



NATIONAL  
ACADEMY  
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INSURANCE

# Social Security

An Essential Asset and  
Insurance Protection for All



# NATIONAL ACADEMY OF SOCIAL INSURANCE

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The National Academy of Social Insurance is a nonprofit, nonpartisan organization made up of the nation's leading experts on social insurance. Its mission is to conduct research and enhance public understanding of social insurance, develop new leaders, and provide a nonpartisan forum for exchange of ideas on important issues in the field of social insurance. Social insurance, both in the United States and abroad, encompasses broad-based systems for insuring workers and their families against economic insecurity caused by loss of income from work and the cost of health care. The Academy's research covers social insurance systems such as Social Security, Medicare, workers' compensation and unemployment insurance, and related social assistance and private employee benefits.

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This synthesis report was prepared by Robert Rosenblatt, former reporter for the *Los Angeles Times*, and Senior Fellow at the National Academy of Social Insurance. Also contributing to the report were Virginia Reno, Vice President for Income Security, and Joni Lavery, Income Security Research Associate at the National Academy of Social Insurance. Sarah Cody, Project Assistant, organized logistics for the July 11, 2007, meeting in New York with the help of Kilolo Kijakazi, Project Officer, and her assistant, Kamara Haynes of the Ford Foundation. Jill Braunstein, NASI's Director of Communications, oversaw layout and production of the report. The Ford Foundation provided financial support for the convening and the report. The authors are grateful for insightful review comments on the draft report from Kenneth Apfel, Max Benavidez, Heidi Hartmann, and Maya Rockeymoore.

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## Foreword

This report represents an important summary of the work and analysis that the Ford Foundation has supported on Social Security. The Social Security system is central to the lives of most workers and their families. It is the largest financial asset that low-income households have and a major financial asset for most households. Ongoing debate about the long-term solvency of Social Security would benefit from having a citizenry that is informed about the role and value of this program.

Toward that end, the Foundation made a series of grants to a set of organizations to assist them in providing factual information to the public about the current Social Security system and the proposed reforms to the system. This also included developing a better understanding of the impact of proposed reforms on employers while also learning from the experiences of other countries that have undergone Social Security reforms.

Our goal was to support the production of educational materials that would be non-technical, impartial, and readily accessible to a broad audience. Of particular importance was reaching communities of people who are most reliant on Social Security, including women, people of color, and low-wage workers. To achieve this outcome, we encouraged research organizations with expertise on Social Security to partner with national membership organizations to ensure widespread dissemination of the materials across the country. Together they have generated and distributed factual, readable materials to the general public, the media, and policy makers.

Our hope is that this effort will help provide the information that people need to add their voices to the discussions about the Social Security system.

Kilolo Kijakazi, Ph.D., MSW  
Program Officer  
Economic Development Unit  
Asset Building and Community Development Program  
Ford Foundation

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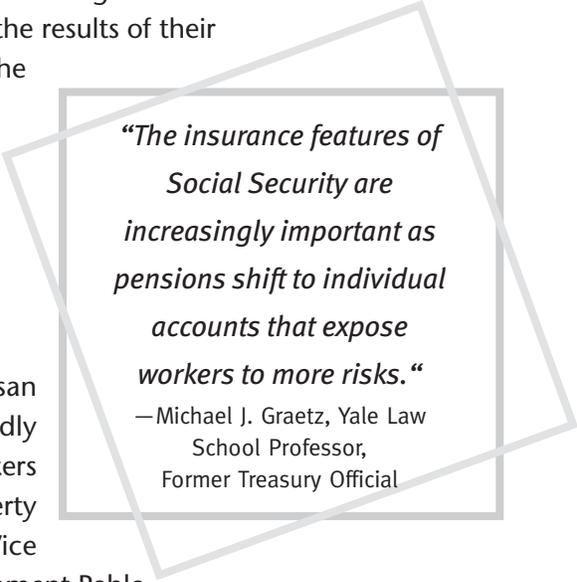


## Executive Summary

On July 11, 2007 representatives of over a dozen grantee organizations met at Ford Foundation headquarters in New York City to share the results of their research and outreach activities on Social Security. The Social Security projects are a new initiative of the Economic Development team in the Foundation's program on Asset Building and Community Development. The National Academy of Social Insurance (NASI) helped organize the meeting. This report highlights findings from the meeting.

In her opening remarks, Foundation President Susan Berresford noted that social insurance, by broadly sharing risks to family economic security that all workers face, reflects the Foundation's goals to prevent poverty and injustice and strengthen democratic values. Vice President for Asset Building and Community Development Pablo Farias noted that social insurance is a natural addition to the asset-building program. Throughout the world, social protection goes hand in hand with wealth building efforts. Director of Economic Development Frank DeGiovanni lauded the work of project officer Kilolo Kijakazi in launching the new program of research and outreach to help low-income people understand their stake in Social Security and add their voices to discussions about its future. Social insurance is essential to help people build and preserve assets over the lifetime, he noted.

Kenneth Apfel, Commissioner of Social Security in the Clinton administration and co-chair of a NASI study panel project, outlined the importance of Social Security to families and elders across the income spectrum. Michael Graetz, co-chair of the NASI study panel and a top Treasury official in the George H.W. Bush administration, added that the insurance features of Social Security are increasingly important as pensions shift to individual accounts that expose workers to more risks.



*“The insurance features of Social Security are increasingly important as pensions shift to individual accounts that expose workers to more risks.”*

—Michael J. Graetz, Yale Law School Professor,  
Former Treasury Official

The first of four panels presented Social Security policy analyses by the Center for Retirement Research at Boston College, the Peterson Institute for International Economics, and NASI. Panel two reported on research and outreach to African Americans and women through efforts of the Joint Center for Political and Economic Studies, the Institute for Women’s Policy Research, and the National Council of Negro Women. Panel three reported on outreach to the Latino community, journalists, and young leaders through grants to the University of California, the National Council of La Raza, Global Justice Now, and NASI. The final session reported findings of research at the Urban Institute and the Employee Benefit Research Institute about how potential reductions in Social Security benefits would affect individuals and employers.

*“Social insurance principles are part of the social fabric of America. Few other policy debates are as important to the well-being of middle- and low-income workers and families.”*

Robert Greenstein, Center on Budget and Policy Priorities

Over lunch, Robert Greenstein of the Center on Budget and Policy Priorities emphasized the importance of continuing the independent work on Social Security that Ford Foundation support began. Social insurance principles, he noted, are part

of the social fabric of America. Few other policy debates are as important to the well-being of low- and middle-income workers and families. Individuals from the Rockefeller Foundation, the John D. and Catherine T. MacArthur Foundation, and the Kessler Foundation joined the meeting of grantees and Ford Foundation staff. The agenda and a list of participants are at Appendix A and Appendix B.

