



Social Security Trade-off Analysis

Webinar

March 19, 2025



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.

Agenda

- Logistics and Introductions
- Presentation
- Q&A



Speakers



Joel Eskovitz

Senior Director, Social Security and Savings
AARP Public Policy Institute



Mathew Greenwald

Founder and Managing Director,
Strategic Initiatives
Greenwald Research



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Social Security at 90: A Bipartisan Roadmap for the Program's Future

A Survey with Trade-off Analysis

Presented to NIRS March 19, 2025

Mathew Greenwald



National Academy of Social Insurance

With: AARP, NIRS, U.S. Chamber of Commerce

Conducted by: Greenwald Research, NORC

Methodology

- Online survey of 2,243 Americans ages 21 and over
- Trade-off analysis (conjoint analysis) incorporated in survey
- Used NORC's AmeriSpeak® Panel: a probability-based panel
- Questionnaire offered in English and Spanish
- Four oversamples: Total completed interviews by oversample
 - 306 Hispanics
 - 265 Non-Hispanic African Americans
 - 296 Non-Hispanic AAPI
 - 153 small business owners (owns a business with 2-100 employees)
- Sample weighted by age, gender, census division, race/ethnicity, education, housing tenure, household phone status, and small business ownership to match Census Bureau Current Population Survey
- Margin of error plus or minus 2.1 percentage points

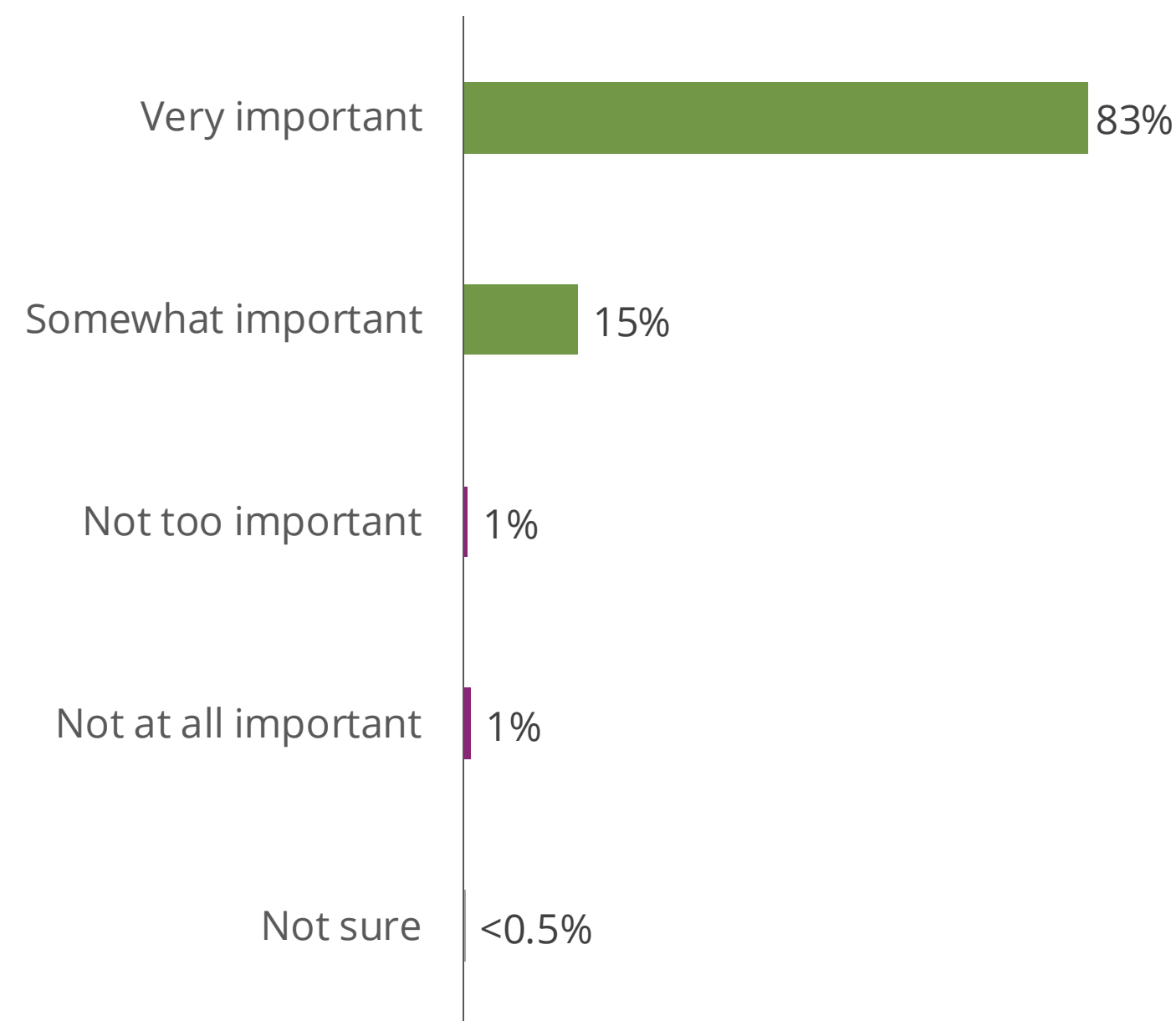


Social Security: Importance to Americans' Retirement Security

Social Security benefits highly important to current beneficiaries

- Among those in households receiving benefits, 4 in 5 say benefits are very important to monthly income
- Only 1% say benefits received are not at all important

Importance of Social Security Retirement Benefits to Monthly Income



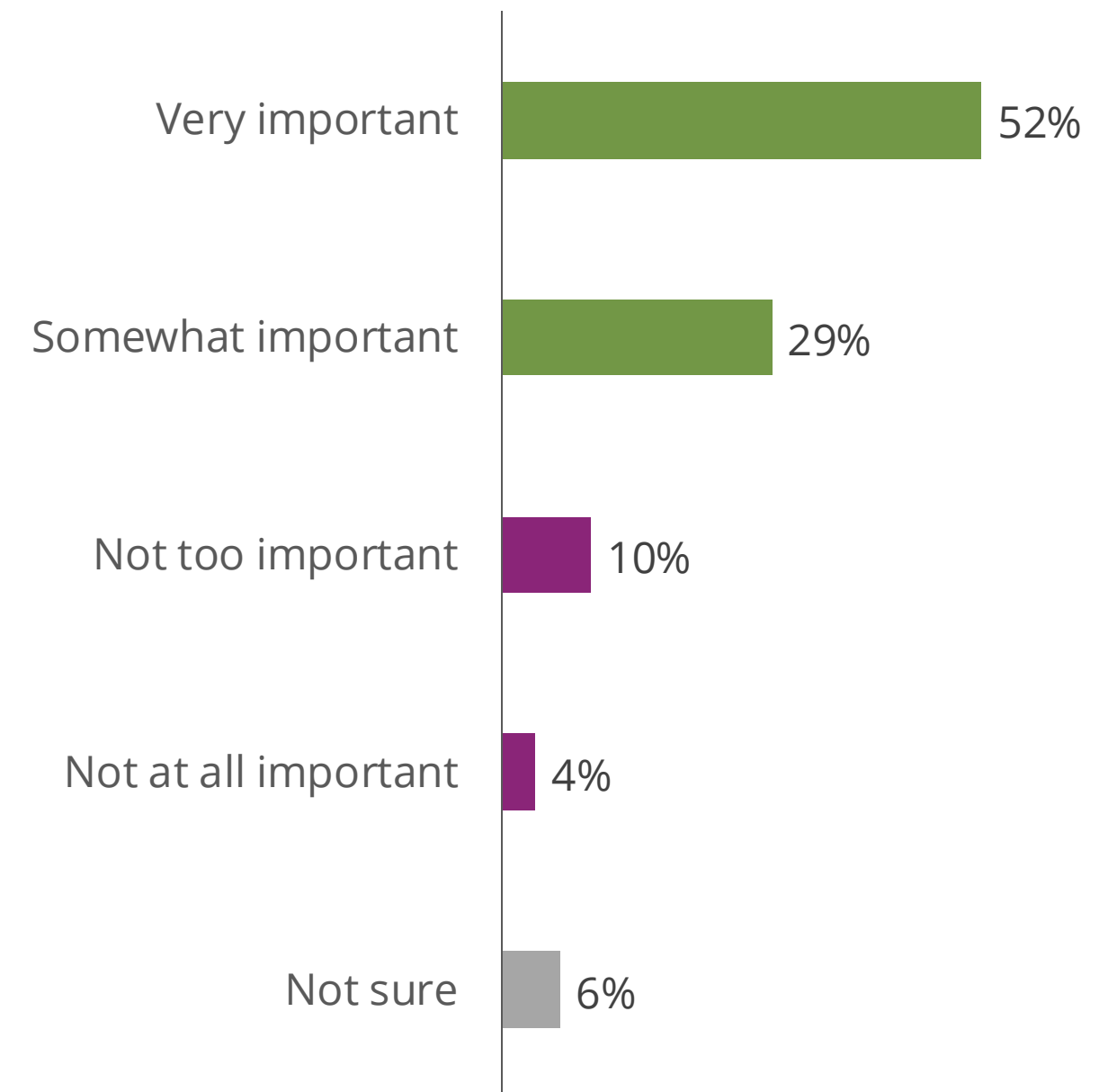
How important would you say Social Security retirement benefits are to your monthly income?

(FILTER: Self and/or spouse is currently receiving Social Security=651)

Most say benefits will be important in retirement

- Among those not yet receiving benefits, more than 8 in 10 say they will be important to monthly income
- Only 4% believe benefits will not be important at all to monthly income
- Only 7% of those in households > \$200,000 say benefits will not be important

