



Threats to Social Security

The Importance of Social Security

For decades Social Security has delivered guaranteed, lifetime benefits on time and without interruption to generations of Americans. Beneficiaries earn their Social Security, contributing into the system with every paycheck.

Sixty-five million older Americans, people with disabilities and family members of deceased workers – one out of every five households – relies on Social Security.

In the 118th Congress a growing number of legislators are promoting ideas that put these earned benefits at risk.

Alliance for Retired Americans Position

We believe that to continue to provide retirement security for current and future generations, Congress needs to strengthen and expand Social Security by increasing benefits, rather than reducing them.

The Alliance for Retired Americans categorically opposes any attempts to reduce Social Security benefits or entertain ideas that will lead to the destruction of the Social Security system. This includes policy proposals to raise the full retirement age, partially or fully privatize the program, or create special commissions or expert panels to make decisions that adversely affect Social Security and its beneficiaries.

Details on some proposals under current discussion are below.

Raising the Retirement Age

One frequently discussed change to Social Security is increasing the age at which beneficiaries can claim the “full” retirement benefits they have earned. The last change was made in 1983 when the 98th Congress voted to raise the full retirement age from 65 to the current age of 67 for people born in 1960 or later.

Another increase in the full retirement age (FRA) to 70 will result in a lifetime benefit cut for all Americans, as shown in the chart below.

The chart also demonstrates the average decrease in lifetime benefits (using the average lifetime span of 76 years) for each year that the full retirement age goes up. For illustration purposes annual cost-of-living increases are not factored.

Age of Retirement	Yearly benefits	Lifetime benefits received until death at age 76	Reduction
67	\$20,124	\$181,116	–
68	\$20,124	\$160,992	\$20,124
69	\$20,124	\$140,868	\$40,248
70	\$20,124	\$120,744	\$60,372

Proponents of a higher retirement age assert that this is needed because “Americans are living longer.” However, Americans with lower-incomes do not live as long as those with high incomes. A 2020 Harvard study found that men in the top 10% in household income could expect to live to 88 years old, while those in the bottom 10% could expect to live to just 76.

Moreover, people who work in physically demanding jobs are less able to work until they are 70. Clearly, increasing the full retirement age unfairly reduces lifetime Social Security benefits for those who may need to rely on them the most.

Lastly, there is an unfair racial component inherent in the proposal of raising the retirement age. This is because on average White Americans live longer (an average of 76.4 years in 2021) than Black Americans (70.8 years), largely because of sizable health disparities and historical economic and social racial biases.

Privatizing Social Security

Politicians are again discussing fully or partially privatizing the Social Security system. Privatization would most likely lead to the ownership of large retirement accounts for the wealthy and more profits for Wall Street. Those advocating for privatization justify this idea by claiming that the Social Security program has sunk into a financial crisis that cannot be resolved without entirely dismantling the program and converting it into a system of market based, individual investments. For individual Social Security beneficiaries, private investment accounts would dramatically decrease their financial security in retirement. Unlike defined pension benefits which are guaranteed, investment accounts such as 401(k) accounts and others depend on the stock market and, as we have seen in recent years, can quickly lose value.

Privatization will not provide a financial boost to Social Security, but instead destroy the current system by failing to buttress the fundamental solvency of the program. Because private accounts would be financed by taking money out of Social Security, privatization plans would eviscerate Social Security's Trust Fund. Moreover, privatization would result in huge cuts in Social Security benefits without any guarantee of replacing them.

Commissions to “Study” Social Security

Commissions to study Social Security have been thinly veiled attempts to create political justifications for fundamental changes and cuts to Social Security's earned benefits.

One concrete legislative proposal for a Committee to “study” Social Security's finances which has surfaced in the last few congresses is the TRUST Act. This proposal would form a committee that would conduct meetings behind closed doors and fast track recommendations to the House and Senate floors. In all likelihood, these furtive changes would result in substantive benefit cuts.

The Alliance strongly rejects this approach and believes that any changes to Social Security must start from the premise that the benefits the American people have earned are a sacred promise between workers and the government that must be kept intact and expanded for future generations.