**TO OVERCOME THE ANTICIPATED INSOLVENCY IN THE**

**U.S. SOCIAL SECURITY TRUST FUNDS, SSTF**

**2034 – 2097**

**FORUM PAPER PRESENTATION**

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**Thesis**

The recent actuarial reports and publications by the Social Security Administration, SSA, the Center on Budget and Policy Priorities, CBPP, and the U.S. Treasury Department have projected that the Social Security Trust Funds, SSTF will be insolvent between 2034 and 2097. Goss argues that the concepts of solvency, sustainability, and budget of Social Security need to be better understood. The Social Security Board of Trustees projected that program costs will rise by 2034, so taxes will be enough to pay for only 75% of scheduled benefits. This increase in cost results from the population because birthrates dropped from three to two children per woman. Adjusting taxes or benefits that offset the effects of the lower birth rates may restore solvency (2010), Abstract. However, the academia, the US Congress, and the executive branch share different opinions about SSTF insolvency. No major Social Security reforms have occurred since 1983 (SSA.gov, 2023; Achenbaum, 2023), and 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 Republicans (GOP) prefer a complete overhaul and deep cuts. In contrast, the Liberal Democrats (DEMs) dispel 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: the FICA 1, a federal payroll tax of 6.2%, and the FICA 2 payroll tax of 1.45% for Medicare. The employers match the FICAs 1 and 2; that is,

15.30% is payable to the IRS for SSTF. Moreover, this study will investigate extending the retirement age from 66 to 70, structured increases in immigration quotas, and federally guaranteed re-entry work programs for seniors, and the rich with annual disposable income of $1 million plus will volunteer to extend social security benefits by 3 to 5 years to sustain SSTF.

**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 concrete steps to make these funds solvent for future generations, 2034 – 2097 and beyond. According to the Center for Budget and Policy Priorities, CBPP (2023), "Social Security trust funds are invested 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 projected 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" (Abstract, Introduction).

However, this does not imply a sustainable surplus or growth in SSTF funding in the next 75 years.

The Social Security Trust Fund comprises four trust funds: i) The OASI Trust Fund, which pays the Old Age Survivors’ Insurance benefits the retirement benefits; ii) The Disability Insurance, DI Trust Fund pays disability benefits; iii) The Hospital Insurance, the HI Trust Fund pays the Medicare Part A. iv) The Supplementary Medical Insurance, SMI Trust Fund pays for the Medicare Part B, C and D programs. FICA 1 and 2 refer to the Federal Insurance Contributions Act of 1935 as part of President Franklin Roosevelt's New Deal (IRS.gov, 2023; SSA.gov, 2023), including the Self Employment Contributions Act (SECA).

**Description of the Problem**

The Social Security Trust Fund, SSTF, will be insolvent between 2034 and 2097 and can only pay between 75% and 80% and not the full benefits to retirees and other recipients of disability insurance. Boccia argues, “Social Security and Medicare are the main drivers of rising deficits and debt. The combined cost of the two programs for the elderly is projected to leap from $2.35 trillion in 2023 to $4.46 trillion by 2033. By then, spending on the two programs will be four times higher than on national defense” (Pg. 1, Para. 4).

**Counterclaim**

According to mixed experts’ actuarial evaluations and political interest views, the projected Social Security Trustees' funding insolvency is critical but not impossible to overcome. However, the thoughts alone of Social Security running out of funds by 2034-2097 are beginning to cause tremors and fear of socio-cultural and uneasy adaptation (Arli et al., 2023; Al-Omar et al., 2023) and trepidation due to the mixed views and counter-projections. Social Security Board of Trustees has projected that -about 13 percent, or a rapid 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), Introduction.

**Main Argument One**

Social Security reforms 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. Ordower, H. (2023) recommends the unbundling of the benefit side of Social Security from its longstanding payroll tax funding mechanism. - Entitlement should be freed from the constraint of the current contribution requirement -it would help provide the older population an income facilitating dignified aging. Ordower's solutions to insolvency seem theoretical to some experts and may not be an overarching, critical, or primary argument. They could create adverse financial hardships for seniors when benefits are "unbundled or separated from payroll taxes" when drastically reduced.

**Main Counter and Opposing Arguments**

The conservative Republicans (GOPs) seem to question the costs and merit behind Social Security's colossal cost and 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. The Liberal Democrats (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 and society's needs" (Wood, 2017; Solomon, 2020), and some religious communities see remedies as part of good governance and corporate social responsibility.

**Main Arguments Two**

The nuclear family of two spouses and a child or two should be incentivized to increase childbirth from one to 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).  The immigration quota should be increased to maintain the optimum balance in population growth to generate more SSTF funding.  It is expedient to create or launch some external body of professional experts or chartered accounting consultative groups to see this as some social, civic, and ethical leadership responsibilities (Bruckner et al., 2015; Branson et al., 2023) energized through consistent, collaborative efforts. These technocrats will determine the social and cost factors and reform and overhaul the SSTF. Any further delays could grossly and financially affect the Baby Boomers and Millennials (Shoven et al., 2021; Bruin et al., 2023), who look forward to early retirement between 62 and 66.