How Important Social Security Retirement Benefits Will Be to Monthly Income



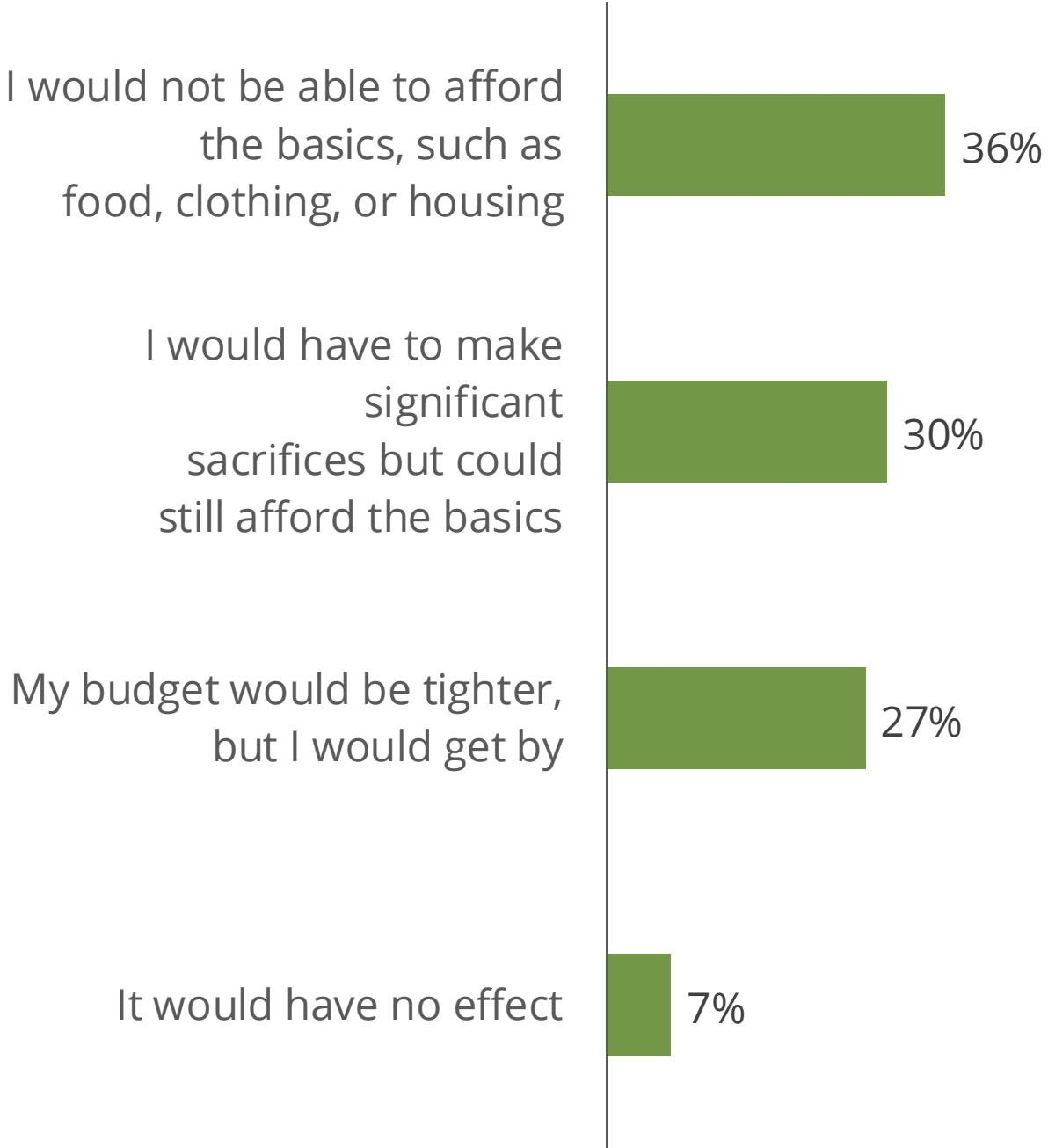
How important do you think Social Security benefits will be to your monthly income when you (retire / begin receiving benefits)?

(FILTER: Not currently receiving Social Security (neither is spouse, if married)=1584)

2 in 3 couldn't afford basics/ would make significant sacrifices

- Two-thirds say they would not be able to afford the basics or would have to make significant sacrifices without Social Security
- Only 7% say would not be affected
- Even among highest-income households (>\$200,000) only 18% say absence of Social Security would have no effect

Expected Lifestyle Without Social Security Retirement Benefits



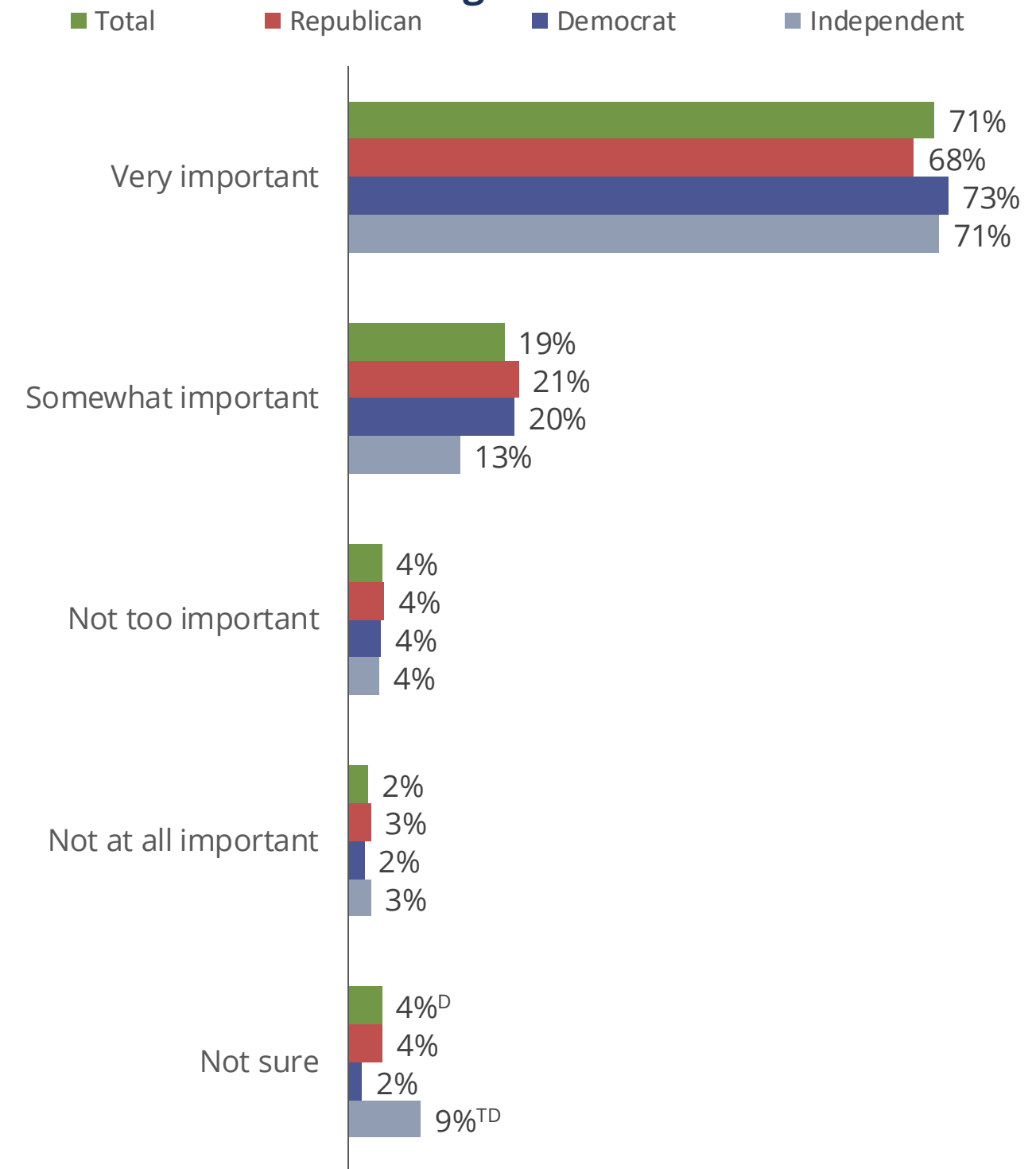
If for some reason you did not receive your Social Security retirement benefits, which of the following statements best describes the effect it would have on your lifestyle, if any, in (retirement / your later years)?

(n=2154)

Large majorities say Disability Insurance very important

- More than 7 in 10 say Social Security Disability Insurance would be very important to their income if they become disabled
- 19% say it would be somewhat important
- Only 6% say it would not be important

Importance of Social Security Disability Benefits if Becoming Disabled



How important do you think Social Security disability benefits would be to your monthly income if you became disabled and were unable to support yourself through work?

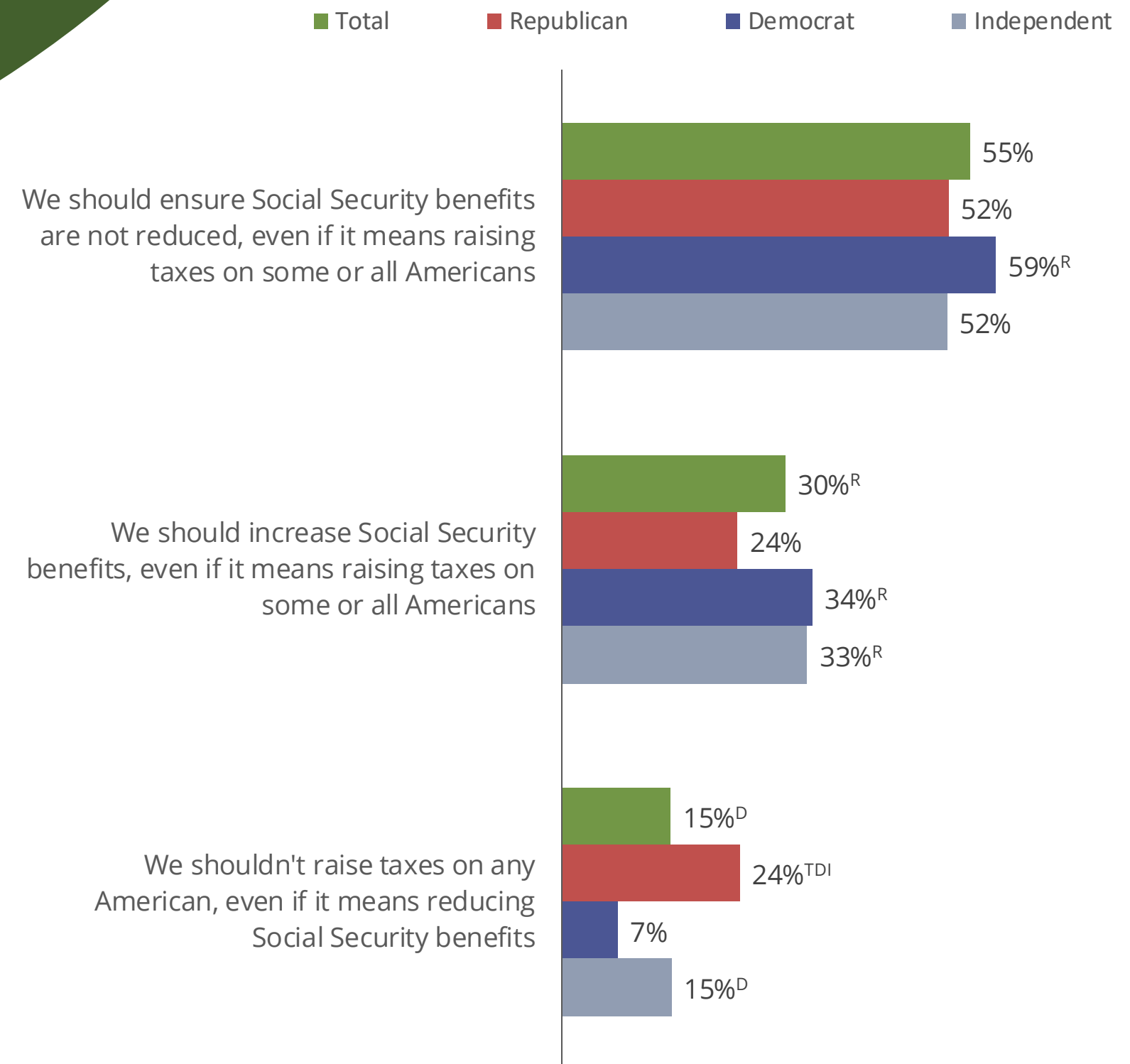
(FILTER: Employed full-time or part-time=1479)

^{TRDI} indicates significant difference at the 95% confidence level

Bipartisan preference for closing financing gap with revenues

- 85% say we should ensure benefits are not reduced – or that we should increase benefits – even if it means raising taxes
- Only 15% think we should not raise taxes even if benefits will have to be reduced
- Broad preference for raising revenues vs. reducing benefits consistent across political and demographic lines
 - >3 in 4 Republicans
 - >9 in 10 Democrats
 - >8 in 10 Independents

View on Social Security Benefits



Which of the three statements below comes closest to your view?
(n=2200)

TRDI indicates significant difference at the 95% confidence level



Trade-Off Analysis: Americans' Preferred Package

What is Trade-Off Analysis?

