**To Overcome the Anticipated Insolvency in the U.S. Social Security**

**Trust Funds, SSTF, 2034 - 2097**

**COM 822-42 DSL: Persuasive Communication -**

**Forum Presentation (Fall 2023)**

**Peter Abraham Airewele**

**Omega Graduate School**

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**Professor Dr. Curtis McClane, Ph.D.**

**#4. 100-Days: Third Draft**

Write an argumentative essay of 8 to 10 pages, not including the page number total, the title page, thesis statement page, & Works Cited, that you will present to a faculty dais during Core 4.

1. Include the following:

a. Completed title page.

b. Thesis statement page.

c. Sentence outline developed for 60-day assignment with any changes received from Professor

      feedback.

d. Add section headers to your paper that match your outline.

e. Introductory paragraph (below the title and preceding the first Level 1 heading on the

     first page of your essay), including your thesis statement (again).

f. Clearly describe your topic, its importance, and your position.

g. Include logical arguments and literature references to support your position's main

     points and sub-points.

h. Works Cited page with all cited works listed and all listed works cited in the paper

     (Citations and references must match).

i. You must cite 25 references, and contacts meet the criteria explained in your 20-day

     assignment.

j. Update your developmental readings with any cited works used for your essay.

h. Add counterarguments, along with logical reasons for rejecting them.

2. Structure (Assignment evaluation includes the following structure below).

a. Download the "OGS APA Course Assignments Template 7th Ed 2021" template.

     The Gathering Place Course on DIAL is from the General Helps folder in AA-101.

     Using the template, create the following pages.

b. Title Page (Not included in page count).

c. Copy and paste the assignment instructions from the syllabus starting on a new page

     after the title page, adhering to APA 7th edition style (APA 7) Workshop, Formatting, and

      Style Guide, APA 7 Quick Guide).

d. Start the assignment on a new page after the copied assignment instructions.

 e. Document all sources in APA style, 7th edition (APA 7) Reference Example, APA 7

       Quick Guide)

f. Include a separate Works Cited page, formatted according to APA style, 7th edition

3. Submit through DIAL

**Study / Template Outline**

**Thesis Statement**

**1. Introduction**

**A. Description of the problem.**

1. **Counterclaim**

**II. Main Argument One**

        A.

     B.

      C.

**III.**   **Main Counter / Opposing Arguments**

A.

     B.

     C.

**IV. Main Arguments Two**

A.

     B.

 C.

**V. Counter-Opposing Arguments Two**

     A.

     B.

     C.

**VI.** **Arguments**

**VII. Counter / Opposing Arguments Three**

**VIII. Summary – Comparative Analysis**

**IX. Conclusion**

**Thesis**

Considering the series of recent actuarial reports, and publications by the U.S. Treasury, Center for Budget, and Policy Priorities, CBPP, and Social Security Administration, SSA, the Social Security Trust Funds, SSTF will be insolvent between 2034 and 2097. The "concepts of solvency, sustainability, and budget-of Social Security" are poorly understood. The Social Security Board of Trustees projects that program costs will rise by 2034, so taxes will be enough to pay for only 80% of scheduled benefits. This increase in cost results from the population because birthrates dropped from three to two children per woman; -adjustments to taxes or benefits that offset the effects of the lower birth rates may restore solvency" (Goss, 2010). However, the academia, U.S. Congress and the executive branch share different opinions about SSTF insolvency. Achenbaum, W.A. (2023) argues that "there have been no major Social Security reforms since 1983. Mistrust and anxiety fester across generational lines. Baby Boomers worry they will outlive their wits, pensions, and Medicare benefits. Millennials are apprehensive about college debts, buying homes and plans." The conservative GOP prefers a complete overhaul and deep cuts. In contrast, the Liberal Dems allay the insolvency fear and support the 8.7 percent cost-of-living adjustment (COLA) to seniors' and retirees' benefits. This study critically examines the two primary sources of revenues of the SSTF, i) the FICA 1: a federal payroll tax of 6.2%, ii) the FICA 2 payroll tax of 1.45% for Medicare. The employers match items 1 & 2 as payroll tax contributions to SSTF. Moreover, this study will determine how SSTF can reform to reduce cost and generate more revenues through extended retirement age from 66 to 70 years, incentivized increase in birthrates, simplified adoptions or immigration quotas, incentivized federal guaranteed re-entry work programs for seniors, and the rich with annual disposable income of a million dollars or more will volunteer, or donate to sustain the SSTF.

