprehensive approach to the federal budget that can be achieved through a bipartisan congressional commission on fiscal responsibility.”

Key Recommendations

Establish a Bipartisan Congressional Commission

• Saving Social Security needs to be part of a larger comprehensive review and reform of our overall fiscal priorities and processes which can best be accomplished under the auspices of a bipartisan congressional Commission on Fiscal Responsibility.

Adjust Benefits

• Gradually raise the full retirement age to receive Social Security benefits to 69.
• Implement modest additional means testing for high-income beneficiaries.
• Use a more accurate calculation of annual cost-of-living-adjustment (COLAs) to index Social Security benefits, using chained-CPI.
• Remove work disincentives for retirees to help bring more retirees back into the workforce.
Raise Revenues
- Gradually raise the maximum earned income subject to the payroll tax to cover 90% of earned wages from today’s 81%.
- Cover newly hired state and local workers under Social Security, who can currently be exempt if states maintain a similar retirement program.

Better Invest the Trust Funds
- Diversify Social Security Trust Fund investments beyond Treasury securities, similar to the reforms implemented in the Railroad Trust Funds.

Protect Vulnerable Populations of Retirees
- Increase the minimum benefit to protect low wage workers and those with intermittent careers.
- Ensure the schedule of reforms provides Americans approaching retirement age adequate time to adjust their retirement planning.

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