Trade-off analysis (also known as conjoint analysis) was invented by University of Pennsylvania marketing professor Paul Green in 1971, based on:

- **Bayesian math**
- **Work of mathematical psychologists Duncan Luce and John Tukey**
- **Work of econometrician (and Nobel Prize winner) Daniel McFadden**

Soon after it was developed, “Conjoint analysis quickly became the most broadly-used and powerful survey-based technique for measuring and predicting consumer preference.” (1)

(1) Data Use” A short history of conjoint analysis, Bryan Ormel, 2004, <https://www.quirks.com/articles/data-use-a-short-history-of-conjoint-analysis#:~:text=Conjoint%20analysis%20and%20the%20more,Nobel%20Prize%20winner%20in%20economics>

What is Trade-Off Analysis?

Conjoint analysis measures preferences and the strength of preferences by having survey respondents make a series of carefully designed choices.

In this study:

- **Respondents made 12 choices, each between three packages of policy options**
 - **For each package, respondents were informed of the impact the package would have on the Social Security financing gap, based on analyses from the Social Security Administration**
 - **In every case, one package was for no changes**
- **An analysis of responses allows a calculation of:**
 - **Which package is preferred**
 - **By how many respondents**
 - **The impact of each policy option on overall preferences**

Components of Analysis

Nine types of policy options were tested:

- **Changing taxable earnings cap: 6 new options**
- **Changing tax rate: 2 new options**
- **Changing age of retirement for full benefits: 2 new options**
- **Changing the COLA: 2 new options**
- **Work credit for parents who are care givers: 1 new option**
- **Increase benefits for all beneficiaries: 1 new option**
- **Taxation of benefits: 2 new options**
- **Bridge benefit for those doing physical hard work: 1 new option**
- **Reducing benefits for some: 1 new option**

For all 9 policy options, no change from current system was also offered

Trade-Off Analysis

The Preferred Package

- Increases revenues
- Pays for targeted benefit improvements
- Eliminates financing gap and provides a slight surplus

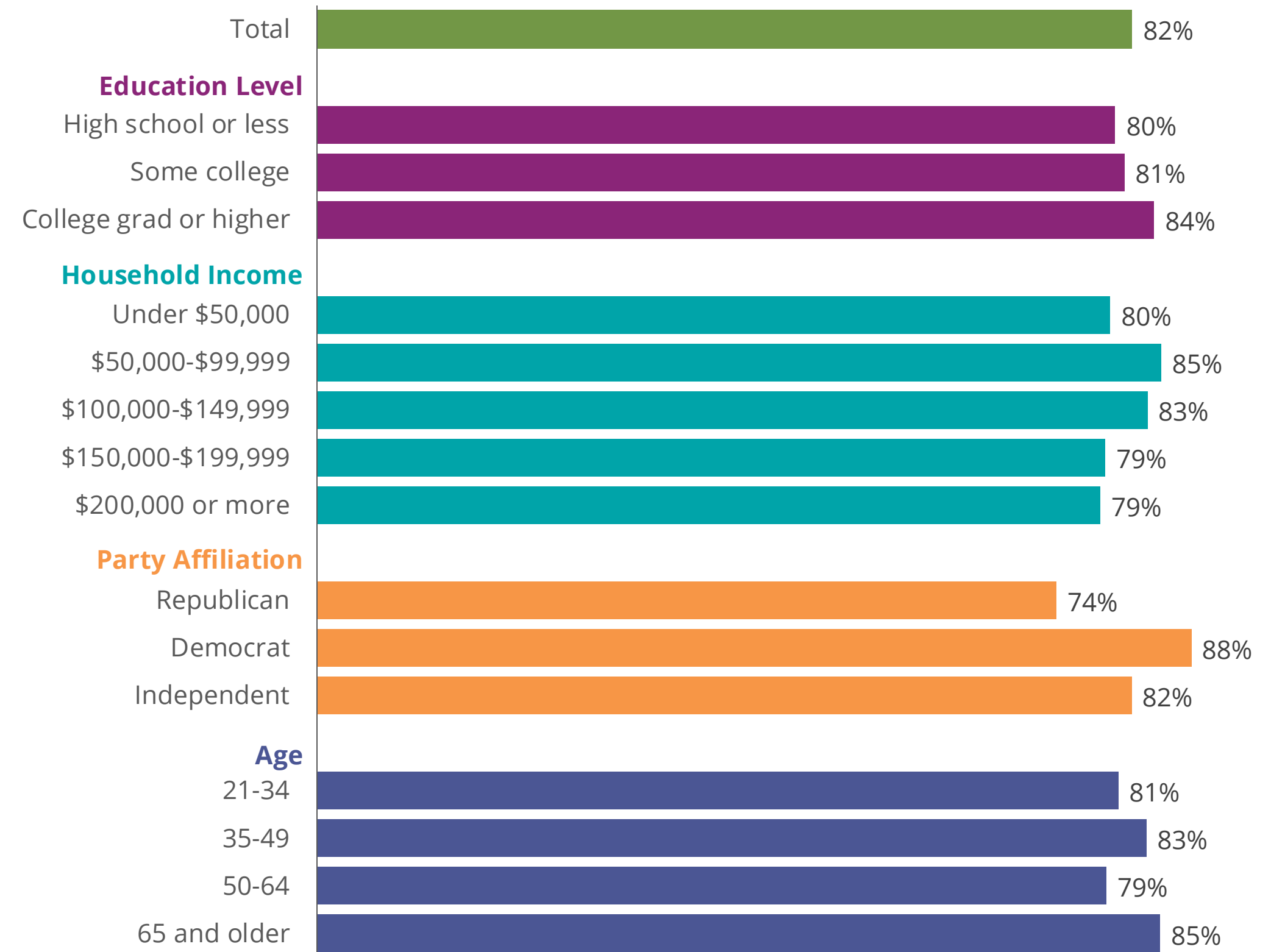
Category Policy	
Taxable Earnings Cap	Keep current cap of about \$168,000 and also collect Social Security taxes on earnings above \$400,000; Those who earn more than \$400,000 would not get any additional benefits
Tax Rate	Increase tax rate from 6.2% to 7.2% for both employees and employers
Age for Full Retirement Benefits	No Change
COLA	Increase COLA by basing it on inflation for older people
Work Credit to Parents who are Caregivers	Give parents who are caregivers for children under age 6 with credit for work for calculating Social Security benefits
Benefits for all beneficiaries	No Change
Taxation of Benefits	No Change
Bridge Benefit	Reduce the penalty for receiving Social Security benefits early for people with a history of physically demanding work or who are no longer able to work due to declining health
Beneficiaries with Higher Income in Retirement	Reduce benefits for higher earners (beneficiaries with >\$60K/\$120K in non-Social Security income in retirement)

Trade-Off Analysis

The Preferred Package

- Preferred to the status quo by 82% of respondents
- Strong majority support across party lines, income, education, generational divides

Support for the Preferred Package of Policy Options in Trade-Off Analysis



The Preferred Package included the most popular policies within each category. These results show the percent selecting this package when compared to 'No Changes'.

Trade-Off

Analysis

Certain changes have a strong impact on package's appeal

Changes that strongly *increase* package appeal:

- Applying payroll tax on earnings over \$400,000 that are taxed for Social Security
- Gradually increasing the Social Security tax rate from 6.2 percent to 7.2 percent
- Keeping Social Security's full retirement age at 67 instead of raising it further

Changes that strongly *decrease* package appeal:

- Not changing the tax cap.
- Decreasing the cost-of-living adjustment by basing it on a different calculation that increases the amount more slowly than the current method.
- Increasing benefits by \$250 a month for all new beneficiaries.
- Increasing the full retirement age from 67 to 69.



Views on Individual Policy Options

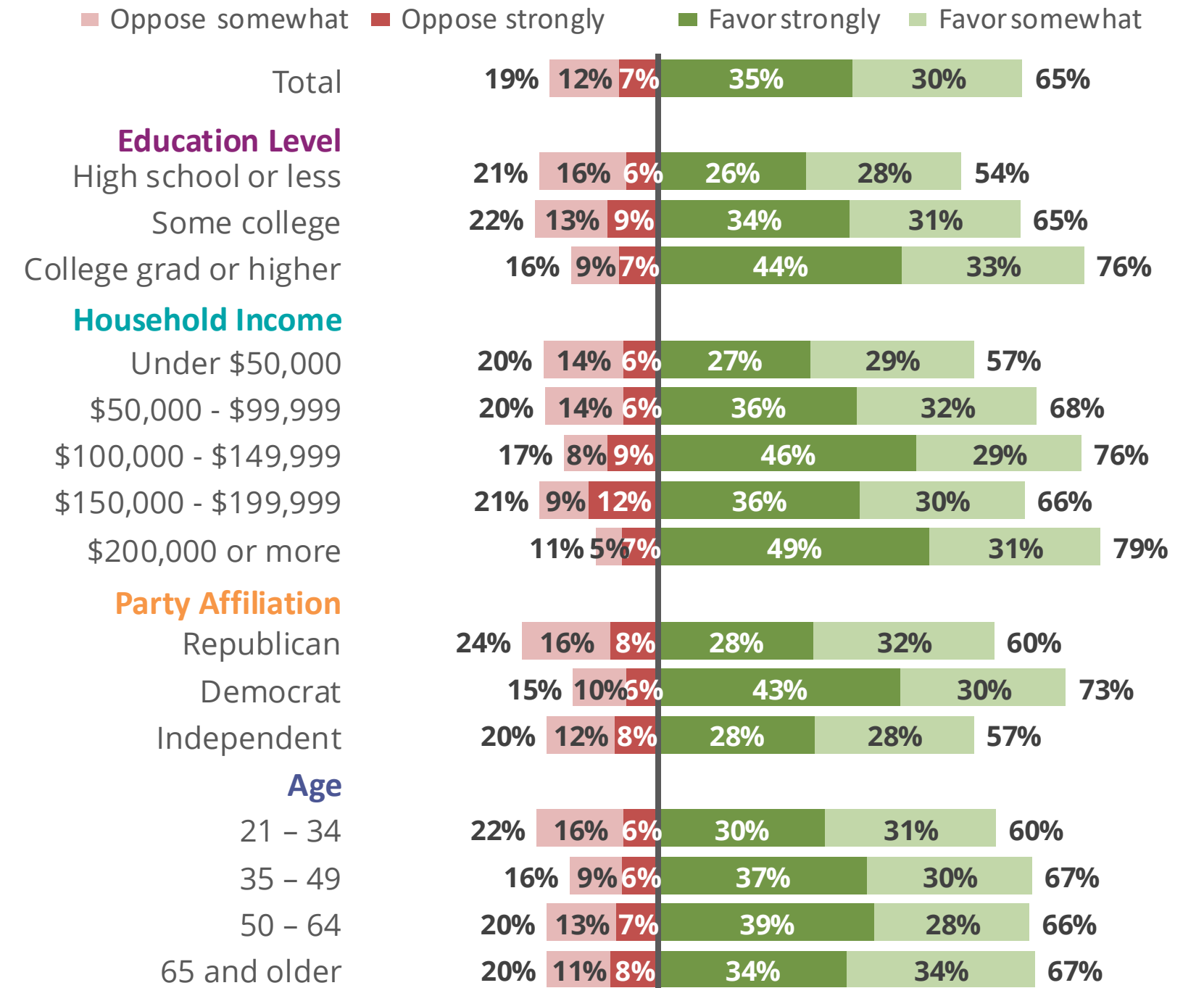


*Views on Revenue
Options*

Strong support for lifting cap on income >\$400K

- Two-thirds of respondents support lifting the cap on income >\$400K
- Only 1 in 5 opposed
- Strong majorities of Republicans, Democrats, Independents in support
- Favored by 79% of respondents with incomes >\$200,000

