

Posted August 13, 2014 at 5:21 pm by [Monique Morrissey](#)

## The Top 10 Myths About Social Security

In honor of Social Security's 79th birthday, here's an update to a [2011 blog post](#) refuting Social Security myths spread by critics of the program.

1. **Social Security costs are escalating out of control.** *No.* Costs are projected to rise from roughly [five to six percent of GDP](#) before leveling off.
2. **Americans want benefits but aren't willing to pay for them.** *Wrong again.* [Americans across political and demographic lines](#) support paying Social Security taxes and prefer raising taxes over cutting benefits as a way to close the projected shortfall. A popular option is raising taxes on high earners, since [earnings above \\$117,000 aren't taxed](#). But Americans prefer to close the gap on the revenue side even if they're asked to pay more themselves.
3. **Our children and grandchildren will drown in debt if we don't cut the social safety net.** *No, future generations will drown in debt if we don't address health cost inflation.* Though the Affordable Care Act and other factors have slowed costs considerably, this isn't enough—we need to get costs closer in line with those in Europe and Canada. Cutting Medicare or Medicaid benefits just pushes costs onto the private sector. And there's no reason to lump Social Security in with other programs since it's [funded through dedicated taxes and prohibited by law from borrowing](#).
4. **The Baby Boomers will sink us.** *On the contrary. We saw them coming.* Social Security began building up a trust fund in the early 1980s in anticipation of the Boomer retirement. The trust fund is projected to keep growing for another five years to [almost \\$3 trillion](#), not quite enough to get us through the peak Boomer retirement years (the Great Recession took a bite).
5. **We're living longer, so we need to work longer.** *No—only some of us are living longer, and most of us are already working longer.* Gains in life expectancy have been concentrated among [people with higher incomes](#) and [more education](#), especially men. Meanwhile, [the labor force participation of older workers](#) is close to the [postwar peak](#).
6. **We just need to save more for retirement.** *That's a reason to expand Social Security, not shrink it.* The average household has a [retirement income deficit of \\$90,000](#), a conservative measure of how far behind they are in saving and accumulating benefits for retirement—and that's without further cuts to Social Security. [Retirement insecurity is increasing](#) due to earlier Social Security cuts and the shift from secure pensions to do-it-yourself retirement accounts. If anything, budget hawks should look to trim 401(k) tax breaks, [two-thirds of which go to taxpayers in the top fifth of the income distribution](#). These appear to have [little impact on saving](#), a finding recently corroborated with [evidence from Denmark](#).
7. **Seniors are greedy.** *No, they're struggling to make ends meet.* The “greedy geezer” myth rests on the fact that seniors appear to have lower poverty rates than children and working-age adults, though an [improved measure](#) that takes into account higher medical expenses for seniors shows that the three groups have similarly high poverty rates. In any case, cutting Social Security

would [increase poverty for all](#). Older households have lower incomes but more savings than younger households. However, these savings are [unequally distributed](#) and for most families do not come close to allowing them to maintain their pre-retirement standard of living through retirement.

8. **Benefits are generous.** *No, they're modest and shrinking.* The average retirement benefit is [\\$15,600 a year](#). For a medium earner retiring at 65, [benefits currently replace 40 percent](#) of pre-retirement earnings, down from [52 percent in 1981](#). This replacement rate is scheduled to drop to a meager [36 percent in 2025](#).
9. **We'll just cut benefits for people who don't need them.** *No, proposed cuts would hurt the middle class now and the poor later.* Because benefits for high earners are modest and wealthy retirees few, supposedly "progressive" plans actually [go after middle-class benefits](#) in order to yield significant cost savings. Social Security's enduring popularity rests on the fact that people earn the right to participate by working and contributing, in keeping with core American values. Moving from a universal social insurance program toward a need-based program would cause Social Security to wither away like SSI or become a political football like Medicaid. [An even worse idea is cutting cost-of-living adjustments](#), which would have an impact on all beneficiaries, but especially the oldest old, who are also the poorest old.
10. **Social Security won't be there for us.** *Only if we fall for these arguments.* Social Security is fully funded through 2033. Even if nothing is done to shore up the system, Social Security can continue to pay [three-fourths of promised benefits](#) after the trust fund runs out. Though this would be far from ideal, it's certainly no reason to *preemptively* cut benefits. Instead, we should devote a small portion of the economic growth projected over Social Security's next 79 years to increase contributions and make sure promised benefits are fully funded.