**To Overcome the Anticipated Insolvency in the U.S. Social Security**

**Trust Funds, SSTF, 2034 - 2097**

**1. Introduction**

     This study takes a critical assessment tour and evaluation of the resources and contributions made to Social Security Trust Funds, SSTFs and the disbursements it makes to millions of retirees, survivors, and disabled beneficiaries of Social Security monthly and annually. To determine what concrete steps can be taken to make it solvent for future generations, 2034 – 2097. According to the Center for Budget and Policy Priorities, CBPP (2023) recent report, "Social Security trust funds are invested entirely in U.S. Treasury securities.- backed by the full faith and credit of the U.S. government. In 2021, the trust funds had accumulated $2.9 trillion worth of Treasury securities, earning an average interest rate of 1.4 percent. The trustees project that the trust funds will earn $65.7 billion in interest income in 2023. Social Security cash surplus allows the government to borrow less from the public to finance the deficit".

**Benefit Changes in Our Major Programs During Fiscal Years 2022 And 2023 Table 1**

|  |  |  |  |
| --- | --- | --- | --- |
|  | FY 2022 | FY 2021 | % Change |
| **OASI** |  |  |  |
| Benefit Payment Expense | $1,075.126 | 986,398 | 9.0% |
| Average Monthly Benefit Payment | **$1,597.58** | **$1,487.01** | **7.4%** |
| Number of beneficiaries | 56.84 | 55.79 | 1.9% |
| **DI** |  |  |  |
| Benefit Payment Expense | $146.259 | $139.818 | 4.6% |
| Average Monthly Benefit Payment | **$1,232.11** | **$1,52.20** | **6.9%** |
| Number of beneficiaries | 8.95 | 9.34 | (4.2)% |
| **SSI** |  |  |  |
| Benefit Payment Expense | $58,581 | $53,918 | 8.6% |
| Average Monthly Benefit Payment | **$622.76** | **$584.74** | **6.5%** |
| Number of beneficiaries | 7.57 | 7.77 | (2.6)% |

**Notes: Table 1 is culled from** *SSA’s FY 2022 Agency Financial Report Management’s Discussion and Analysis, pg. 18*. Benefit payments and the number of beneficiaries is presented in millions.

**The three Major Funds held by SSTF in Table 1 above:**

i) **OASI**: refers to Old Age Security Insurance for retired workers, their families, and some survivors of deceased workers.

ii) **DI:** Disability Insurance for sick and injured workers.

1. **SSI:** Social Supplemental Insurance for the disabled, with little or no income.

**OASDI:** is combined OASI and DI Funds.

**Social Security pays six types of Benefits.**

1. Retirement Benefits.
2. Disability Insurance, DI Benefits.
3. Social Supplemental Income (SSI).
4. Spouses/dependent children Benefits.
5. Survivors' Benefits.
6. Medicare Insurance

**Notes:**

i) **Tables 1 and 2** shed light on vital data and information about the financial accruals and

disbursements by the SSTF Fund to average of about 60 million Americans

receiving **OASI, DI**, and **SSI**benefits monthly.