Views on Taxing Wages over \$400,000



Currently, all workers pay Social Security taxes on their wages up to about \$168,000. Any wages earned above about \$168,000 per year are not taxed for Social Security. This proposal would maintain the current cap at about \$168,000 but have Americans with annual wages over \$400,000 start paying Social Security taxes again on wages above that amount.

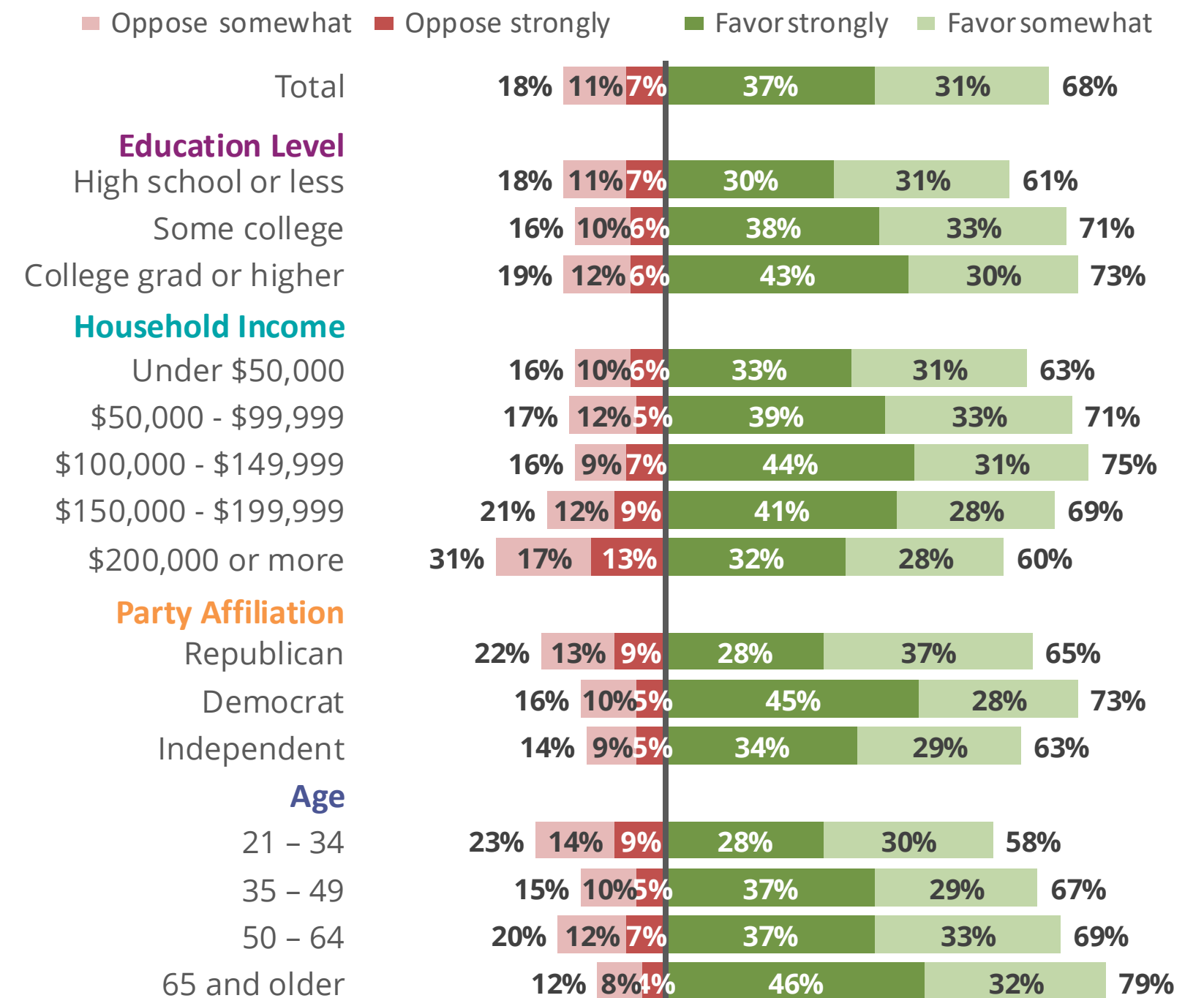
Do you favor or oppose this change?

(n=2230)

Almost 7 in 10 favor eliminating the cap altogether

- 68% support eliminating payroll tax cap
- Fewer than 1 in 5 opposed
- Strong majorities of Republicans, Democrats, Independents in support
- Favored by 6 in 10 respondents with incomes >\$200,000

Views on Eliminating the Payroll Tax Cap



Currently, all workers pay Social Security taxes on their wages up to about \$168,000 per year. This proposal would gradually eliminate the limit altogether so that by 2030, all workers would pay Social Security taxes on all of their wages.

Do you favor or oppose this change?

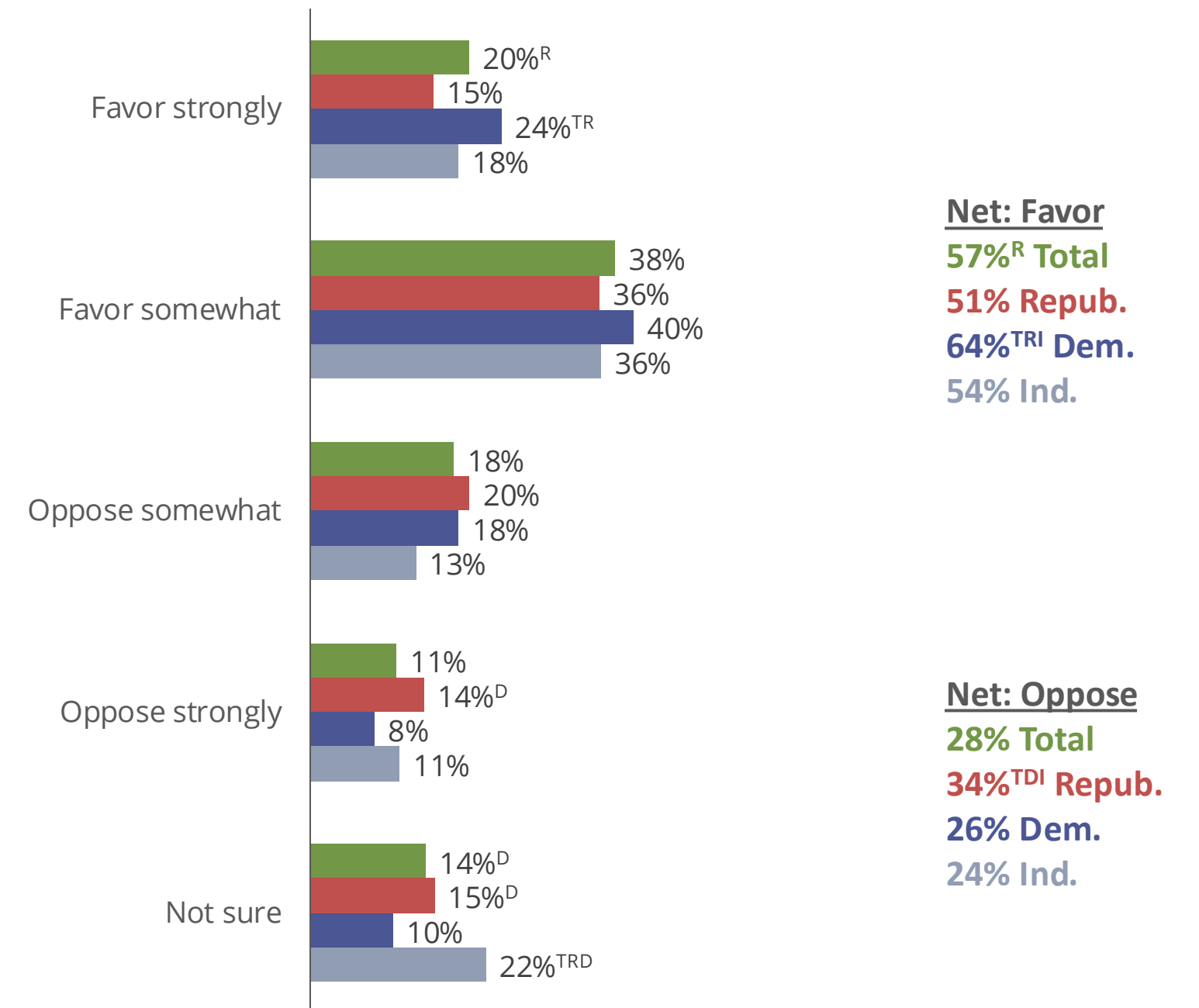
(n=2224)

Most favor gradually increasing tax rate to 7.2%

- Nearly 6 in 10 favor increasing the payroll tax rate from 6.2% to 7.2%
- Majority support among Republicans, Democrats, Independents

Proposal to Increase Wage Tax Rate to 7.2%

■ Total ■ Republican ■ Democrat ■ Independent



Workers currently pay 6.2% of their wages to Social Security, and their employers pay the same share for a total of 12.4%. This proposal would gradually raise the rate until it hits 7.2% for workers and the same amount for employers.
 Do you favor or oppose this change?