## Introduction

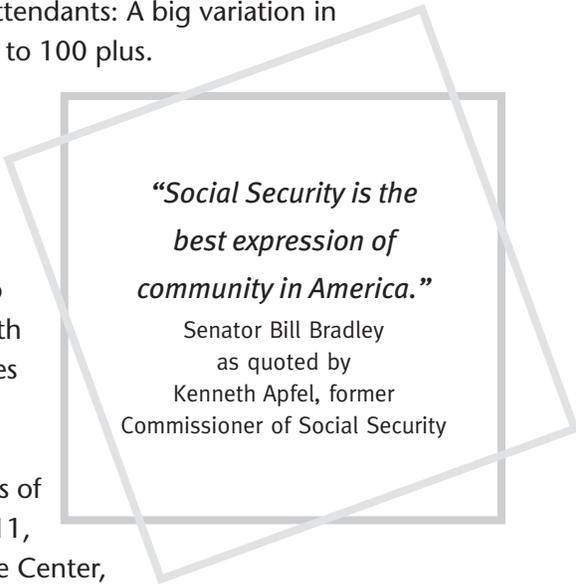
Imagine seeing a parade of 100 older people. All of them are over the age of 65, some with a bare trace of gray hair, walking with vigor, others bent over and shuffling, a few seated in wheel chairs, pushed by attendants: A big variation in years and health, representing an age span from 65 to 100 plus.

But what of their economic situation? Only ten of the hundred marching past you are living in poverty. And what if Social Security did not exist? A full 50 of the 100 would be condemned to poverty, the nagging fear every day of not having enough to eat, and wondering if there is enough to pay for both medicines and the electric bill. Social Security rescues them from that nightmarish prospect.

Consider also the children and the widowed spouses of people who were killed by terrorists on September 11, 2001, when the planes crashed into the World Trade Center, the Pentagon, and the field in Pennsylvania. Social Security is paying monthly benefits to 2,377 children and 853 widowed spouses of people killed in the terrorist attacks and to 642 individuals disabled during the attacks. The first payments to survivors were made on October 3, 2001 (U.S. Social Security Administration 2006).

Social Security also provides for children of those who have died in military service to our country. As of September 2006, an estimated 12,290 children were receiving payments as dependents of deceased service members who had been on active duty in the Gulf War period (extending from August 2, 1990 to date). They are eligible to receive Social Security in addition to veterans' compensation (National Academy of Social Insurance 2006a).

Social Security offers a foundation of protection for the old and the young alike against trials foreseen – the aging process when the time of work is done – and



*“Social Security is the  
best expression of  
community in America.”*

Senator Bill Bradley  
as quoted by  
Kenneth Apfel, former  
Commissioner of Social Security

tragedies unexpected – the terrible death or career-ending disability of a working parent or spouse.

The Ford Foundation, through its grants and its gatherings, supports work to explore the values and the importance of Social Security, to promote education about it, and to discuss its future. Social insurance reflects our goals of preventing poverty and injustice and strengthening democratic values, noted Susan Berresford, President of the Foundation. Social insurance is a natural addition to the Foundation’s asset building program, added Pablo Farias, Vice President for Asset Building and Community Development. Throughout the world, social insurance protection goes hand in hand with wealth building efforts. The work discussed at the convening and in this report aims to implement the Foundation’s program of research and outreach to help low-income people understand their stake in Social Security and to add their voices to discussions about its future. Social Security reflects our understanding of the vagaries of life, and our will, as Americans, to provide protection for all of us – the lucky and the unlucky alike, noted Kenneth Apfel, former Commissioner of Social Security. Quoting former Senator Bill Bradley (D-NJ), he added, “Social Security is the best expression of community in America.”

Social Security coverage is nearly universal. While barely half of all workers are enrolled in a company pension plan at their jobs, 96 percent of all workers are covered by Social Security. This is the main wealth of most Americans. For many women and many people of color – who often have lower incomes, lower savings, and less access to pensions – Social Security is an economic lifeline.

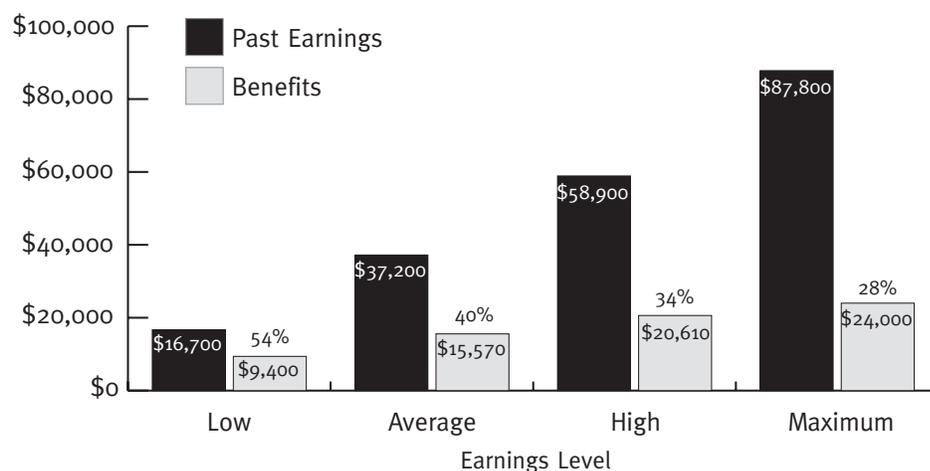
## A Primer on Social Security

Social Security is an essential foundation of economic security for American families. Its benefits replace part of a family's livelihood when a worker retires, dies, or becomes disabled. It protects families by paying additional benefits for dependent and survivor children and spouses. Critical to economic security, Social Security benefits do not lose value over time because benefits are adjusted to keep up with the cost of living each year. Social Security benefits are based on work and replace lost earnings in a progressive way, providing a more adequate level of wage-replacement for low- and moderate-income families.

### PROGRESSIVE WAGE REPLACEMENT

Social Security's progressive benefit formula replaces a larger share of past earnings for low earners than for high earners (Figure 1). The benefit design recognizes that low earners need higher replacement rates in order to meet basic needs and that they are less likely to have pensions or personal savings in addition to Social Security.

**Figure 1: Social Security Benefits at Age 65 Compared to Past Earnings, 2007**



Source: National Academy of Social Insurance 2007a.

A 65-year-old retiring in 2007 with a lifetime of average earnings would receive a Social Security benefit that replaced about 40 percent of prior earnings. A low-earner at 65 would receive a benefit that replaced about 54 percent of prior earnings, while one who always earned the maximum that is taxed and counted for Social Security benefits would have a replacement rate of about 28 percent (National Academy of Social Insurance 2007a).

## **POVERTY REDUCTION**

Social Security reduces poverty among seniors and children. It lifts 1 million children under age 18 out of poverty. Apart from the earned income tax credit, no other government program lifts more children out of poverty. Social Security also lifts 13 million seniors above the poverty line. Without Social Security, nearly one in two seniors would be poor; with Social Security, just one in twelve (8.7 percent) is poor (Center on Budget and Policy Priorities 2005a, 2005b).