**Counter-Opposing Arguments Two**

Asking the baby boomers and millennials to sacrifice to boost social security SSTF funding will be a complex adventure to thread amid inflation. However, the presidency and legislators must re-evaluate the over-entitlement policies and redirect millions of idle-living Americans to paid vocational skill training and job apprenticeship programs. Protecting the future benefits from insolvency will meet the people’s wise expectations, the empowerment drive (Fragassi, 2023; Gorlitz & Sampatti, 2023), and commonsense perceptions (Benton & Craib, 2023; Al-Omari et al., 2020), when they are gainfully employed. The Christian community and leadership must fill the seeming leadership vacuum (Machokoto, 2019; Moschella et al., 2023) and play strategic advisory and voluntary roles (Benton, 2023; Branson & Martinez, 2023) as social partners to support Social Security through community sensitization. These institutions must drive advocacy forums to drum up support for healthy procreation.

**Arguments**

In collaboration with Congress, the U.S. Presidency can mandate federal and state departments or agencies to employ retired seniors on work re-entry programs to extend their retirement benefits beyond 70 years by at least 2 to 3 years. Prospective retirees would be incentivized to extend their retirement age. A US government Senior re-entry employment workforce can create more surplus or savings for the future or re-investments for more excellent treasury bills and SSTF funding yields. The SSTF urgently demands strategic interventions and to adopt some fiscal overhaul of the payroll tax system fully backed by the US government legislation. To increase FICA-1 from 6.2% to 7.7%, or 8%, and FICA-2 from 1.45% to 2% or 2.5%, to generate about $250 billion to $500 billion in 10 to 20 years. Guaranteed employment re-entry programs (GERP) for 1 to 5 million seniors in 10 to 20 years will save and provide SSTF an additional half a trillion dollars. Other supplementary investment areas like treasury bills investment from the projected surplus funds will generate close to $250 billion in 10 to 20 years. The projected additional total income to the existing incomes will be close to $ 1 trillion to boost the SSTF asset reserves and cash liquidity to more than $3.9 trillion to $4.5 trillion in 10 to 20 years to sustain its benefit payments beyond 2097.

**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, sizeable proportions on the grounds of unethical financial wastages no matter ‘whose ox is gored.’ These cultural lines are crucial (Yeganeh, 2023; Yin et al., 2023), and all parties must take the social, cultural, and financial opposition to SSTF insolvency seriously. The Incentivized retirement age of 70 years will be embraced by millions of idle professional retirees willing to stretch the extra mile through gainful remote or hybrid employment (Bruckner et al., 2015) if there are essential conditions of services like Medicare, dental, a 401K, paid vacation, etc. The Federal government can offer tax breaks to companies that embrace the work re-entry programs for seniors. Surprising this week, Gillies writes that the Canadian Government launched a special work permit for foreign workers who already have obtained an H-1B visa in the U.S., which number nearly 600,000 and come mainly from India and China. The program's 10,000 quota was filled on the first day of the week, Canadian Immigration Minister Sean Fraser told The Associated Press (2023, pg. 1, para. 2 and 3). The US must study and learn from Canada’s robust and productive immigration policy system.

**Conclusion**

This study reveals that the Social Security Trust Fund, SSTF, has no ‘magic bullet’ to stave off funding depletion or foreseeable insolvency, contrary to many actuarial experts forecasting reports. The US immigration policies and systems that seem broken must be re-vitalized and restructured to bring on board and naturalize the DACA population of about 500,000 to 800,000 partially in a ‘shadow economy.’ It must include the undocumented migrants of nearly two million people as US citizens urgently needed in US agricultural and manufacturing industries in one to three years. Population and income growth will increase as these migrants settle to work and raise their families. Boccia adds that Senator Manchin and Senator Romney have co-sponsored a bill on a Bipartisan Trust Act to reform Social Security and Medicare based on the Trust Act (S. 1295). The House version (H.R. 2575) of the bill, sponsored by Representative Gallagher, earned the help of House Budget Committee chairman Representative Arrington. The Trust Act would direct the top four congressional leaders to appoint three members each to serve in so-called “rescue committees.” They would report their recommendations after 180 days for consideration by the broader legislative body under expedited floor procedures (Pg.1, Para. 4-7). Social Security will require concerted Leadership efforts (Reid, 2020; Sahut et al., 2019) to work together on bipartisan legislation to increase the full retirement age, FRA, from 66 to 70 or even 72 years. This will be a tough sell. It will require a mindset shift (Grimes & Bennett, 2015) away from undue entitlements and unpartisan ideologies (Arli et al., 2023), which pose frictional, conservative, and liberal politicizations. The selected study experts must utilize high-tech digital simulation to verify, assess, and evaluate the complex probabilities associated with or without unforeseen contingencies. Especially natural catastrophes like another pandemic like COVID-19, adverse climate change, tornadoes, floods, earthquakes, and erupting volcanoes. Prompt Government policies, expedited legislations, and steady growth in population and workers’ financial contributions must be proportionally balanced and applied to achieve socio-economic sustainability (Stammler, 2023; Solinger, 2020) in SSTF funding and disbursements beyond 2034 and 2097 and future generations.

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