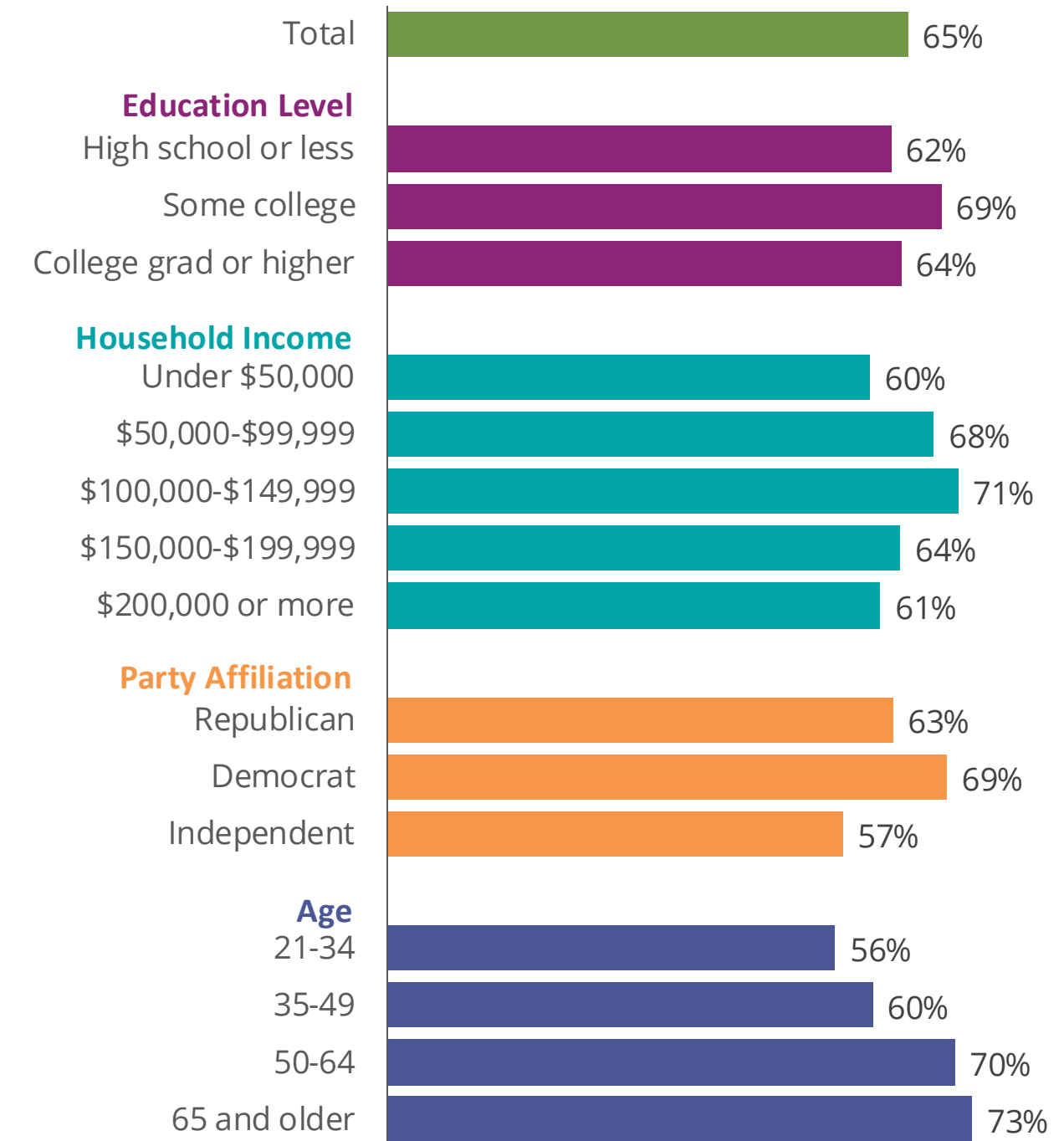
(n=2225)

^{TRDI} indicates significant difference at the 95% confidence level

Strong support for funding Social Security with new revenue sources

- Nearly 2 in 3 support funding Social Security with other sources of federal revenues
- Strong majorities of Republicans, Democrats, Independents
- **In order of preference (most to least):**
 - *Estate taxes*
 - *General revenues*
 - *Carbon taxes*
 - *Capital gains*
 - *Tax on employee benefits*

Support for Funding Social Security with Other Federal Revenue Sources



Some proposals would improve Social Security's finances by re-routing funds from other sources of federal tax revenues. Do you believe that re-routing funds from other sources of federal tax revenues should be used to fund Social Security?

(n=2227)

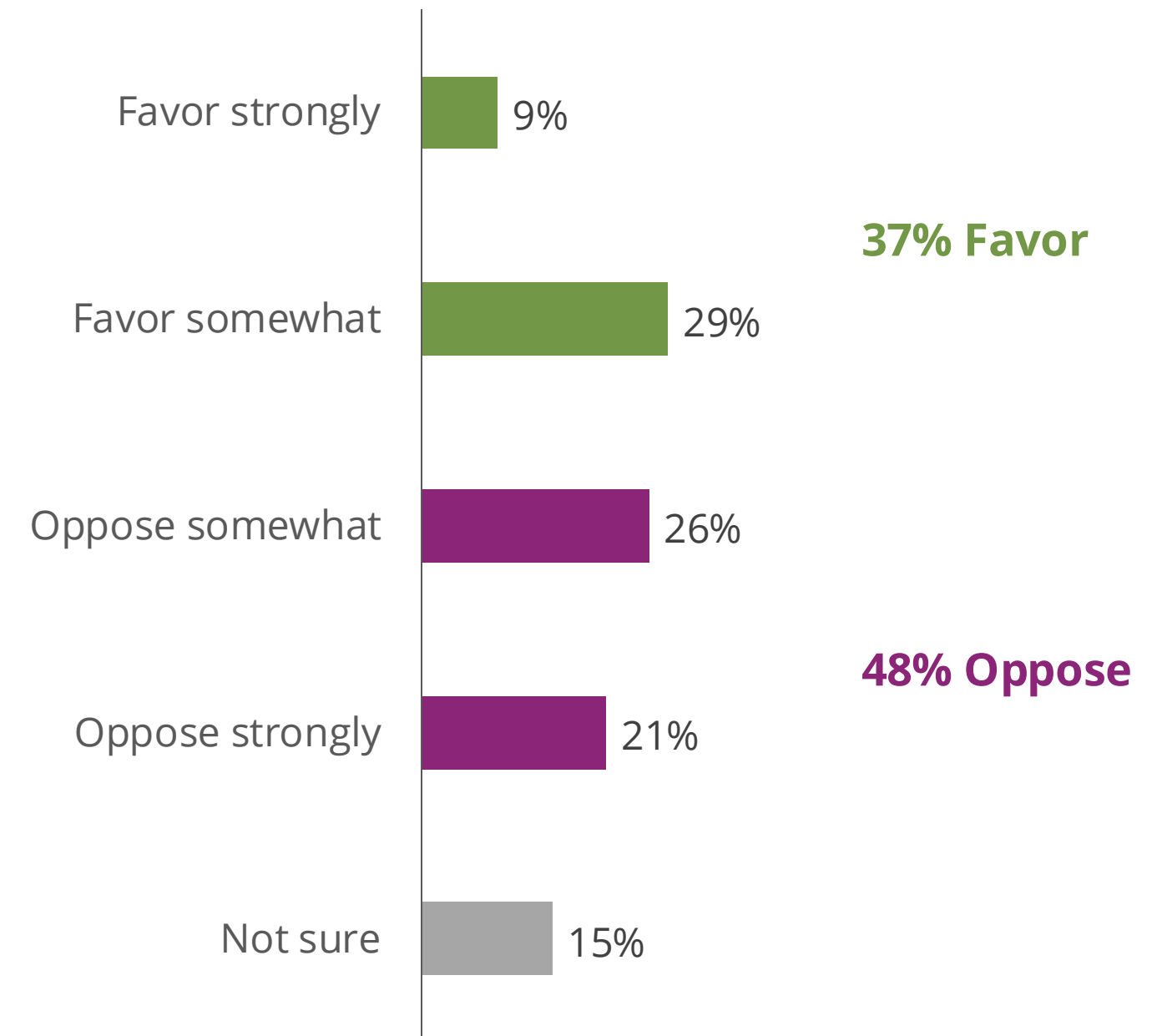


*Views on Benefit
Reductions*

Americans do not favor raising the retirement age

- Only 9% strongly favor further raising the retirement age while twice as many are strongly opposed
- Overall, almost half are opposed to this change

Proposal to Raise the Age to Fully Claim Social Security Benefits



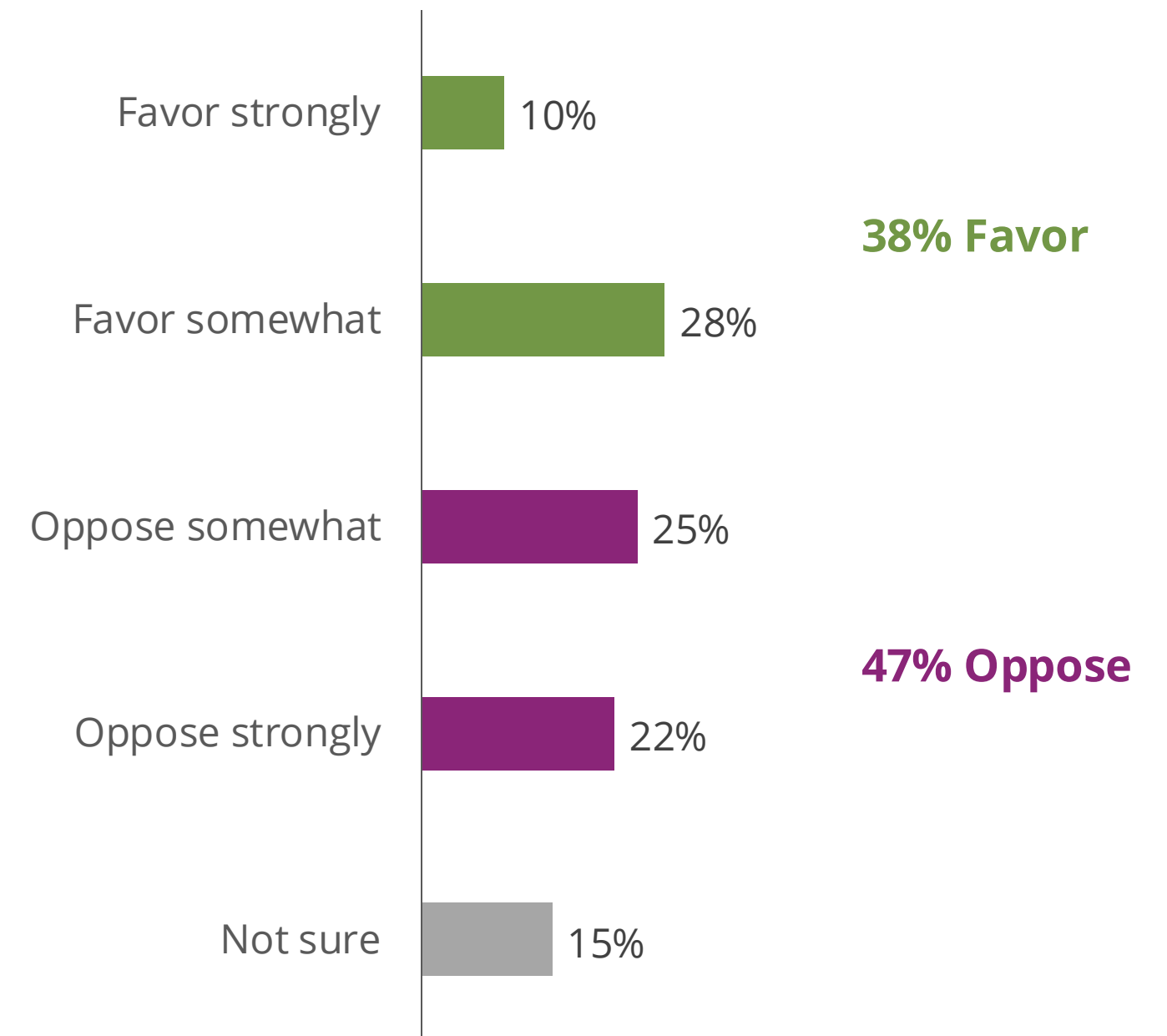
Currently, the age required to get full Social Security retirement benefits is 67. People can claim reduced benefits as early as 62. Under this proposal, the age required to get full Social Security retirement benefits would be increased to 68. People can still claim as early as 62, but their benefits would be reduced from the current level no matter what age they claim benefits because of the higher age required to receive unreduced benefits. To receive the same amount of benefits available today, a person would need to wait an additional year to claim benefits. Do you favor or oppose this change?

