# Can You Count on Social Security?

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If you ask a group of federal employees if they are counting on Social Security for their retirement, the younger the group is, the fewer the number of hands that are raised.

Maybe it’s because they’ve been spooked by the following disclaimer, which appears on every Social Security statement:

*Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.*

Apparently, younger federal workers aren’t alone in their concerns about their future retirement security. According to [recent research](https://www.nirsonline.org/reports/retirement-insecurity-2019-americans-views-of-the-retirement-crisis/)from the National Institute on Retirement Security, millennials are the most concerned about financial security in retirement, and are more willing than other generations to save more.

On April 10, Stephen C. Goss, chief actuary at the Social Security Administration, [testified before a House subcommittee](https://www.ssa.gov/OACT/testimony/HouseWM_20190410.pdf) on issues related to the Social Security trust fund. Under projections in SSA’s [2018 trustees report](https://www.ssa.gov/OACT/TR/2018/), he said, in order to avoid depletion of reserves and a sudden reduction in benefits paid, Congress would need to increase scheduled revenue by about 29 percent, reduce scheduled benefits by about 23 percent, or some combination of the two.

A big part of the reserve depletion is due to the aging of the baby boom generation, of which many federal employees and retirees are a part. There is a large projected increase in the ratio of Social Security beneficiaries to covered workers between 2010 and 2035 due primarily to a drop in birth rates. Increases in longevity due to declines in death rates also play a role in changing the ratio of those paying into Social Security to those collecting benefits.

Among federal employees, the future of Social Security is more important to those under the Federal Employees Retirement System than those covered by the Civil Service Retirement System. FERS employees, unlike those under CSRS, have generally contributed to Social Security throughout their careers, and will count on it as an important part of their retirement income, in addition to their federal retirement benefit and Thrift Savings Plan investments.

So what’s being done to address Social Security’s future? That’s an important question, because the longer lawmakers wait, the less time they’ll have to phase in changes so the public has adequate time to prepare.

In January, Rep. John Larson, D-Conn., who chairs the House Ways and Means Social Security

Subcommittee, introduced the Social Security 2100 Act ([H.R. 860](https://www.congress.gov/bill/116th-congress/house-bill/860)), aimed at both increasing benefits and ensuring the system’s financial viability throughout the 21st century. Its provisions include:

  Providing an increase for all beneficiaries equal to 2% of the average benefit.

  Changing the annual cost of living adjustment formula by using the Consumer Price Index for the Elderly rather than the Consumer Price Index for Urban Wage Earners and Clerical Workers. This is projected to boost COLAs by 0.2 percentage points per year.

  Setting the minimum benefit at 25% above the poverty line.

  Raising the income threshold for taxing Social Security benefits from $25,000 for an individual and $32,000 for couples to to $50,000 and $100,000, respectively.

  Increasing the payroll tax for high income earners.

  Phasing in an increase in the contribution rate so that by 2043, workers and employers would pay 7.4% of income instead of 6.2% today.

Other members of Congress have introduced legislation that would take different approaches to ensuring Social Security’s viability. What’s important now is that lawmakers choose from among their options—and the sooner the better.

**TAMMY FLANAGAN** has spent 30 years helping federal employees take charge of their retirement by understanding their benefits. She runs her own consulting business at [www.retirefederal.com](http://www.retirefederal.com/)and provides individual counseling as well as online training for the [National Active and Retired Federal Employees Association](http://www.narfe.org/FederalBenefitsInstitute/), [Plan Your Federal Retirement](http://www.fers-route-to-retirement.com/webinar/) and the [Federal Long Term Care insurance Program](http://www.ltcfeds.com/meet_us/webinars.html). She also serves as the senior benefits director for the [National Institute of Transition Planning Inc.](http://www.nitpinc.com/), which conducts federal retirement planning workshops and seminars.