



## Waiting For Godot

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Congress and Executive Branches have avoided the issue of social security for so long that now pain to retirees and or the economy can't be avoided.

The tax rate on Social Security is 6.2%. It is paid by both the employee and matched by the employer. Between 2015 and 2023, the level the tax applies to has risen by 35% from \$118,500 to \$160,200. Yet despite this dramatic increase, the CBO and Social Security Commission see a shortfall of 20% by no later than 2034 or sooner.

That is an untenable situation for those who rely almost exclusively on it as well as politically. Our political system has let us down. There have been numerous bipartisan Commissions over the past decades that have advised how to resolve this issue and Congress just like Godot, **waited and waited and waited**. Nothing came.

We cannot afford to wait any longer. The cost of waiting rises every day. We must start to deal with both the short run as well as long term funding problem. For example, we are living longer and the time one qualifies for full benefits must be gradually extended to age 72.

Next, there are many recipients of Social Security who receive a Cost of Living Adjustment (COLA) who could almost painlessly give it up. Congress would have to act here. COLAs were not part of the original Social Security Act but were introduced in 1975. The top third of beneficiaries should give up their COLAs. The bottom third should get their COLAs plus 1%. This savings, while small at the beginning, grows dramatically with time. These steps will ease the pain, but not



fully eliminate the shortfall. Congress will likely propose raising both the \$160,200 level as well as the rate. This will come at a cost to the economy, yet still not close the gap. We will probably have to tap into the Treasury for at least 25 years to fund the shortfall.