(n=2230)

Americans not in favor of slower COLA

- Only 1 in 10 strongly favor slowing COLAs while 2 in 10 strongly oppose this
- Overall, almost half are against this change
- 15% are not sure

Proposal to Gradually Slow Down the Annual Cost-of-Living Adjustment Increase



Social Security's annual Cost-of-Living Adjustment (COLA) benefits to keep up with inflation. This proposal would gradually slow down the rate of increase. The impact would grow over time.

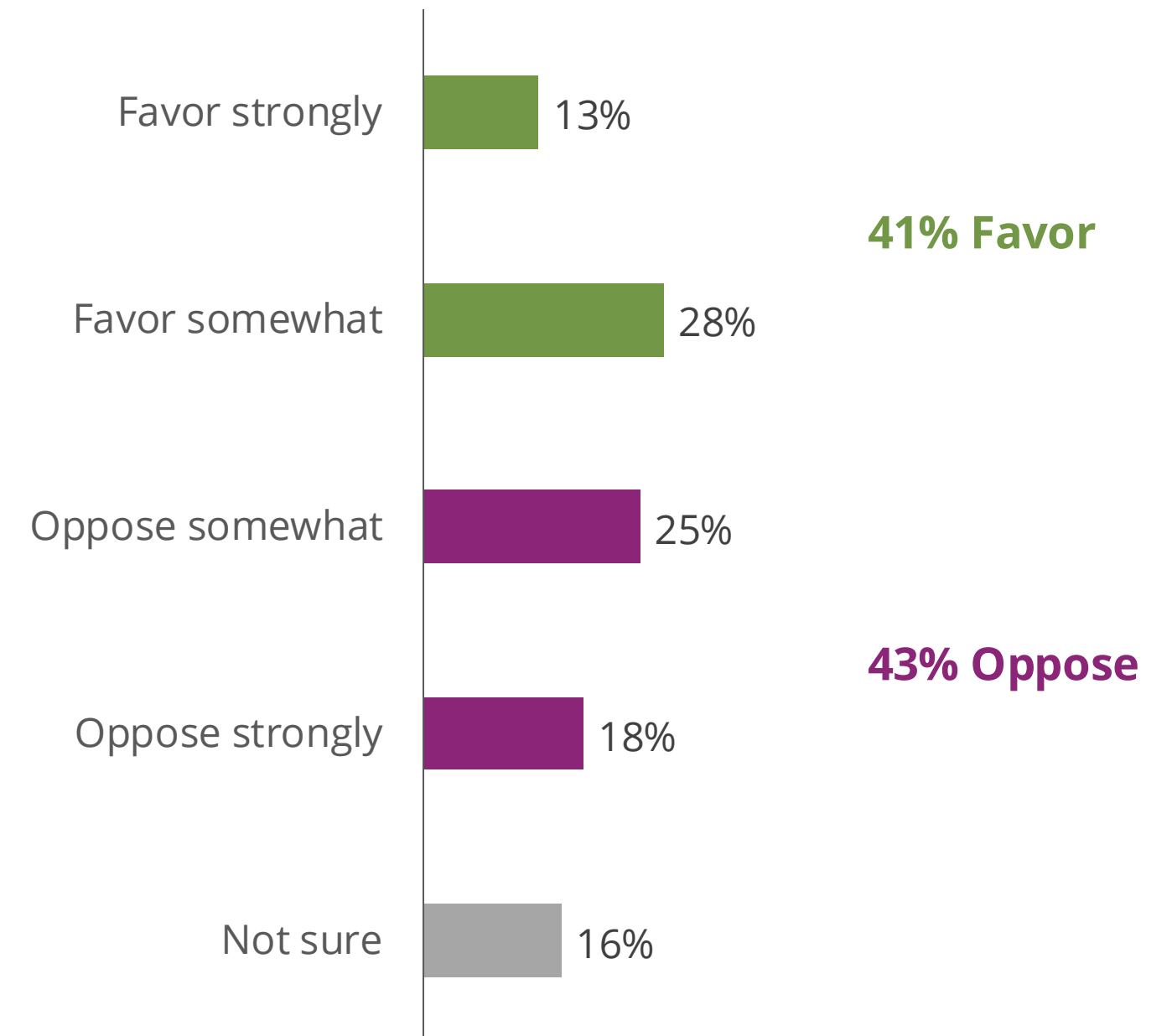
Do you favor or oppose this change?

(n=2228)

Split reaction to reducing benefits for those with higher incomes in retirement

- 41% favor reducing benefits to those with retirement incomes > \$60K/\$120K outside of Social Security benefits
- Nearly identical share of respondents opposed
- 1 in 6 are not sure

Proposal to Reduce Benefits to Those Earning Higher Earnings Other Than Social Security



The next proposal would reduce Social Security benefits for new recipients. Individuals who earn over \$60,000 a year and married couples earning over \$120,000 a year (other than Social Security benefits) would have their benefits reduced. The higher their earnings, the more their benefits would be reduced. The highest reduction would be a 50% reduction in Social Security benefits for individuals earning more than \$180,000 and married couples earning more than \$360,000.

Do you favor or oppose this change?

(n=2235)

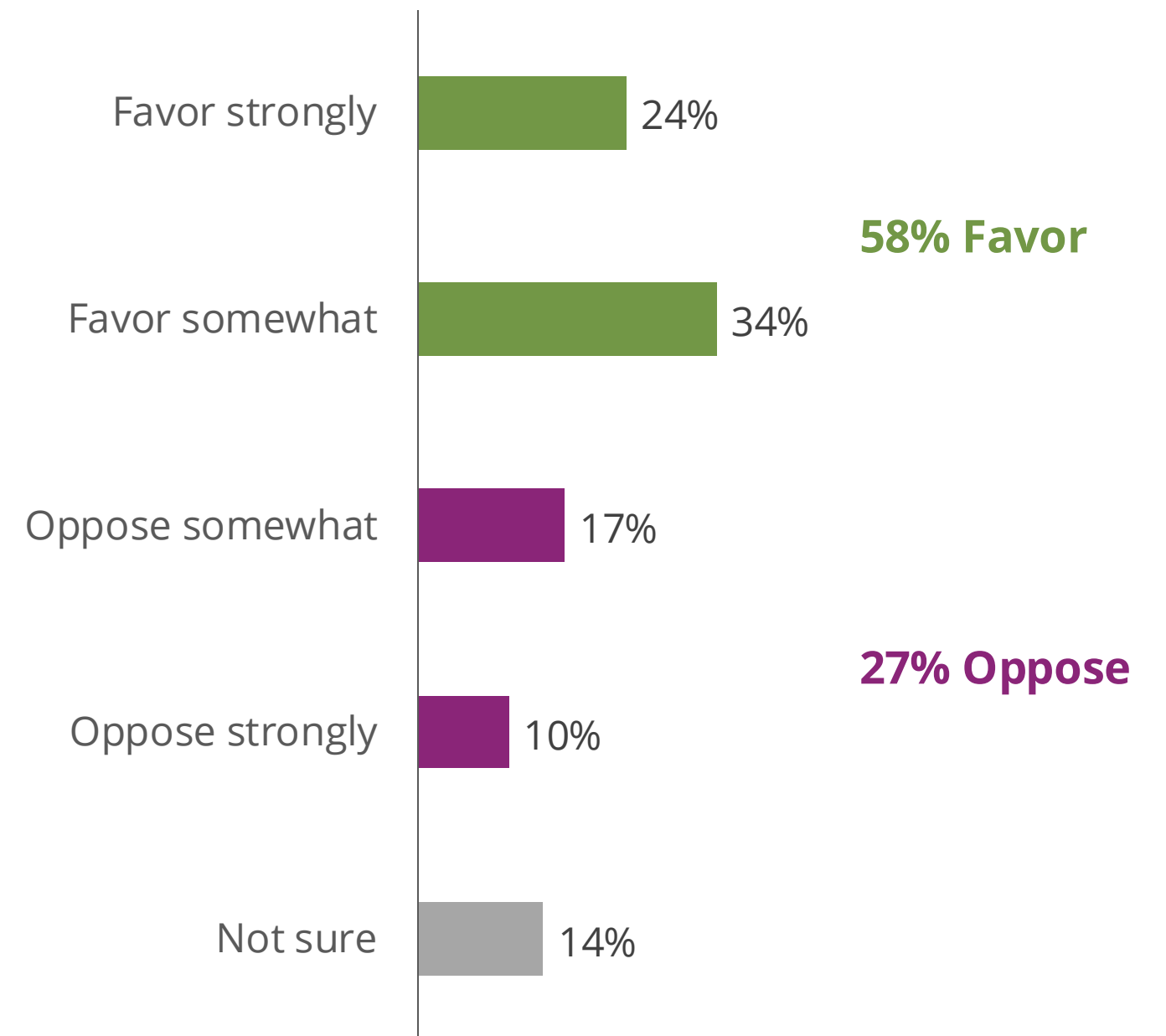


*Views on Benefit
Improvements*

Most support caregiver credit

- 3 in 5 favor work credit for those taking care of children
- 1 in 4 oppose this
- More than two times as many favor strongly as oppose strongly

Proposal to Provide Credit for Parents Who Earned Little to Nothing Raising a Child Under 6



