

The Road to Security

Can you find a way around the **Social Security** funding gap?

Play our game and see if you can outwink the feds **By Jonathan Peterson**

There's no mystery about the Social Security shortfall. Projections show the system can pay all benefits until 2033. That's when Social Security's trust funds (its cushion of surplus money) will run dry. After that, Social Security could cover only about 75 percent of benefits, mostly funded by continuing revenue from the payroll tax.

Some say the solution is to adjust benefits. Others favor payroll-tax changes. But the conversation about the program's future is also about updating an institution born in 1930s America. Who among Social Security's pioneers could have foreseen such a widespread need for a parent in a two-earner family to take time off to raise kids, or the growing number of people living past 85? Yet options that address these social changes could be on the table in the debate.

Congress will probably mix and match a slew of measures. But don't leave it to the wonks in Washington: Play our game, based on 2011 data from the Social Security Trustees report, and choose from several leading proposals to find a formula for a strong Social Security able to provide the best support for older Americans and generations to come.

Jonathan Peterson is the author of Social Security for Dummies (AARP Books/John Wiley & Sons), from which this is adapted. He is an executive communications director at AARP and former Los Angeles Times correspondent.

START
For each answer, add or subtract the indicated percentage. Most choices fill in the funding gap, but a few increase it. To balance the system's finances, try to reach (or exceed) 100 percent.

REVENUE ADJUSTMENTS AHEAD!

Do you think Social Security should adjust the amount of money it pays out in benefits?
YES? Move to next space. NO? Skip 9 spaces; go to next yellow space.

Do you want to tinker with base levels of benefits for select groups?
YES? Move to next space. NO? Skip 4 spaces; go to next orange space.

Would you trim benefits to the highest-earning quarter of the population, on a sliding scale of up to 15 percent?
YES? Add 7%

Would you trim benefits to the highest-earning half of the population, on a sliding scale of up to 28 percent?
YES? Add 31%

Would you add a minimum benefit to assure that retirees who worked long careers for low wages have incomes at least above the poverty level? This option widens the funding gap because it increases benefits.
YES? Subtract 5%

Would you add work credits for years people stay home to raise children? This option widens the funding gap because it increases benefits.
YES? Subtract 11%

Would you raise the full retirement age to 68 by 2028?
YES? Add 18%

Would you raise the full retirement age to 70 by 2040?
YES? Add 44%

The full retirement age is now at 66 and set to go to 67. Would you raise it further?
YES? Move to next space. NO? Skip 2 spaces; go to next yellow space.

Would you switch to an elderly consumer price index, which factors in higher expenses common to older Americans, like medical care? This option widens the funding gap because it increases benefits.
YES? Subtract 16%

Would you switch to a chained consumer price index, which factors in people's tendency to switch to cheaper products when prices go up? This cuts annual benefit increases by 0.3 percentage points.
YES? Add 23%

How about changing the annual cost-of-living adjustments, which are currently based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)?
YES? Move to next space. NO? Skip 1 space; go to next orange space.

Do you think Social Security should adjust the amount of money it collects in payroll taxes?
YES? Move to next space. NO? Skip to end.

Would you increase the FICA (Federal Insurance Contributions Act) tax rate, the dedicated revenue stream that funds Social Security?
YES? Move to next space. NO? Skip 2 spaces; go to next orange space.

Would you raise the payroll tax from the traditional 6.2 percent to 6.45 percent? (That's an extra \$125 per year for someone earning \$50,000.)
YES? Add 22%

Would you raise the payroll tax from 6.2 percent to 7.2 percent? (That's an extra \$500 per year for someone earning \$50,000.)
YES? Add 64%

Currently, wages over \$110,100 aren't taxable for Social Security. Would you raise the limit?
YES? Move to next space. NO? Skip to end.

Would you lift the cap to \$215,000 so 90 percent of all earnings are subject to Social Security taxes?
YES? Add 36%

Would you remove the cap altogether to tax all income for Social Security?
YES? Add 86%

BENEFIT ADJUSTMENTS AHEAD!

PLAY IT AGAIN!
Check out AARP's interactive online tool at aarp.org/strengthensocialsecuritytool, and read more about Social Security for Dummies at aarp.org/SS4Dummies.

END
Total up your choices and see how you scored.