1. The average monthly benefit payment for OASI, DI and SSI programs are presented in actual dollars.

**Table 2**

| **Comparison: Key Measures of Actuarial Status in the Social Security Trustees Reports** | | |
| --- | --- | --- |
|  | 2022 report | 2023 report |
| 75-year actuarial deficit |  | |
| As a percentage of taxable payroll | 3.42% | 3.61% |
| As a percentage of GDP | 1.2% | 1.3% |
| Income and outgo in the year prior to the reporting year (in billions) |  | |
| Income |  | |
| Total | $1,088 | $1,222 |
| Social Security contributions a | $981 | $1,107 |
| Income taxes on benefits | $38 | $49 |
| Interest | $70 | $66 |
| Outgo |  | |
| Total | $1,145 | $1,244 |
| Benefit payments b | $1,138 | $1,237 |
| Administration | $6 | $7 |
| The net change in assets | −$56 | −$22 |
| Trust fund reserves |  | |
| Amount at the beginning of the reporting year (in billions) | $2,852 | $2,830 |
| Amount at the beginning of report year (as a percentage of report year outgo) | 230% | 204% |
| Projected year of peak trust fund reserves c | 2022 | 2023 |
| **Amount at end of peak year (in billions)** | **$2,805** | **$2,777** |
| Year of trust fund depletion |  | |
| OASDI | 2035 | 2034 |
| OASI | 2034 | 2033 |
| DI | d | d |
| Share of OASDI outgo covered by scheduled revenue in— |  | |
| Year of trust fund depletion | 80% | 80% |
| End of a 75-year reporting period | 74% | 74% |
| SOURCES: 2022 and 2023 Trustees Reports. | | |

**Notes: Table 2** is Culled from*: SSA.gov/ Trustee Reports (2023) Summary: Actuarial Status of the Social Security Trust Funds. Front page. https://www.ssa.gov/policy/trust-funds-summary.html.*

* In Table 2, the Trust Funds Reserves at end of Peak Year for 2022 amount to $2,805 billion, i.e., $2.81 trillion.
* The Trust Funds Reserves at end of Peak Year for 2023 amount to $2,777 billion, i.e.,

$2.77 trillion.

**A. Description of the Problem**

         The Social Security "Trustees predict that the "Old Age Security Disability Insurance,

         OASDI's annual cost of funding will exceed total income throughout the 75-year

projection period. After the projected trust fund reserve depletion in 2034, continuing

income would be sufficient to pay 80 percent of program cost, declining to 74 percent for

2097 (socialsecurity.gov, 2023).

**I. Counterclaim**

      The projected Social Security Trustees' funding insolvency is critical, but it is not

insurmountable according to mixed expert, actuarial evaluations, and political interest

       opinions. However, the thoughts alone of Social Security running out of funds by 2034-

2097 are beginning to cause tremors and an avalanche of opinions and counter projections

in corporate America, among the people, and national polity.

1. A study "Recommends the unbundling of the benefit side of Social Security from its longstanding payroll tax funding mechanism. The Income tax rate increases linked to repealing the FICA tax and tax expenditure limitations would enhance income tax revenue.
2. Modifying social security benefits from their overinclusive entitlement structure to moderately needs-based plans.
3. Entitlement possibly freed from the constraint of the current contribution requirement that makes social Security underinclusive would help provide the older population an income facilitating dignified aging" (Ordower, 2023).

**II. Main Argument One**

1. The OASDI funds will be depleted from 2034 to 2097, respectively, creating a 10% -13% shortfall by 2034; and between 20% and 24% in 2097 (See table 1and 2 on pg. 6 and 8 of this study.
2. There would be a reduction in benefits of about 13 percent, or an immediate increase in the combined payroll tax rate from 12.4 percent to 14.4 percent, or some combination of these changes, would be sufficient to allow full payment of the scheduled benefits for the next 75 years" (Goss, 2010).
3. This could grossly and financially affect the Baby Boomers and Millennials retiring.