## **IMPORTANCE ACROSS THE INCOME RANGE**

Social Security is an important share of income for middle- and upper-middle income elders as well as for low-income retirees. When elders are divided into five equal groups based on total income, those in the bottom two fifths of the income distribution (with incomes below \$16,350) drew more than 80 percent of their total income from Social Security in 2004 (Figure 2). Elders in the middle group (with incomes between \$16,350 and \$25,590) received nearly two thirds of their total income from Social Security. Those in the next to highest income group relied on Social Security for nearly half their income. In the highest income group, continued employment was the largest single source of income. Most elders in this top group were not yet fully retired. In all other income groups (where most elders are fully retired), Social Security is by far the largest single source of retirement incomes, while pensions ranked second, and asset income was third (National Academy of Social Insurance 2007a).

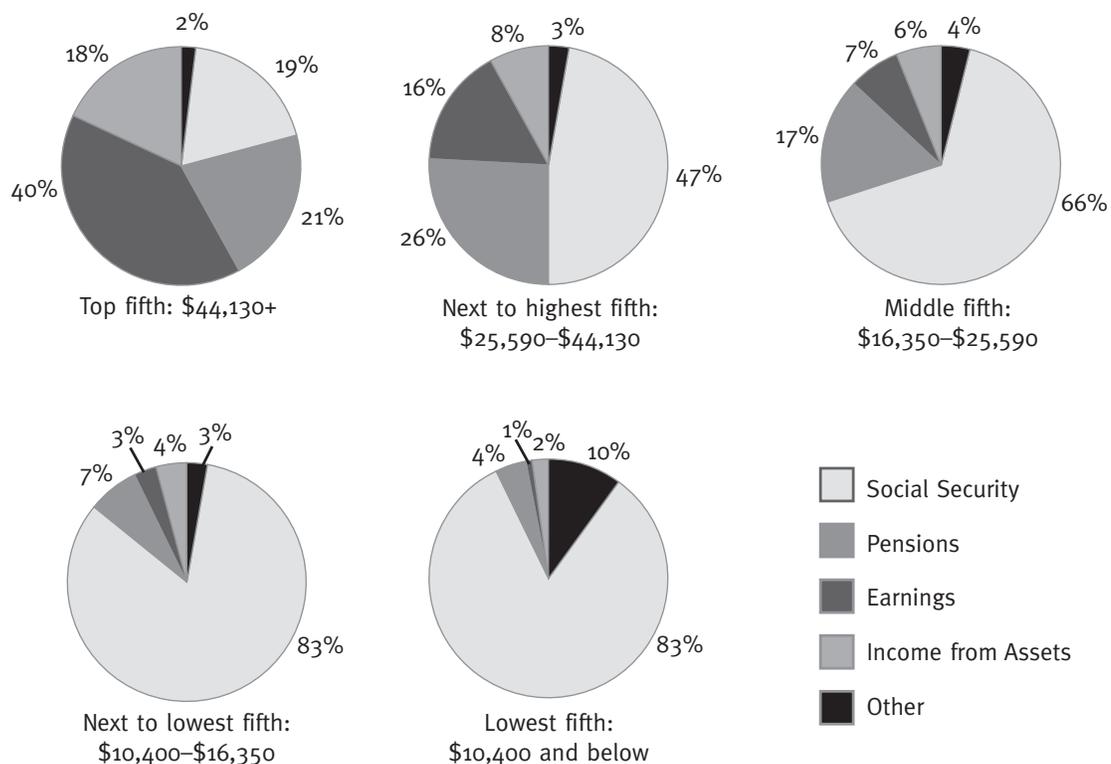
## **MEASURING SOCIAL SECURITY WEALTH**

If we think of Social Security as a financial asset, what is it worth? The average Social Security benefit for a retiree is about \$1,045 a month in January 2007. If at age 65 you wanted to buy a contract from an insurance company to pay you \$1,045 a month for the rest of your life, you would need \$140,000 in cash.<sup>1</sup> That would be the price of the contract, called a fixed life annuity. If you also wanted partial protection against inflation – a guarantee that the payments to you would rise 3 percent a year for the rest of your life – the price of the annuity would jump to

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<sup>1</sup> Estimates using the annuity calculator for the Federal Employees' Thrift Savings Plan at [www.tsp.gov](http://www.tsp.gov). in June 2007. Exact figures vary depending on the prevailing interest rate assumption for the calculation.

**Figure 2: Shares of Income from Specified Sources by Income Level, 2004  
Married Couples and Unmarried Persons Age 65 and Older**



National Academy of Social Insurance 2007a.

\$190,000. If, in addition, you wanted protection for your spouse – a guarantee that the payments would continue to your spouse after you die – the purchase price would rise to \$225,000. This is a measure of the wealth value of Social Security for an average retiree today.

Most people think only of retirement when they consider Social Security and may not be aware of the other protections it provides. About 69 percent of the benefits paid each year go to retired workers and their dependents, but about 17 percent of benefits go to disabled workers – those unable to work for at least a year because of a physical or mental impairment – and their dependents. The risk of disability is real: almost 3 in 10 individuals who are 20 years old today will become disabled before they reach age 67, the normal retirement age under Social Security for everyone born in 1961 or later (National Academy of Social Insurance 2005a). Social Security offers virtually all workers a valuable disability insurance policy – protection worth about \$414,000 in 2006 for a young family (a 30-year-old worker with earnings between \$25,000 and \$30,000, a 28-year-old spouse, a child age two, and an infant

under the age of 1) (Clingman, Nichols, and Chaplain 2007). In January 2007, disabled workers with eligible spouses and one or more children received an average benefit of \$1,642 a month.

Social Security also provides life insurance protection. One in seven of today's 20-year-olds will die before reaching age 67. About 14 percent of total benefits are paid to survivors of deceased workers. This life insurance protection was worth about \$433,000 in 2006 for the young family described above (Clingman et al 2007). The average benefit paid to a widowed mother and two children in January 2007 was \$2,170 a month.

*“Social Security means I don’t have to negotiate with my wife each month about how much we should send to her parents versus how much we should send to mine.”*

Dallas Salisbury, CEO, Employee Benefit Research Institute

### **A COMPACT FOR THE GENERATIONS**

For seventy years, Social Security has been a social compact across generations for all Americans. Those who work pay taxes that pay for benefits to those who are retired or unable to work because of disability and to families of breadwinners who have died. When the taxpayers in turn become unable to work, future generations will finance their Social Security checks. As a leading pension expert quipped, “Social Security means I don’t have to negotiate with my wife each month about how much we should send to her parents versus how much we should send to mine” (Salisbury 2007).

