

# AARP

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Where AARP Stands

## Our Fight: Keeping Social Security Strong

The longer we wait to strengthen the system, the more painful the changes will be.

by: AARP | from: [AARP](#) | June 2010



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For 75 years, Americans have been paying into Social Security so they can collect on their contributions when they're ready to retire. But because Americans are living longer and the number of retirees per worker is increasing, Social Security is projecting a long-term shortfall. To ensure that Social Security will always be able to pay adequate benefits, Congress needs to make some small adjustments to the program.

AARP believes that any changes must ensure that:

### What You Can Do

No Social Security COLA again? Fight back and let your voice be heard. Sign the petition. Go

Join AARP and millions of Americans who say "don't

You will receive the benefits you've earned over a lifetime of hard work if you pay into Social Security.

Your Social Security benefit will keep up with inflation for as long as you live.

You will receive a benefit if you become disabled and can no longer work.

Your family will be protected if you die.

### **Our Future: No Immediate Danger**

Social Security is in no immediate danger of "going broke." With the retirement of the boomers on the horizon, the Social Security Administration began building a cushion to help see this generation through its retirement years. Thanks to that planning, the Social Security Trust Funds hold more than \$2.4 trillion in U.S. Treasury bonds, which earn interest every year. Without any changes, Social Security will be able to pay 100 percent of benefits until 2037 and more than 70 percent of promised benefits after that. Only paying 70 percent of promised benefits, however, is not acceptable.

### **Our Challenge: Addressing the Future Shortfall**

The country can take some simple steps now to begin making a down payment on the future Social Security shortfall. For example, AARP supports the following change:

Gradually raise the cap on the amount of wages that are subject to Social Security's payroll tax to cover the same share of wages as in the past. That would increase the taxes that support Social Security on those wages above today's cap of \$106,800.

This step alone won't fill the entire future gap, but it would make substantial headway toward solving the problem.

### **The Wrong Direction for Changes**

Some people have recommended taking some of the money people pay into the system and diverting it into private accounts. Because less money would then be flowing into Social Security, the guaranteed and inflation-adjusted lifetime benefits would be put at great risk for cuts. Any new private account would be subject to the risks of the market.

As witnessed by the significant ups and downs in the stock market that heralded the current economic crisis, private accounts can lose money just as fast as they can make it. And, unlike Social Security, with money invested in the markets, you run the risk of outliving your savings. You lose the protection against inflation. Further, private accounts are expensive. Most of us would have to pay twice to create this new system — first to keep our commitments to current retirees and again to pay into the private accounts.

Therefore, AARP opposes private accounts that are financed out of the Social Security payroll contribution. By contrast, AARP supports having private retirement accounts — such as individual retirement accounts (IRAs) and 401(k) plans — to supplement Social Security and help you provide

target Social Security benefits for unfair cuts." [Sign the petition.](#) **Go**

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for your personal retirement.

### **Social Security: More Than You Might Think**

Many people do not realize how valuable Social Security is to them. On average, an individual would have to save an additional \$225,000 while working to replace the benefits Social Security provides in retirement. Independent investments, pensions, IRAs and 401(k) accounts are all important parts of retirement savings, but Social Security is the guaranteed base of retirement security for most Americans. In fact, couples on average can expect about \$22,000 per year in Social Security benefits.

Social Security is the most successful program in our nation's history, and we need to make the modest changes necessary to strengthen the guaranteed benefit for both current and future generations.