The Challenge: We Are Living Longer

Source: U.S. Centers for Disease Control and Prevention
The Challenge: Social Security is the Main Source of Income for Many Older Americans

Social Security benefits in 2015 as a percentage of disposable income for individuals aged 62 and older.

Source: The Urban Institute – DYNASIM3, BPC staff calculations
The Challenge: Social Security Faces Significant Funding Challenges

Social Security revenue and cost as a percentage of gross domestic product (GDP), under scheduled-benefits and payable-benefits scenarios.

Payable benefits are limited to the amount of dedicated revenue once savings in the trust funds are exhausted.

Source: U.S. Social Security Administration
The Challenge: Less Than Half of Private-Sector Workers Participate in a Retirement Savings Plan

Source: U.S. Bureau of Labor Statistics
**1. Improve Access to Workplace Retirement Savings Plans**

Establish Retirement Security Plans to help smaller businesses offer a savings plan for retirement

Establish a nationwide minimum coverage standard to expand access to workplace retirement savings
Promote Personal Savings for Short-Term Needs and Preserve Retirement Savings for Older Age

Simplify the process to move assets from plan to plan

Facilitate short-term savings by clearing barriers to auto-enrollment in multiple savings accounts
Encourage plan sponsors to integrate easy-to-use, sophisticated lifetime-income features.
End subsidies that encourage the use of home equity for pre-retirement consumption

Strengthen programs that advise and support consumers on reverse mortgages
Improving Financial Capability is a Must

- Improve personal financial education in K-12 and higher-ed curricula
- Better communicate the advantages of claiming social security benefits later

- Kids
- Teens
- College

Age 62
$6,000

Age 67
$12,000

Age 70
$18,000
Strengthen Social Security’s Finances and Modernize the Program

Ensure program solvency for 75 years and beyond

Protect beneficiaries from abrupt changes

Current Law

Proposal
Projected Impact: On Retirement Savings

Projected change in retirement savings among individuals aged 62 and older in 2065 under near-universal access to workplace retirement savings.

Source: The Urban Institute - DYNASIM3
Projected poverty rates among individuals aged 62 and older under various Social Security scenarios: benefits payable under current law, scheduled (but underfinanced) benefits, and the commission’s proposals.

Note: The payable scenario assumes that benefits are limited to levels that can be financed with existing, dedicated Social Security taxes. The scheduled scenario assumes that benefits are somehow paid according to the existing benefit formula despite insufficient Social Security tax revenues to finance these benefits.

Source: The Urban Institute - DYNASIM3