## Social Security and Low-Income Groups

Social Security is particularly important to groups who have low lifetime incomes, fewer opportunities to earn pensions, and lower personal savings. Among beneficiaries aged 65 and older, Social Security is 90 percent or more of total income for the majority of unmarried elders of color, including:

- 54 percent of African Americans;
- 62 percent of Hispanics;
- 55 percent of Asian Americans; and
- 61 percent of American Indians and Alaskan Natives.

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**Table 1. Percent of Beneficiaries Age 65 and Older Who Rely on Social Security for 90 Percent or More of Total Income, 2006**

	Unmarried Persons	Married Couples
All beneficiaries age 65 and older	42	22
African Americans	54	33
Hispanics	62	37
Asian Americans and Pacific Islanders	55	27
American Indians and Alaskan Natives	61	25

Source: U.S. Social Security Administration 2007a.

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### AFRICAN AMERICANS AND SOCIAL SECURITY

The benefits provided by Social Security “are a value for African-American families and would be unaffordable for many if offered in the private market,” according to a report by Global Justice and the Black Student Justice Network. “The program’s progressive benefits provide a significant income boost to lower earning African Americans and its steady, inflation-adjusted benefits are important for keeping

families out of poverty when faced with tragic circumstances like disability, death, or retiring without any other form of income support,” the report said (Global Justice and Black Student Justice Network 2007).

African Americans get “a higher rate of return – receiving more in benefits than what is paid out in payroll taxes – than whites due to their heavier reliance on the full range of benefits offered by Social Security,” the report said, citing a study in 2003 by the Government Accountability Office (GAO), the investigative arm of the U.S. Congress.

Social Security benefits for children are particularly vital in the African-American community, where working parents face higher chances of dying or becoming disabled before retirement age. While two of every ten white men in their 20’s will die before reaching retirement age, four in ten African-American men in their 20s will meet this fate. Social Security covers, in part, this greater risk facing African-American children. While African-American children are 15 percent of all U.S. children, they are 23 percent of children receiving Social Security survivor benefits (Center on Budget and Policy Priorities 2006a).

*Social Security benefits for children are particularly vital in the African American community, where working parents face higher chances of dying or becoming disabled before retirement age.*

Center on Budget and Policy Priorities

African Americans are more likely than whites to become disabled and collect disability benefits under Social Security. “Because African Americans are more likely to come from disadvantaged backgrounds – including poverty, poor health, high unemployment, low skills and low education – their lives are vastly different from those of whites,” the Global Justice report said. “These differences are reflected in how African Americans use Social Security.” African Americans are about 12 percent of the adult population, but comprise 17 percent of the recipients of disability benefits under Social Security (Global Justice and Black Student Network 2007).

These disability figures could be higher. A report prepared for the National Council of Negro Women says it is difficult for many African-Americans to enroll and collect the disability payments they deserve. It says: “The disability claims process is notoriously slow and difficult. While the average initial determination process takes 95 days, reconsideration decisions for those whose claims were denied can take much longer. This process has added difficulty for African-American applicants who have historically failed to receive disability benefits (resulting from Administrative Law Judge decisions) at comparable rates received by whites. A 2003 GAO study found that these discrepancies persist, as African-American disability applicants at the appeals level who did not have attorneys were half as likely as whites without attorneys to be awarded benefits” (National Council of Negro Women 2007; U.S. General Accounting Office 2003).

More African Americans know about the disability program under Social Security than are familiar with the retirement program. This makes it important to educate people about the retirement program, and the essential role it plays in providing economic independence. Social Security's retirement benefit is especially important because African Americans are much less likely to have financial assets they could rely on during retirement. Only 51 percent have any money in savings accounts, money market funds or certificates of deposit. Only 33 percent own stocks or mutual funds, and only 27 percent have money in an Individual Retirement Account (IRA) or a Keogh retirement plan (Joint Center for Political and Economic Studies 2006a).

## LATINOS AND SOCIAL SECURITY

The Latino<sup>2</sup> community has a great deal at stake in the debate over the future of the Social Security system. Latinos earn less as a group than the general population, which gives them a bigger relative benefit due to Social Security's progressive benefit structure. And they have a longer life expectancy, which means they will have more years in which to collect Social Security benefits.

"Youthfulness, low education levels, low-wage jobs, and low accumulated wealth all contribute to the overall low economic status of the Latino community, which, in turn, explains why Latino elders enter their retirement years with little wealth and rely so heavily on Social Security," according to a report from the Latinos and Social Security Project. Without it, "they would be living at a Depression-era poverty level" (UCLA Center for Policy Research on Aging 2006a).

*"Latino elders enter their retirement years with little wealth and rely (so) heavily on Social Security. Without it, they would be living at a Depression-era poverty level."*

UCLA Center for Policy Research  
(Research Report 1)

At the same time, several factors make it harder for some Hispanics to collect their retirement benefits from Social Security. In 2002, 77 percent of Hispanics over the age of 65 received Social Security benefits, compared with 83 percent of African Americans and 91 percent of whites.

"Social Security coverage is lower among elderly Hispanics for several reasons," said the Center on Budget and Policy Priorities. "Although undocumented workers frequently pay taxes into the Social Security system (under false or non-work status Social Security numbers) many of these workers, who are disproportionately Hispanics, will never collect Social Security benefits based on these contributions. The presence of undocumented workers lowers Hispanic participation rates" (Center on Budget and Policy Priorities 2005c).

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<sup>2</sup> This report uses Hispanic and Latino interchangeably. The term used is consistent with that used in the source documents.

Latinos are over-represented in the ranks of domestic workers, cooks, gardeners, cleaning persons, baby sitters and nannies. They account for about one in three private household workers (National Council of La Raza 2006). Often, their employers pay them in cash, without deducting the worker's or the employer's share of Social Security contributions.

"Employers may not report household workers' earnings because of the difficulty of understanding the system and the hassle of paying additional preparers' fees to calculate and report employees' [wages]," said the National Council of La Raza in its 2006 report on domestic workers (National Council of La Raza 2006). Sometimes the worker may prefer cash, sometimes the employer doesn't want the hassle of record keeping, and sometimes workers want no contact with the Internal Revenue Service or any other government agency.

More earnings are needed to get credit for a quarter of work under Social Security if you are a domestic worker – \$1,500 in 2006, compared with \$970 in other jobs. Advocacy and community groups need to educate Latinos about their rights and their employers' obligations to ensure Social Security protection, the report suggested. Domestic workers are more likely to respond to groups with roots deep into the community (National Council of La Raza 2006).

When wages are not accurately reported, it is difficult for workers to accrue the ten years necessary to qualify for Social Security retirement benefits (Center on Budget and Policy Priorities 2005c). Undocumented workers may be paying into the Social Security system but are not eligible to receive benefits. About 25 percent of Latino workers may be undocumented and ineligible to receive Social Security benefits based on immigration status (National Council of La Raza 2005).