**III. Main Counter / Opposing Arguments**

1. The conservative GOPs seem to question the costs and merit behind Social Security being too over-inclusive of entitlements to beneficiaries on SSA retirement benefits, Disability insurance, and SSIs, including aspects of extended "Obama" healthcare, Medicare, and Medicaid.
2. The Liberal Dems allay the fears about Social Security's insolvency. They advocate for increasing Social Security benefits to seniors and people with disabilities. Most seniors consider this relevant and "responding to the people's and society's needs" (Wood, 2017; Solomon, 2020). (Abstract). To many, some of Ordower's solutions to insolvency seem theoretical and overarching and could create adverse financial hardships for seniors when benefits are "unbundled or separated from payroll taxes" and drastically reduced.
3. Corporate Social Security reforms are required and must be backed by bi-partisan political collaboration and legislation to raise the Retirement age from 66 -70 as mandatory or incentivized to stave off insolvency in the future.

**IV. Main Arguments Two**

1. The nuclear family of two spouses and a child or two should be incentivized to increase childbirth from one to two and two to three to boost population growth and increase future financial contributions to Social Security funding. The "Declining fertility rates and increasing life expectancies are causing the U.S. population to age. Today, 12 percent of the total population is aged 65 or older, but by 2080, it will be 23 percent" (SSA.gov, 2023).
2. The immigration quota should be increased to maintain the optimum balance in

  population growth to generate more SSTF funding.

1. The Accounting, Funding, and Disbursement systems must be overhauled by the

             Council of external CPAs/Investment strategists drawn from the treasury department, wall street technocrats, bankers, labor unions, the executive branch, and the university

            dons (consisting of a board of consultants with 10-25 fully paid members to conduct

            and oversee Social Security Administration, SSA, and SSTF for carpet-up-down

            reforms.

**V. Counter-Opposing Arguments Two**

A. SSTF Funding and disbursements should not be subject to any drastic political,

financial interventionistic- actions based on any party's dogmatic preference. Prudent

         Governance, rational, financial and accounting interventions should be gradual and one of steady process to get it right.

B. The monthly or annual accruing surplus tax revenues generated should be well managed and partly plowed back for re-investment into government-guaranteed

treasury bills, stocks, and innovative programs.

C. A US government guaranteed Senior re-employment workforce can create more surplus or additional savings for the future or re-investments for greater yields in the SSTF. In collaboration with Congress, the U.S. President can mandate federal and state departments or agencies with job openings to employ professional and technocrat seniors to forgo retirement benefits for reasonable and guaranteed job offers two to three times higher than their retirement earnings ($5,000 - $7,000 monthly).

**VI. Arguments**

        Social Security and Medicare have come back into the spotlight. POTUS ruled out

         any cuts to Social Security or Medicare and attacked Republican members for suggesting

otherwise. What POTUS failed to mention is that doing nothing on Social Security and

         Medicare will lead to automatic benefit cuts. Reforming these major old-age entitlement

         programs are not an option but an urgent necessity (Boccia, R. (2023).

Social Security Trust Fund/OASDI must recognize the financial capacity and strength it

must muster and create more investment revenue outlets to sustain SSTF.

**VII. Counter / Opposing Arguments Three**

         There are some schools of thought poised to ban Social Security Funding's existence or to

drastically cut and streamline its financial services into manageable proportions no matter

‘whose ox is gored’. These cultural lines are crucial (Yeganeh, 2023). These opposing

views cannot stifle a cross-breed of innovative, pragmatic ideas about remedies for Social

Security lasting for generations, the Incentivized retirement age of 70 years can be

embraced by millions of idle professional retirees willing to stretch the extra mile through

gainful remote or hybrid employment (Bruckner, et, al., 2015). A senior retiree will forgo

the monthly benefits of $2,300 and opt for service jobs that pay a $4,500 - $7,500 monthly

with benefits, 401K, paid Medicare, etc., as earlier mentioned.

