

Report on Social Security Reform Forum to 2005 White House Conference on Aging

To: Moya Thompson, Director, Outreach Coordination, 2005 White House Conference on Aging

From: Yung-Ping Chen

Re: An "Independent Aging Agenda Event" Report

Date: May 11, 2005

On behalf of the University of Massachusetts Boston, I have the honor of submitting this report.

On April 11, 2005, a forum on "Questions And Answers on Social Security Reform" was held at the University of Massachusetts Boston in Boston, Massachusetts, from 1:00 to 3:00pm in the Campus Center ballroom. It was sponsored by the Gerontology Department and Gerontology Institute of the John W. McCormack Graduate School of Policy Studies at the University of Massachusetts Boston. The forum was officially designated an "Independent Aging Agenda Event" by the 2005 White House Conference on Aging.

The session was chaired by Yung-Ping Chen, a professor of gerontology who holds the Frank J. Manning Eminent Scholar's Chair in Gerontology at the University of Massachusetts Boston. Chen welcomed the audience and indicated that the purpose of the forum was to provide objective and neutral facts and analyses regarding the need for reforming Social Security and ideas for reforming it. He then introduced the moderator, Margie Reedy, a veteran television journalist. After providing some introductory remarks on Social Security reform, Moderator Reedy introduced the speaker, Stephen C. Goss, chief actuary of the Social Security Administration.

Chief Actuary Goss presented a talk on "Social Security: Brief History; Latest Projections; What To Do." (The electronic version of the slides he used is submitted in a powerpoint attachment.) After his presentation, Goss fielded questions from the audience, which was moderated by Reedy.

Many thoughtful questions were asked and informative answers and analyses given. The following were among the topics that formed the questions: timeline for projected financial shortfalls of the program and the implications; nature of the trust funds--are they real or fictional; further raising retirement age and their implications for the system's finances and for workers and employers; life expectancy at age 65 in the past and future; raising wage caps for payroll taxation and its implications; role of immigration in solving projected financial shortfalls; low fertility rates and their implications for future labor force growth rates; types of private/personal/individual accounts--carve-out vs. add-on--and their implications for financial security of retirees;

administrative/management fees and the possibility of using TSP (Thrift Savings Plan for federal employees) as a model for private/personal/individual accounts; outsourcing of jobs and their implications for payroll taxation (employers are not paying payroll taxes when jobs are outsourced to foreign shores); how other countries are dealing with their social security funding issues; proposals to cover newly hired state and local government workers and the implications; how women and disabled workers might fare under different plans to alter the Social Security program; is the debate on reform about dollars and cents or about values?

Approximately 200 individuals attended the forum. It appeared that some 75 percent of them (about 150 persons) were in the age group 60 and above and that the remaining 25 percent (about 50 persons) were under the age of 60, about half were under 30 years of age.

Chancellor J. Keith Motley of the University of Massachusetts Boston was scheduled to offer closing comments. However, he was away from campus due to unexpected university business. Chen conveyed Chancellor Motley's remarks expressing thanks and well wishes to our speaker, Mr. Goss, our moderator, Ms. Reedy, all our guests who constituted the audience, and all those individuals and campus units involved in the planning and conducting of the forum.

Since the forum was designed to be an educational and informational session, the group did not consider any resolutions nor develop any recommendations for the 2005 White House Conference on Aging. The session was free to the public. We did not use the logo or the image of the 2005 White House Conference on Aging in any of our promotional materials for the event. However, it should be noted that, prior to April 1, 2005, the designation of an "Official 2005 White House Conference on Aging Event" was used in some of our announcements.

The event was the subject of an article in the April 21, 2005, edition of *The Mass Media*, an independent student newspaper published at the University of Massachusetts Boston. It is attached below for your information.

Social Security: A Concern For the Young and Old

By Dena Capano

Social security is a rising concern among the baby-boomer population (those born in 1946-1964, eligible to retire as early as age 62 in 2008, only 3 years from now.) Yung-Ping Chen, holder of the Frank J. Manning Eminent Scholar's Chair in Gerontology at UMB, pointed out, "Social Security is not just for old folks. Many young people receive benefits as dependents and survivors of retired and disabled workers." To assist the

national debate on how to reform the Social Security program, Chen organized a Social Security forum last Monday at UMass Boston.

People from all walks of life gathered in the Campus Center Ballroom to hear from one of the nation's leading experts on Social Security, Stephen C. Goss, the Chief Actuary of the Social Security Administration. Goss, according to Chen, was invited to UMB to present the facts, but not pass judgment on any specific reform plans. Chen explained, "People of all ages need unbiased information to distinguish among different ideas for reform."

During Chen's introduction, he put forward examples of biased and inaccurate information in the mainstream media, "A couple of months ago, an award-winning television host stated that President Roosevelt was smart to have the retirement age for Social Security benefits set at 65 because the average life expectancy in those days was about 62 or 63 years of age...He failed to distinguish between 'life expectancy at birth' and 'life expectancy at age 65.'"

But what did Roosevelt envision for workers in America when in 1934, he asked his Labor Secretary, Francis Perkins, to look into a program that would help people protect themselves against being impoverished by unemployment or old age? According to an article in *The American Scholar*, Robert M. Ball writes, "He wanted it to be a system into which people contributed while they were working, so that when the time came to call upon the program for help they could hold their heads high and claim benefits as an earned right."

Seventy years later, the program signed into law in 1935 by Roosevelt is in need of reform, partly due to the rise and fall of birth rates after WWII. "Society as a whole made a choice to have fewer kids," Goss stated. Consequently, workers per beneficiary will shift to a new lower level. Goss projected slides displaying a brief history of Social Security. "Without change, trust funds will run out and benefits will be reduced," Goss told the audience.

The estimated year that trust funds are expected to run out is 2041, which is why Social Security is a concern for young people as well as old. Goss deemed this as an "urgent problem" and pointed out several options on how social security's income and outgo could be brought into balance.

Three major choices Goss presented were "raising scheduled revenue, lowering scheduled benefits, and to increase retirement age." He told the audience, "People are more fit and active at 65," justifying the last option as a feasible one.

By implementing these reforms, one may ask, is raising retirement age and lowering benefits the bleak future American workers have to look forward to? Chen says, "I think the best way is to consider those ideas in the context of restoring solvency of the program. In other words, to make sure Social Security will have enough money to pay benefits."