*Because women earn less than men, work for fewer years, have less in savings, and get smaller pensions, Social Security is a lifeline to a secure retirement.*

Heidi Hartmann, Institute for Women's Policy Research

### **WOMEN AND SOCIAL SECURITY**

Because women earn less than men, work fewer years, have less in savings, and get smaller pensions, Social Security is their lifeline to a secure retirement. Women at age 65 in 2006 had a life expectancy of 20 years, compared with 17 years for men.

Women are the majority (58 percent) of all Social Security beneficiaries age 62 and older. They are a large majority (70 percent) of all beneficiaries age 85 and older (U.S. Social Security Administration 2007b).

## **Income Sources of Men and Women Age 65 and Older, 2004**

### **Social Security Benefits**

89 percent of men received Social Security with a median annual income \$12,320

89 percent of women received Social Security with a median annual income of \$8,710

### **Pensions**

46 percent of men had pension income with median annual payments of \$11,970

29 percent of women had pensions, with median annual payments of \$6,390

### **Earnings**

22 percent of men had income from working, with median earnings of \$20,000

13 percent of women had income from working, with median earnings of \$11,300

Source: Institute for Women's Policy Research 2007.

Social Security protects both married women and women who divorce. In retirement a married woman's own worker benefit may be augmented if it is smaller than half her husband's benefit. A 50 percent benefit, known as a spousal benefit, is available to the lower earner in a couple and is paid only to the extent it exceeds that individual's own benefit as a worker. The vast majority of those receiving spouse benefits (99 percent) are wives. A widowed spouse can receive 100 percent of the deceased partner's benefit, but that benefit is paid only to the extent it exceeds the recipient's own benefit as a worker. The large majority of those who receive widowed-spouse benefits are women.

If a woman divorced after being married for 10 years and is single at retirement age, she can receive a spousal benefit, to the extent that benefit exceeds her own benefit as a worker. Should her former husband predecease her, she will be entitled to 100 percent of what his benefit was or would have been. Benefits to a former wife do not reduce benefits for the husband or a subsequent wife (or widow).

For example, Jane Smith is entitled to receive \$700 a month based on her own work record. Her husband, Joe, has a benefit of \$1,700 a month. Jane will get \$850 (\$700 as a worker plus \$150 as a spouse). The family's total Social Security income is \$2,550 a month. If Joe dies, Jane's benefit as a widow would be \$1,700 a month.

If Jane and Joe divorced years ago, but were married for 10 years, she is still entitled to \$850 a month. And, when Joe dies, Jane is entitled to \$1,700 a month.

## The Future of Retirement Security

Retirement security is at risk because pensions plans are changing rapidly, Social Security benefits will replace a smaller share of retirees' earnings in the future, and gaps in Social Security finances place Social Security revenue and benefit changes on the agenda of policy makers. In this context, it is important that population groups who have a key stake in Social Security, because it provides a particularly crucial part of their retirement security, have a voice in those policy discussions.

### THE NEW WORLD OF PENSIONS

About half of private sector workers are enrolled in employer-sponsored retirement plans. Over the past 25 years, these plans have placed many new risks on workers. Traditional pension plans typically guaranteed retirement payments that were linked to final salary and the number of years on the job. This type of plan is called a defined-benefit pension because the worker could be relatively certain about the size of the benefit check coming at retirement. These defined-benefit pension plans have given way to plans in which the worker makes a contribution, and the employer may provide a matching grant, such as in 401(k) plans. These are called defined contribution plans because you know how much is going into the pot. But how much will you get at retirement? That's up for grabs, depending on how skilled, or lucky, you are at choosing among the investment menu offered in your company plan, and how the market is doing when you walk out the door to retire.

Two things have changed: employers are putting less money into their workers' pension programs than before and the risk of managing this money has shifted from the company to the worker.

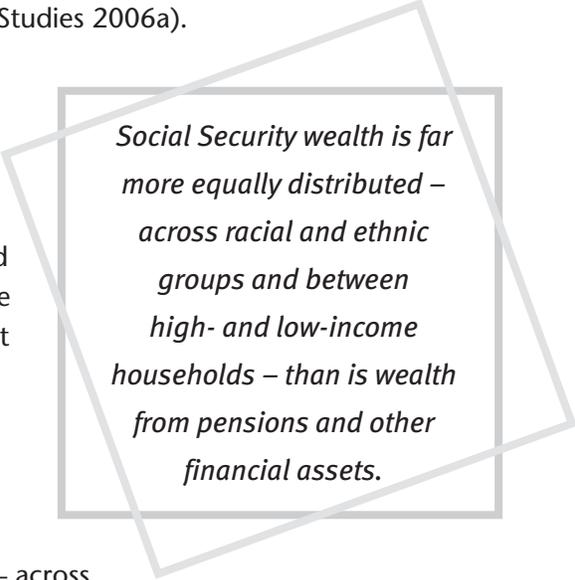
To date, most people nearing retirement have not accumulated enough cash in 401(k) accounts to assure a comfortable retirement. A Federal Reserve Board survey in 2001 showed people's retirement savings balances were falling far short of what they will need when they stop working. For those 55 to 64, the accumulation for a typical individual was \$60,000. That amount of money could buy an annuity with a

3 percent built-in inflation protection clause yielding \$324 a month (Center for Retirement Research 2007a; National Academy of Social Insurance 2007a).

Even those who enter retirement with a seemingly robust account may not make the most effective use of it. They may cash in all or a portion of the account rather than taking the more prudent step of converting the cash to an annuity. The reality is that “it’s highly unlikely that defined contribution participants will suddenly start annuitizing their account balances at retirement to any appreciable extent,” according to a report by the Employee Benefit Research Institute (Employee Benefit Research Institute 2007).

“In recent years the legs have become wobbly on the ‘three-legged stool’ used to characterize the major sources of retirement income,” according to a report by the Joint Center for Political and Economic Studies. “In particular, employer pensions have increasingly been converted into retirement plans that are less costly to employers and less generous or more costly (or both) to employees. In addition, some plans have been frozen and exclude new employees while others have been discontinued. Recent data suggests that private savings and investment, another leg of the stool, also will fall short of the levels necessary to sustain most workers during retirement” (Joint Center for Political and Economic Studies 2006a).

By international standards, the United States “has a much larger stock of private pension funds than exists in other countries,” according to scholars at the Peterson Institute for International Economics. However, “the stock of private pension wealth is held overwhelmingly by the upper income segment in the U.S. and will not provide retirement support for most Americans” (Peterson Institute for International Economics 2007). The scholars find that the great majority of retired Americans rely primarily on Social Security for their cash income.



*Social Security wealth is far more equally distributed – across racial and ethnic groups and between high- and low-income households – than is wealth from pensions and other financial assets.*

Social Security wealth is far more evenly distributed – across racial and ethnic groups and between high- and low-income households – than is wealth from pensions and other financial holdings.