**The Options for Actuarial Reforms by 2035 - 2097**

**Effects of Social security Reform Options on 75- Year Actuarial Balance as**

**percentage of GDP Table 3:**

|  |  |
| --- | --- |
| Issue Debt (Do Nothing) | -.5% |
| Cut Benefits by 20% | 0% |
| Raise FRA to 70 | -1.1% |
| Switch to Chained CPI | -1.3% |
| Increase Payroll Tax by 1% of Wages | -1.2% |
| Reduce Top PIA Factor to 5% | -1.4% |
| Impose Payroll Tax on Earnings above $250,000 | -0.5% |

**Table 3** is culled from: *Shoven, J. B., Slavov, S., & Watson, J. G. (2021). How Does Social Security Reform Indecision Affect Younger Cohorts? (No. w28850). National Bureau of Economic Research. (pg.14).*

**Key Elements**

i) FRA is: Full Retirement Age; ii) Chained CPI: is regular controlled monthly consumer price index; iii) PIA is: Primary Insurance Amount; iv) Payroll Taxes are FICA 1 and FICA 2

Shoven, J. B., Slavov, S., & Watson, J. G. (2021) consider a range of potential changes to

benefits and taxes and assume that these changes go into effect in 2035”. Waiting to effect changes to sustainable SSFT by 2035 is a misnomer. The merits of the analytical 75-Yr projections could be overtaken by political unrest, pandemic, adverse economics and declining demographics.

**1X.  Conclusion**

This study reveals that Social Security Trust Fund, SSTF has no ‘magic bullet-proof’ to its funding depletion, or a foreseeable insolvency, contrary to many actuarial experts who are forecasting such situation between 2034 and 2097. Barely two years ago in 2021, the SSTF witnessed a funding/budget deficit of $110.57 billion compared to a marginal surplus in 2022 (that is 7.4% change. See pg.6, line 3). Perhaps this is due to excess US government benefit outlays to contain the Covid pandemic. The GOP and Dems contrasting views about Social Security insolvency, and the seeming insensitive approach by some legislators are further compounded by the mixed views and complex actuarial computations and projections not easily understood by millions of Americans. However, Social Security can be re-structured to diversify into new investment possibilities and financial resources through some simplified "qualitative and quantitative methodologies (Guetterman et al., 2020; Ozawa & Pongpirul, 2014; Mukumbang, 2023), involving a complete but gradual overhauling of Social Security funding, finances, and disbursing systems. Social Security will require bi-partisan legislation to increase the full retirement age, FRA, from 66 to 70 years. It may be a tough sell; it would require some mindsets shift away from undue politicization (Arli, et al., 2023). Other areas requiring strategic interventions include, adopting a progressive payroll tax system; US government guaranteed employment re-entry programs for 1 to 2 million seniors in one to thirty years. Furthermore, SSTF must re-evaluate the over-entitlement policies and redirect millions of Americans to paid vocational training and jobs, through apprenticeship programs. Protecting the future benefits from insolvency certainly meets the people’s expectations, empowerment and commonsense perceptions (Benton & Craib, 2023; Al-Omari, Z., Alomari, K., & Aljawarneh, N. 2020). The Christian community and leadership can play some advisory and voluntary roles (Benton, 2023; Branson, & Martinez 2023), as social partners, to support Social Security in its community development programs, relationship building, and social entrepreneurship (Stammler, 2023; Choi & Mujamdar, 2014; Saebi et al., 2019; De Bruin, et al., 2022; Moschella, 2021). Accelerated Children adoptions, and granting of citizenships to highly skilled immigrants with H-IB work permit/visas can easily overcome the decline in the US birthrates. This would enhance the US population and boost sustainable SSTF fundings. “Canada has been so successful that it met its target of 10,000 applicants in just one day” -consisting of highly skilled professionals” with H-IB visas.” (Gillies, 2023). In essence, to the US immigration department, borrowing a leaf off Canada’s seeming turbo charged, and fast track immigration-strategization is an obvious dynamic option, and not an understatement by any standard. The US seems plagued by 'petty immigration politicization' on extreme dogmatic squabbles.

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