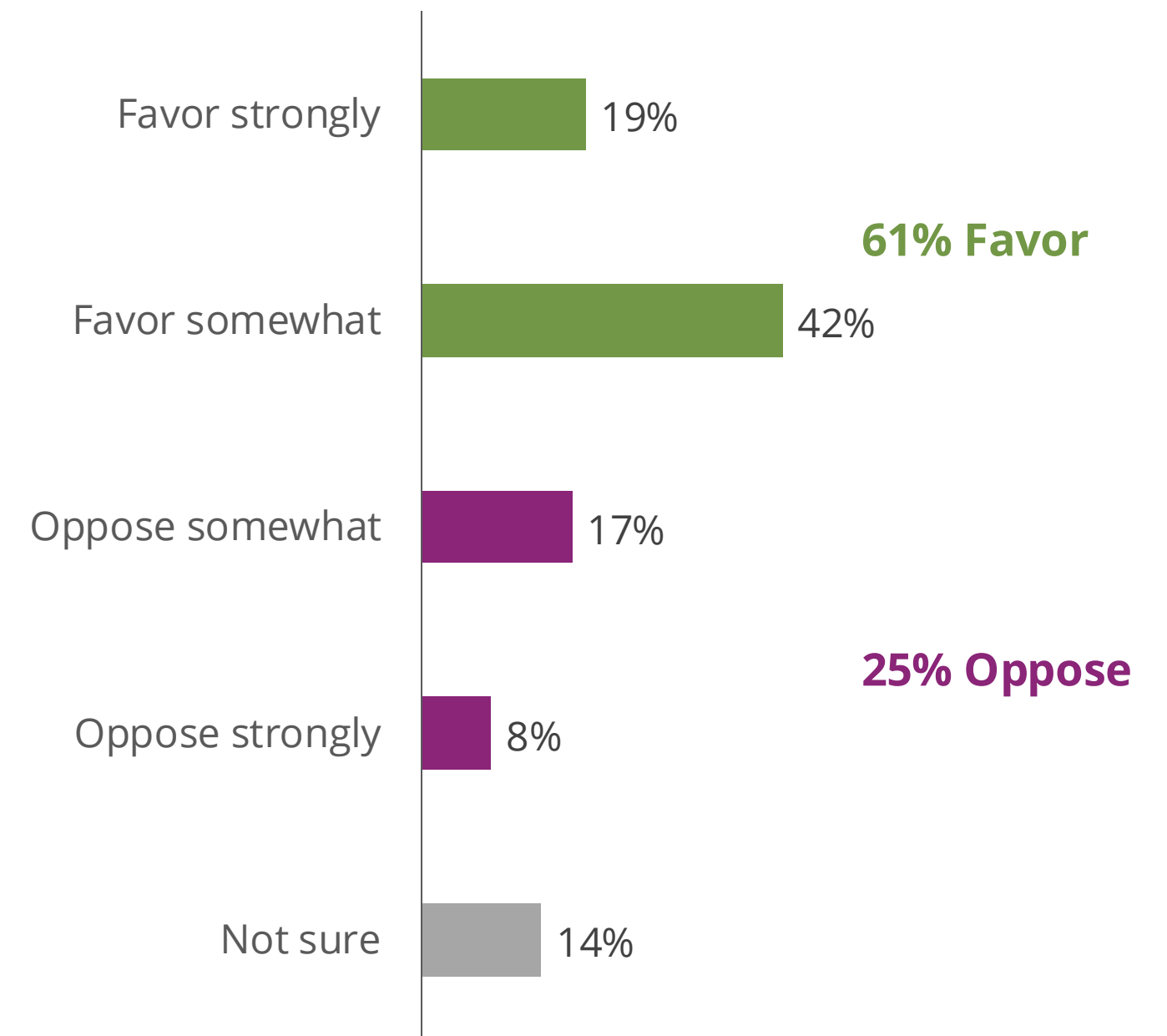
Some parents of young children take time out of the workforce to take care of their children. As a result, they could face a smaller Social Security benefit in retirement. This proposal would provide a credit to increase Social Security benefits for parents who earned little or nothing while raising a child under age 6. Do you favor or oppose this change?

(n=2234)

Most favor bridge benefit for those in physically demanding jobs

- More than twice as many favor than oppose this proposal
- Only 1 in 4 oppose including only 1 in 12 who strongly oppose

Proposal to Reduce Penalty of Claiming Early for Those in Physically Demanding Jobs



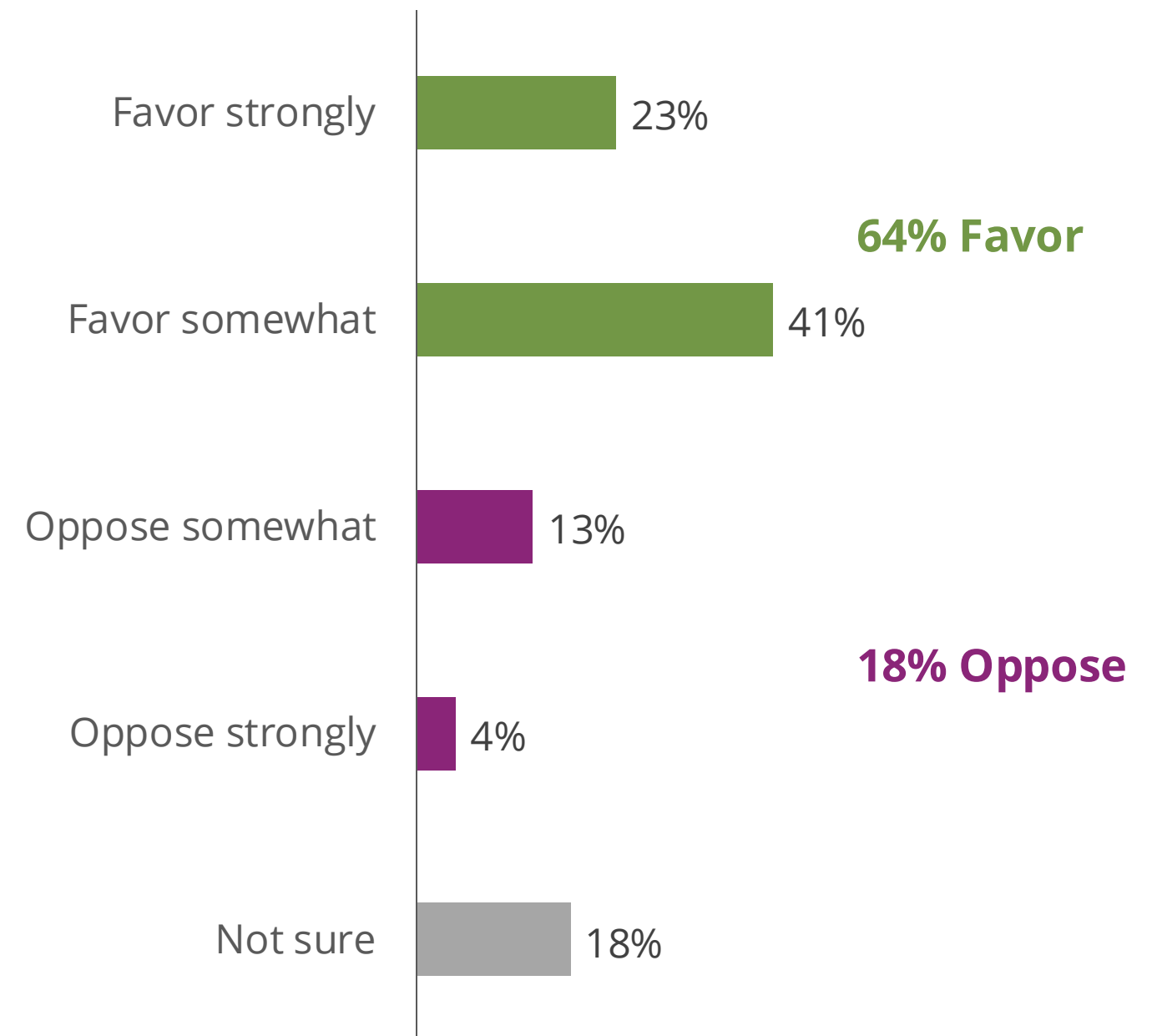
Currently, the age required to get full Social Security retirement benefits is 67. People can claim benefits as early as 62 but will receive reduced benefits if they do so. This proposal would create an exception for people with a history of physically demanding work or who are no longer able to do their current jobs due to declining health. These workers would still face reduced benefits if they claimed before age 67, but the reduction would not be as large. Do you favor or oppose this change?

(n=2233)

Strong support for increasing COLAs

- 2 in 3 favor increasing COLAs
- Only 1 in 5 oppose this, including 1 in 25 who oppose strongly

Proposal to Increase Cost-of-Living Adjustment Based on Spending Patterns of Older Americans



Social Security's annual Cost-of-Living Adjustment (COLA) increases benefits to keep up with inflation. This proposal would gradually increase the Social Security cost of living adjustment (COLA) by basing it on the spending patterns of older Americans, which differs from the spending patterns of those younger. For example, older Americans tend to spend more of their income on medical care, which tends to increase in cost more than average costs.

Do you favor or oppose this change?

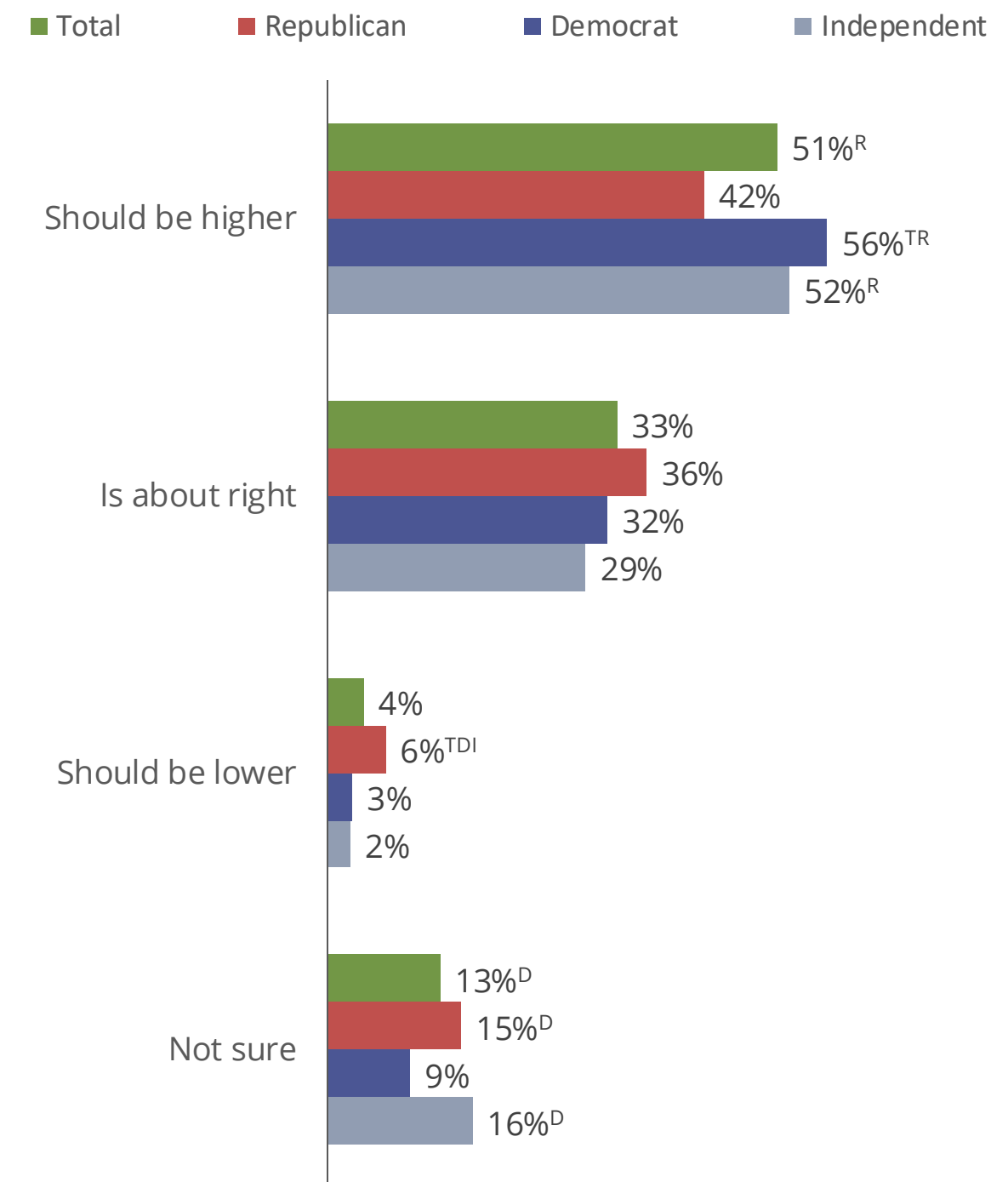
(n=2225)