## **FUTURE SOCIAL SECURITY BENEFITS**

In general, Social Security benefits for future retirees rise with average wage levels so that each new cohort receives benefits that replace a comparable share of their prior earnings. When wages rise faster than the cost of living, benefits for future retirees also rise by more than the cost of living. Two developments will cause Social Security

benefits to replace a smaller share of prior earnings for retirees in the future than has been the case over the past 25 years. First, the age for receiving full retirement benefits is gradually rising from 65 (for those born before 1937) to 67 (for those born after 1960) as changes adopted in 1983 are fully implemented. This causes benefits claimed at any given age to be smaller than they would have been. In addition, Medicare premiums will take a bigger bite out of future retirees' benefits because medical costs are rising faster than benefit checks. Premiums for Part B, which covers doctor bills, rise with medical costs and are deducted from Social Security checks.

In 2005, a 65-year-old retiree with average earnings received a Social Security check equal to about 39 percent of his or her average earnings after deducting the Medicare Part B premium. By 2030, a similar 65-year-old retiree's check will replace about 32 percent of his or her prior earnings after deducting Medicare Part B premiums (Table 2).

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**Table 2. Social Security Replacement Rate for Illustrative Average Earner Retiring at Age 65, 1986, 2005, 2030**

Provision and Year	Replacement Rate (percent)
<b>1986</b>	
Gross replacement rate	42
After deducting Medicare Part B premium	41
<b>2005</b>	
Gross replacement rate	42
After deducting Medicare Part B premium	39
<b>2030</b>	
Gross replacement rate – after raising the full-benefit age	36
After deducting Medicare Part B premium	32

Sources: Munnell and Sass 2006.

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## **SOCIAL SECURITY FINANCES**

Social Security is different from most other government programs because it is designed to be self-financing. Social Security is financed mainly by dedicated taxes paid by workers and employers. The tax rate for both workers and employers is 6.2 percent of earnings, up to a cap of \$102,000 in 2008. The combined tax rate is 12.4 percent. In addition, upper income Social Security beneficiaries pay income taxes on part of their Social Security benefits, and some of this income-tax revenue is dedicated to the Social Security trust funds. Finally, interest earned on accumulated

trust fund reserves is a third source of income. In 2007, Social Security will collect taxes from 163 million workers and their employers to pay benefits to nearly 50 million people.

Each year the Social Security trustees report to Congress what they project the income and outgo of the program will be over the next 75 years. Currently, Social Security collects more in taxes than it pays out in benefits. Social Security's trustees' project that taxes will not produce enough income to cover all scheduled benefits over the next 75 years because the increase in retirees receiving benefits will exceed the increase in workers paying Social Security taxes. In 2041, dedicated Social Security taxes coming into the program will cover only 75 percent of the benefits promised under current law (National Academy of Social Insurance 2007b).

The trustees project that Social Security will grow from 4.3 percent of the nation's total economic output, called the gross domestic product (GDP), in 2006, to 6.2 percent of GDP by 2030. The share of GDP rises because the number of older Americans will grow rapidly, from 38 million today to 72 million in 2032. The number of older Americans grows because people are living longer after age 65 and because baby boomers, the large generation born between 1946 and 1964, are reaching retirement age. The oldest boomers will reach age 62, the earliest age to claim Social Security retirement benefits, in 2008.

## Social Security Policy Debates

Social Security policy debates have evolved over the years and Ford Foundation grantees contributed to recent discussions. Ever since a 1996 Advisory Council was divided on whether or not to create individual accounts in Social Security, policy analysts and advocates have debated the pros and cons of making fundamental changes in Social Security. One faction of the 1996 council favored shifting part of Social Security funds to individual accounts as a way to stabilize the costs to the government of an aging population. Another group proposed setting up individual savings on top of reduced Social Security benefits. A third group strongly opposed such changes and favored strengthening the defined-benefit structure of Social Security.

*Social Security insurance features protect families against loss of income due a worker's death or disability and protect retirees against financial risks they cannot control: inflation, market slumps, living longer than expected, or depleting savings for a spouse's final illness or other emergencies.*

Michael Graetz, Co-Chair,  
NASI Study Panel

In recent years, many Members of Congress have proposed shifting part of Social Security funds to individual accounts. In-depth studies of such plans by the Center on Budget and Policy Priorities found that shifting Social Security funds to private accounts would place part of the income of future beneficiaries at risk of market fluctuations, weaken the social insurance and family adequacy features of the system, and entail huge transfers of funds from the rest of the budget in order to pay for the transition to private accounts, thereby placing other social programs at risk of steep cuts (Center on Budget and Policy Priorities 2005d).

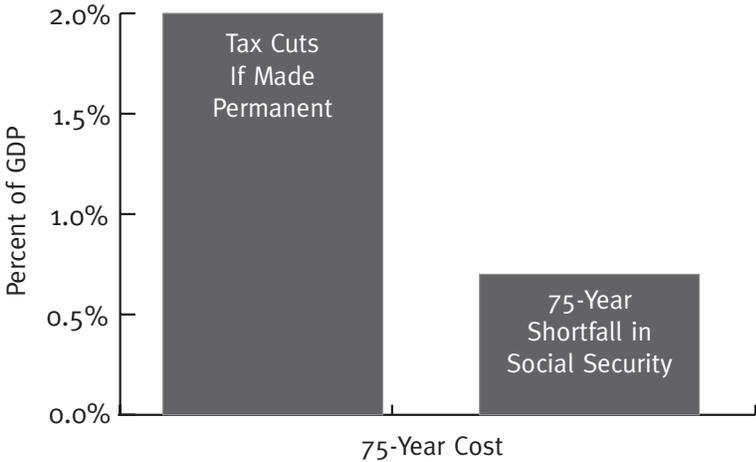
The details of how benefits would be paid out of individual accounts in Social Security was the topic of a blue-ribbon study panel convened by the National Academy of Social Insurance, with bipartisan co-chairs, Kenneth Apfel, Commissioner of Social Security in the Clinton administration, and Michael Graetz, a top Treasury official in the George H. W. Bush administration. The study focused on what future retirees and families might actually receive from individual accounts. As Graetz noted, savings accounts have appeal, but they do not share risks the way

insurance does. The insurance features of Social Security are increasingly important as pensions shift to individual accounts that expose workers to more risks. Social Security insurance features protect families against loss of income due a worker's death or disability and protect retirees against financial risks they cannot control: inflation, market slumps, living longer than expected, or depleting savings for a spouse's final illness or other emergencies (National Academy of Social Insurance 2005a).

New research also provided context for thinking about the affordability of Social Security and the adequacy of its benefits. The Center on Budget and Policy Priorities placed the Social Security shortfall in a broader budget context. It found that cuts in taxes on individual and corporate income, capital gains, and inheritances that were enacted in 2001 and 2003 would, if made permanent, create a gap in federal revenues that is three times the size of the Social Security financing gap over the next 75 years (Center on Budget and Policy Priorities 2006b). A study on the affordability of Social Security in the future looked to the past. It found that, as a share of the total economy, spending for Social Security benefits when boomers are retired will grow less than spending for public education when boomers were children (National Academy of Social Insurance 2006b).

