



The Daily Dish

Inaction – The Looming Threat to Social Security Beneficiaries

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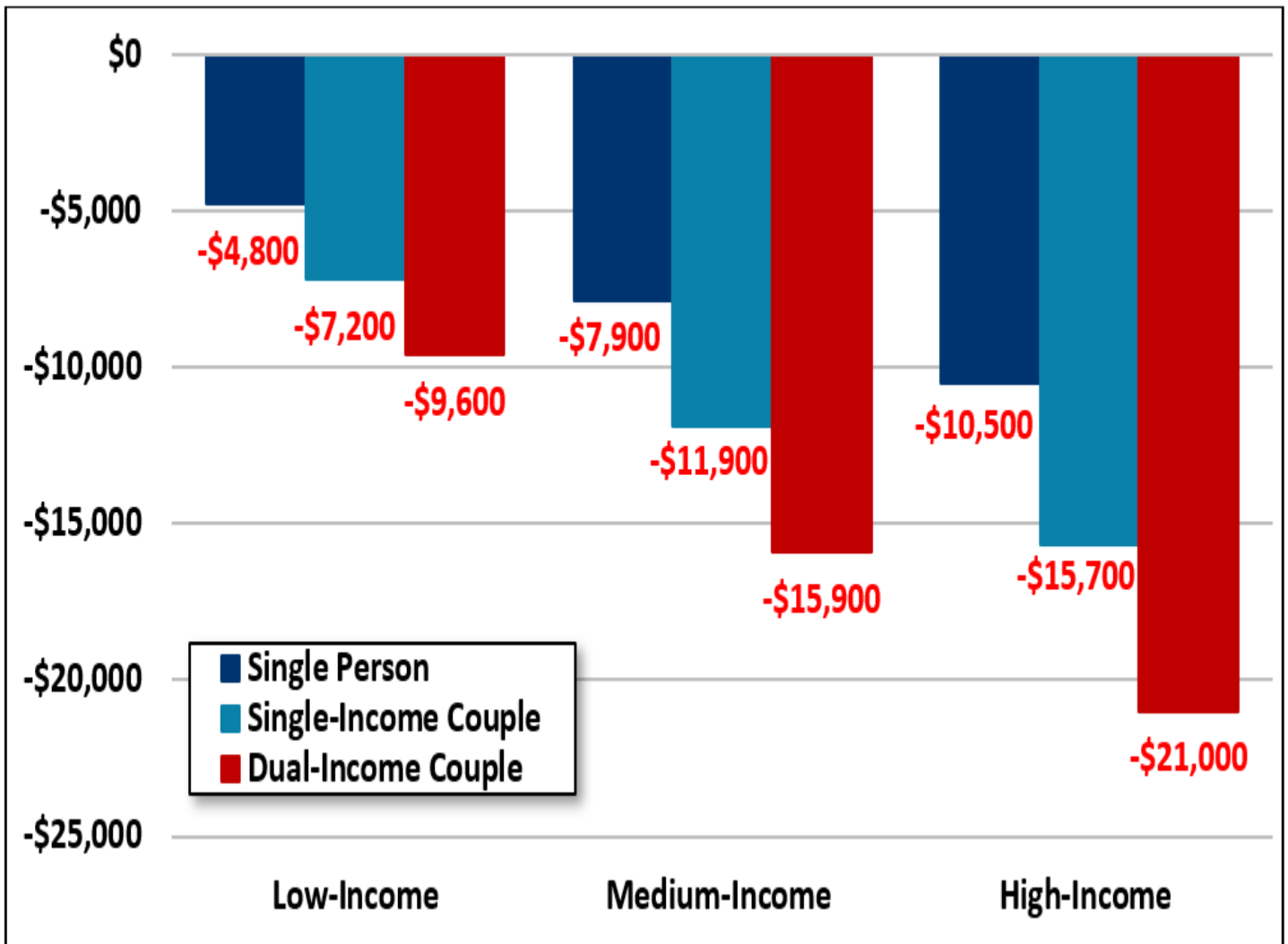
There are many good reasons to reform Social Security and Medicare. They are a huge part of the unsustainable fiscal outlook. Together, Social Security and Medicare account for one-half of non-interest spending over the next 10 years in the Congressional Budget Office's (CBO's) most recent projections. They also grow more rapidly than other spending and revenues – 5.6 percent per year for Social Security and 7.0 percent for Medicare – in those same CBO projections.

But those are just the kinds of green-eyeshade, economist worries that bore politicians to tears. A better reason: Promising to not touch Social Security and Medicare is tantamount to promising to cut benefits for retired seniors. (As the country prepares for tonight's debate, let it be noted for the record that both President Biden and candidate Trump have promised to not touch Social Security and Medicare.)

That's the message of Jordan Haring's [latest](#). Let's focus on Social Security. As Haring points out, the Social Security Trustees project that the Old Age and Survivors Insurance (OASI) trust fund will exhaust its reserves by 2033. At that point, the law dictates that all beneficiaries regardless of age, income, or need will see their benefits slashed by 21 percent across the board. According to the Trustees, OASI currently pays benefits to nearly 60 million retired workers, their spouses and children, and their survivors. That's a lot of voters.

The OASI trust fund will run out when today's 58-year-olds reach the normal retirement age of 67 and today's youngest retirees – those retiring at age 62 – turn 71. Those are not great ages at which to have one's monthly income cut.

But those cuts will hardly be noticed, right? Wrong. Haring lays out the consequences in great detail; readers will benefit from her full discussion. But the implications for annual benefits are summarized in the chart below (stolen from Haring's original).



This is real money regardless of income and household size.

It is unthinkable that politicians really mean to cut benefits in this draconian fashion. Real reform takes that threat off the table. It also allows those who are trying to plan for retirement to know the actual benefits that they will receive. In this way, Social Security reform can make current retirees and future retirees better off than under current law. It is overdue.