*Strong Support for
Strengthening Social
Security's Disability
Protections*

Most favor increasing Social Security Disability Insurance benefits

- Roughly half say benefits should be higher
- Just 4% say benefits should be lower

Feelings on Level of Social Security Disability Benefits



There are three different types of Social Security programs that pay benefits to Americans who qualify. Below is a list of those three programs and the average amount of monthly benefits that are paid out by each. For each Social Security program, please indicate your feelings about the level of benefits: Disability benefits, average is \$1,538 per month

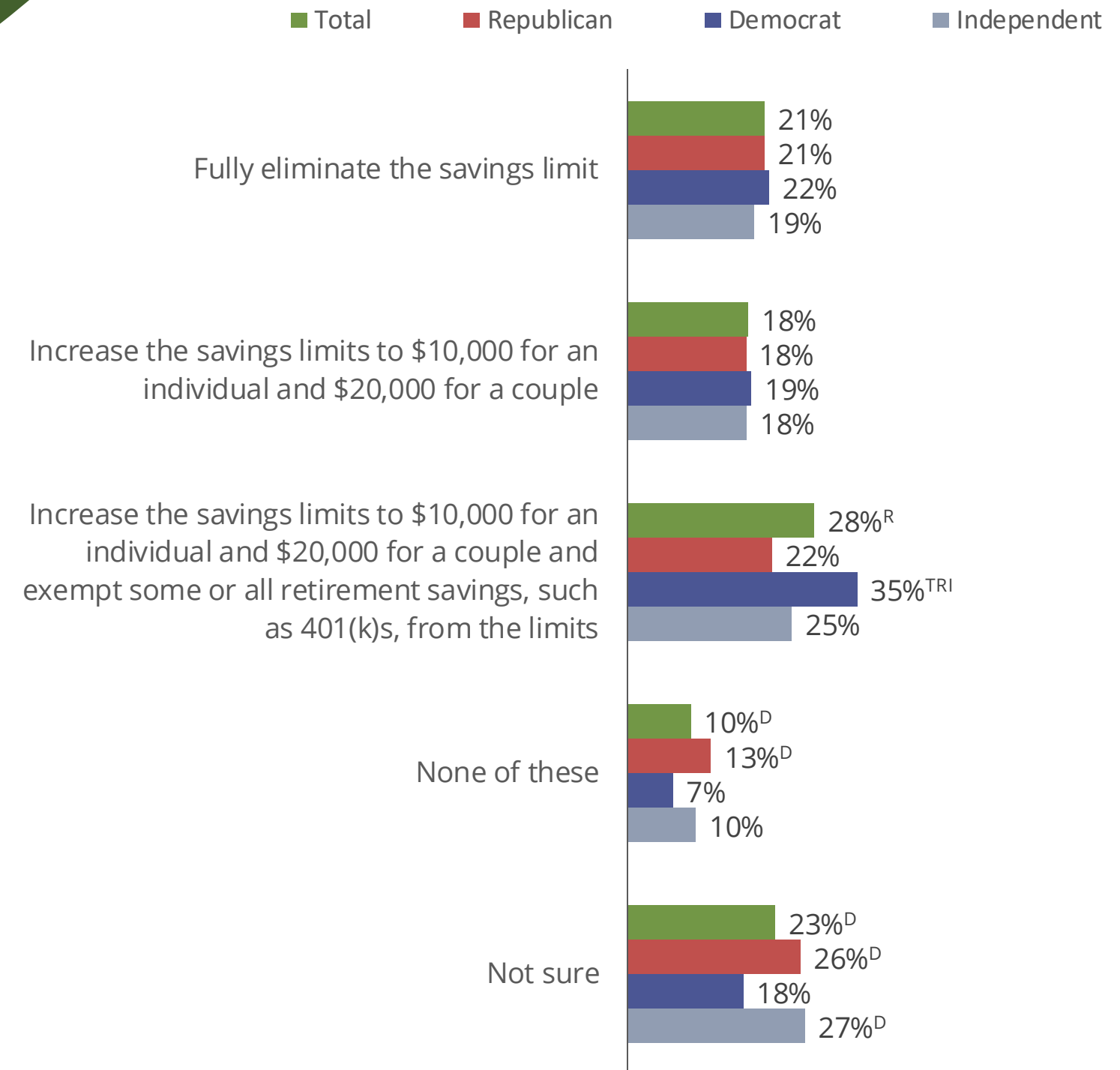
(Total=2210)

^{TRDI} indicates significant difference at the 95% confidence level

Strong support for updating SSI's asset limits

- 2 in 3 favor modernizing SSI's \$2,000 asset limits
- Just 1 in 10 opposed
- Of the options presented:
 - 1 in 5 favor eliminating it altogether
 - Nearly 1 in 5 favor lifting to \$10K/\$20K
 - 28% say lift to \$10K/\$20K and exempt retirement savings

Proposals to Reform SSI Savings Limits



SSI beneficiaries are not allowed to have more than \$2,000 in savings or other resources (\$3,000 for married couples). Exceeding this savings limit causes people to lose their benefits. Proposals have been made to reform these savings limits. Which one of the following proposals would you most support? Select only one.

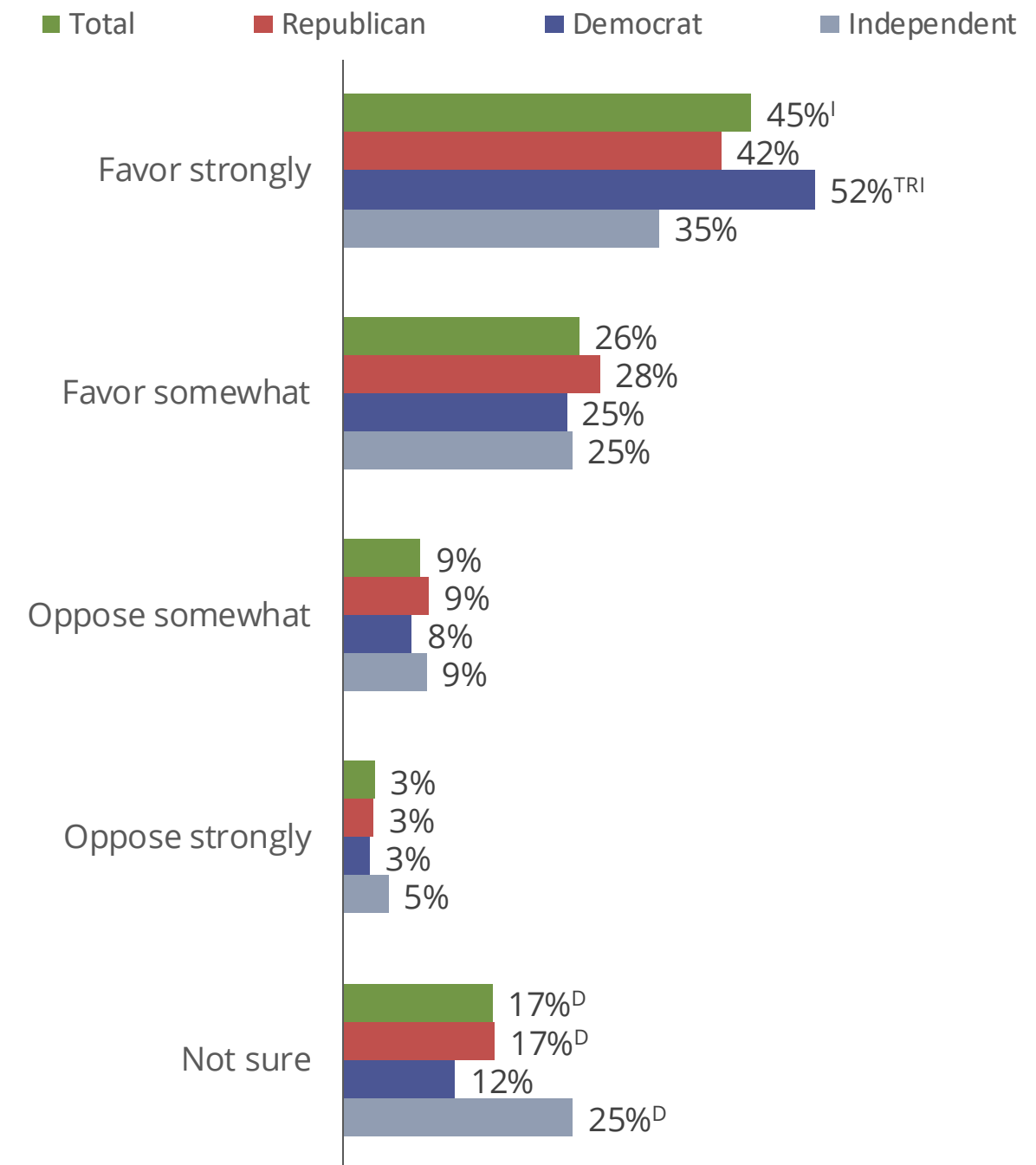
(Total=2226)

^{TRDI} indicates significant difference at the 95% confidence level

Strong support for ending SSI's marriage penalties

- 71% favor eliminating SSI's benefit reduction for those who marry
- Just 12% opposed

Proposal to Allow SSI Beneficiaries to Marry Without a Reduction in Benefits



Net: Favor
71%^I Total
70%^I Repub.
77%^{TRDI} Dem.
60% Ind.

Net: Oppose
12% Total
13% Repub.
11% Dem.
14% Ind.

SSI provides lower benefits to a married couple than it does to two individuals living together and both receiving SSI who are not married. A proposal has been made to change this so that SSI beneficiaries can marry without a reduction in SSI benefits. Do you favor or oppose this change?

(Total=2222)

^{TRDI} indicates significant difference at the 95% confidence level

Questions