**Figure 3: Cost of 2001-2003 Federal Tax Cuts if Made Permanent**

**Cost of tax cuts if made permanent is about three times the size of the Social Security shortfall**



Source: Center on Budget and Policy Priorities 2006b.

Other grantee briefs examined various options to raise revenues or reduce future benefit costs that would not involve creating individual accounts in Social Security (National Academy of Social Insurance 2005b). One frequently discussed idea would further increase Social Security's full benefit retirement age beyond 67 to 69 or 70.

Scholars at the Urban Institute concluded that such a change would lower lifetime benefits for all groups, but would not disproportionately hit low-income groups because such groups would be more likely to receive disability benefits (Urban Institute 2006). Maya Rockey Moore of Global Policy Solutions, LLC offered cautions on those findings, noting that African Americans who lack attorneys are less likely to be allowed disability benefits when they appeal to administrative law judges (U.S. General Accounting Office 2003). Urban Institute scholars also examined various ways that a well-designed minimum benefit could mitigate the adverse impact of a higher retirement age on low-income groups. The scholars find that benefit design details make a big difference in the degree to which minimum benefits would keep future elders out of poverty (Urban Institute 2006 and 2007a and b).

*The Social Security Fix-It Book*, from the Center for Retirement Research at Boston College, is an engaging tool to show the many ways to bring Social Security into long-range balance by either increasing revenues or lowering future benefits. For example: raising the cap to tax 90 percent of earnings for Social Security (which eliminates just under half of the financing shortfall) puts the burden on the well-to-do, but might weaken support for the program. Increasing the Social Security tax by 2 percentage points today (which eliminates all of the 75-year shortfall) is the simplest solution, but it would hurt low-wage earners unless the new tax burden were offset by tax credits that target low-paid workers. The *Fix-It Book* is a quick and entertaining tool for general audiences – students, business leaders, and community groups (Center for Retirement Research 2007b).

## **Engaging America's Communities in the Future of Social Security**

For any menu of policy choices, it is important to figure out how the change will affect Americans as taxpayers or beneficiaries, or both. Nobody enjoys paying more taxes and nobody enjoys having benefits reduced. The issue becomes one of balance. That is why education is so important. It provides the tools for citizens to have a voice in the debate. Grantees reached out to varied community groups and stakeholders, including African Americans, Latino communities, women, young adults, and journalists, who can be influential in reaching the broader public.

### **OUTREACH TO AFRICAN-AMERICAN COMMUNITIES**

Polling shows that African Americans of all age groups are less likely to expect pensions as a major source of income and more likely to expect their own savings and investments will fill the gap. But they haven't been able to amass the money they think they should.

Educating young members of the community, ages 18-25, is a challenge. "Perhaps most importantly, when compared to other African Americans, these youngest African-American adults are simultaneously less likely to believe that Social Security will be their major source of retirement income and less likely to have begun accumulating other forms of retirement savings," the Joint Center said in a research paper. "There may be good reasons for this behavior, such as indebtedness from post-secondary education. It does not bode well, however, for the financial security of members of this age cohort during retirement" (Joint Center for Political and Economic Studies 2006b).

African Americans "have realistic expectations about the extent to which the system may be able to satisfy their retirement income needs. They have been unable, however, to amass the private savings and investments necessary to compensate for the likely shortening of the other two legs (Social Security benefits and employer pensions) of the retirement income stool. Thus, African Americans mirror the

dominant trend of limited private wealth accumulation in the U.S., which will challenge us as a nation when the baby boomers begin to retire” (Joint Center for Political and Economic Studies 2007a).

People have to be taught, and encouraged, to save more for their retirement. African Americans “with the lowest incomes are not saving much for retirement and recognize that they will have to depend on Social Security for the majority of their retirement income,” a Joint Center report said. But the level of

detailed knowledge may be inadequate. “Given the relatively higher stakes that African Americans with lower incomes have in the Social Security system, work needs to be done to engage this group in educating themselves about Social Security, proposals to reform it, and potential ways to prepare for retirement” (Joint Center for Political and Economic Studies 2007b).

*“Given the relatively higher stakes that African Americans with lower incomes have in the Social Security system, work needs to be done to engage this group in educating themselves about Social Security, proposals to reform it, and potential ways to prepare for retirement.”*

Joint Center for Political and Economic Studies

### **OUTREACH TO WOMEN**

The Institute for Women’s Policy Research (IWPR) provided up-to-date information about women’s stake in Social Security through partnership with the National Council of Women’s Organizations. It produced e-mail alerts on how Social Security affects women that were sent electronically to more than 5,000 women leaders, media representatives and scholars. State level fact sheets showed how older women in each state fare. IWPR staff participated in policy debates, made public presentations and supported coalition meetings on issues related to women’s retirement security and Social Security. The National Council of Women’s Organizations posted the information on its website, as well as to member organizations that together represent 11 million women nationwide.

The National Council of Negro Women (NCNW) and its affiliated organizations set up “train-the-trainer” sessions to educate the community about Social Security, options for reform, and to prepare members to train others on Social Security. The NCNW reaches 4 million women through its affiliated organizations. Their training manual, *Social Security and Our Community*, is an excellent resource in Q and A format about what citizens need to do and how they can access the Social Security program. More than 850 women were trained in sixteen sites across the country. Participants rated technical aspects of the training at 90 percent or higher. Qualitative assessments were very favorable from trainees. Maya Rockey Moore, of Global Policy Solutions, LLC, provided technical assistance to the project and conducted trainings on request.

## YOUNG ADULTS

Working with Global Justice Now, Maya Rockey Moore conducted a national *Social Justice College Tour* that engaged college students in discussions about the Social Security program and its future. The participants were students from all majors and classifications attending 4-year colleges and universities across the country. A core group of the schools were Historically Black Colleges and Universities. The campuses included George Washington University, Howard University, Spelman University, Mississippi Valley State University, Lincoln University, Prairie View A&M University, the University of Oregon, and Towson State University. Students received technical assistance on grass roots organizing and fact sheets on Social Security, why it matters, how it works, and its role for African-American workers and families.

The National Academy of Social Insurance held a summer academy for Washington interns, other young workers, and students in July 2006 on the theme, *Don't Leave Washington Clueless about Social Security!* Over 100 young people devoted a full weekend to the event, learning from scholars, politicians, and government officials about Social Security. A hit of the event was a Social Security Solvency Contest, in which groups of participants evaluated various solvency proposals and came up with their favorite options. Some youthful participants were surprised to find that the financing challenge was much smaller than they had expected, based on language used in the policy debate.

