

# Replenishing the Social Security Trust Funds

## H.R. 4121 - 116th Congress

### Social Issue

Social Security Trust Funds are depleting too rapidly to sustain current eligibility pay rates.

### Vulnerable Population: IF PASSED

Those making more than \$250,000 per year will have more of their annual income taxed than current rates.

### Vulnerable Population: IF NOT PASSED

Those making less than \$250,00 per year AND who are eligible will see cuts in their benefit rates OR become ineligible because of more strict requirements.

### Strengths

- More funding to sustain Social Security for the future.
- Extends benefits to eligible individuals with dependents for an additional five years if the dependent is a full time student.
- A more balanced ratio of taxable income between those making more and less than \$250,000 per year.

### Limitations

- Individuals making less than \$250,000/year (98.4% of workforce) have all of their income taxed while individuals making more than \$250,000/year (1.6% of U.S. workforce) will only have a portion of their income taxed.

## Financial Context

### 1 in 6 People

63 million (19.3%) U.S. citizens receive some type of Social Security benefit.

### Cuts Poverty Levels

Benefits from Social Security lower the number of people in poverty by 6.8% using the Official Poverty Measure.

### 90.12% Decrease

From FY2017 to FY2018 the net assets added to the Social Security Trust Funds.

### NEGATIVE NET ASSETS

9 of the last 12 months saw decreased net assets to the Social Security Trust Funds, meaning no net income.

### 2019 Snapshot

August 2019 had net increase in net assets of roughly **-\$16.1 billion**.

## Recommendations

### Decrease Percentages

Decrease benefits by 5% to all eligible beneficiaries to create a more equalized income to cost ratio for the Social Security Trust Funds.

### Increase Self-Sufficiency

Expand the Earned Income Tax Credit eligibility to increase self-sufficiency and offset the decreased percentage of benefits paid out.

### Require Ticket to Work

Help individuals with disabilities to become more independent by giving employers incentives for hiring disabled employees. This would increase the self-sufficiency of disabled individuals while decreasing the cost-burden on the Social Security Trust Funds.

# The Progress of Social Security

1937-1940

Federal Insurance Contribution Act (FICA) taxes began to be collected and monthly benefits began to be paid to those eligible.

1950

Amendments

Cost of living allowances (COLA) began to be recognized. Effective October, 1950.

1960

President Eisenhower signed into law, disabled workers of any age and their dependents receive benefits.

1970

SSA created Social Security Insurance for widow(er)s and the blind. It also added a set retirement age of 62 and gave increased benefits at 65.

1980's

SSDI put into effect the periodic recertification of disability eligibility. 1983 first newly hired federal workers were eligible.

2000's

Retirement Earnings Test was removed and allowed senior citizens to both work and collect OASDI simultaneously.

1935

President Roosevelt signed the Social Security Act into law.

1939

Amendments

Stipulations adding benefits for dependents and survivors of the worker.

1965

President Johnson signed the Medicare bill requiring SSA to provide health coverage for Americans aged 65+.

1972-1975

Legislation to begin in 1975, created an automatic annual COLA adjustment

1977

SSA realized there was a funding problem and increased the payroll tax by 1.2%

1990's

If drug addiction or alcoholism was a factor in their disability they were no longer eligible as new applicants. Ticket to Work was added in 1999 to get more disabled people into the work force.

2019

H.R. 4121 "Social Security for Future Generations Act of 2019" introduced.

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