## REACHING LATINO COMMUNITIES

Latinos have “a great deal at stake in the debate over the future of the Social Security system,” wrote Fernando Torres-Gil of the UCLA Center for Policy Research in Aging. “Latinos benefit greatly from the various types of insurance and redistributive mechanism that Social Security provides – but that information is not widely known, within either the general population or the Latino community” (UCLA Center for Policy Research on Aging 2006a).

*Latinos have a great deal at stake in the debate over the future of Social Security. Latinos benefit greatly from the insurance that Social Security provides – but that is not widely known, within the general population or the Latino community.*

Fernando Torres-Gil, UCLA Center for Policy Research on Aging (Brief 1)

Advocates and experts offer a note of caution, warning that the features of Social Security that are indispensable to Latinos must be preserved. Because they depend so heavily on Social Security, Latinos are particularly “vulnerable to proposed changes to the program. The COLA [annual cost-of-living allowance] and the redistributive feature of the current Social Security system are crucial to the economic well being of Latino elders. Without them, Latino elders would face severe economic consequences” (UCLA Center for Policy Research on Aging 2006b).

Latino communities must have a greater awareness of the importance of Social Security, experts believe. “The Latino community in particular requires a factual base not only to understand and determine how Social Security impacts their aging and retirement, but also to effectively participate in ongoing policy debates,” said Torres-Gil (UCLA Center for Policy Research on Aging 2006b).

And the educational campaigns should start early, at the middle school level, according to Max Benavidez, media consultant from the *Latinos & Social Security* project. In many communities, the Hispanic dropout rate in high school is 50 percent. In addition, there may be unrealistic optimism in the community about the concept of generating wealth through private investment accounts. This creates “stars in people’s eyes,” said Benavidez. But while wealth building through investment is admirable, people should recognize the core role Social Security plays (UCLA Center for Policy Research on Aging 2007).

There was extensive community and media involvement for the special project on *Latinos & Social Security*, a collaborative effort of the UCLA Center for Policy Research on Aging, the UCLA Chicano Studies Research Center, and the Ethel Percy Andrus Gerontology Center at the University of Southern California. Partners included the National Hispanic Council on Aging and the National Association of Latino Elected and Appointed Officials.

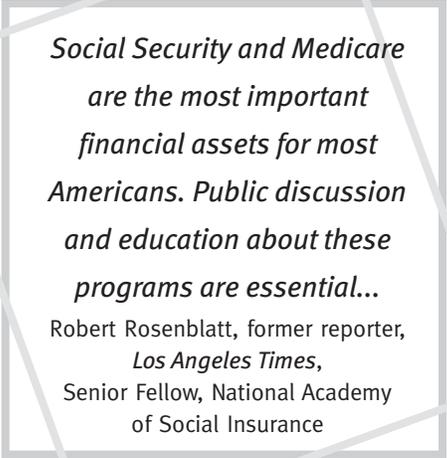
## **EDUCATING JOURNALISTS**

The National Academy of Social Insurance, collaborating with the National Press Foundation (NPF), conducted a series of road shows for journalists in regional media markets. This project included visits to journalism schools as the hub of the meetings with local reporters from newspapers, television and radio stations, detailed briefings on how Social Security works, and a discussion of policy options for its future. NASI members and invited speakers were contributors. Trainings were held in Oklahoma, West Virginia, Florida, Tennessee, and Texas. Tampa freelance journalist Ronnie Lovler remarked, “Bringing the show on the road helps those of us who don’t always have access to DC or NY. Do it more. This was great!” Nashville Public Radio reporter Anita Bugg concluded, “These sessions are invaluable! The more the better – civil discussions about complicated policy issues. It’s great motivation to carry the conversation on in our reporting.” In all, about 60 journalists with a reach of about 3.5 million readers and viewers participated in the educational events for journalists (NASI and NPF 2005).

## Next Steps: Policy and Education

Public education, research, and policy analysis will remain important tools in strengthening Social Security for tomorrow's workers and retirees. This is an apt time to discuss Social Security as the baby boom generation moves into retirement. In 2008, the oldest boomers will turn 62 and become eligible for early retirement benefits under Social Security. Three years later, they become eligible for Medicare. Social Security and Medicare are the most important financial assets for most Americans. It is vital to assure the smooth operation of these programs, improve them as needed, and finance them securely. Public discussion and education about these programs are essential and the work of Ford Foundation grantees is an excellent launch of a national effort.

There are many areas in which research, discussion, education, and consensus building can strengthen retirement security. Some of these topics can help shift the focus of the future of Social Security to more closely align with the purpose of the program and the people it is meant to serve.



*Social Security and Medicare are the most important financial assets for most Americans. Public discussion and education about these programs are essential...*

Robert Rosenblatt, former reporter,  
*Los Angeles Times*,  
Senior Fellow, National Academy  
of Social Insurance

### ASSESSING RETIREMENT INCOME ADEQUACY

What constitutes an adequate income in retirement? And what mix of Social Security and personal savings or pensions will get us there? It is important to take into account developments in employer-sponsored pensions and out-of-pocket health costs for seniors in assessing what constitutes an adequate income for retirees in the future. Measures of adequacy need to consider the circumstances of the oldest old, not just those first entering retirement. More often than not, the oldest old are women who have outlived husbands or others with whom they shared living quarters.

## **LONG-RANGE FINANCES**

The Boston College *Fix-it* book and other grantee briefs and reports show many options to balance Social Security's long-range finances. The American people need a better understanding of the financing challenge and the many options that exist to balance future finances. The true size and nature of the problems are smaller than many people think, according to newly educated young adults. Grantees have produced excellent materials on these issues, but broader dialogue, education, and dissemination are needed.

## **TRUST AND CONFIDENCE**

Social Security is remarkably effective and efficient. In many respects it is less risky than other types of retirement provisions. Yet, many Americans say they lack confidence in its future. As a public program that gains its strength from workers' willingness to support it, trust and confidence are important benchmarks of public education.

## **ENGAGE IN THE VALUES DEBATE**

There has been a sustained, well-financed effort in some quarters to undo the broad risk pool of Social Security and replace it with a system that would "individualize" how Americans prepare for retirement. Part of this debate reflects fundamental differences in values: the contrast between broad sharing of risks on the one hand, and sole reliance on private nest eggs, on the other.

It is important to engage in the values debate. It is also important to build an integrated system of retirement security. We clearly need both: a secure foundation of adequate and affordable social insurance; and opportunities to save and build wealth on top. In the end, we want low- and middle-income workers as well as upper income households to enjoy the benefits of a secure and dignified retirement while upper income groups, employers, and businesses recognize their stake in achieving that goal for all Americans.

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## Appendix A: Agenda

### Social Security Grant-Making: Sharing the Results

**WEDNESDAY, JULY 11, 2007**

**THE FORD FOUNDATION – B LEVEL**  
320 E 43RD ST, NEW YORK, NY 10017

- |                 |  |
|-----------------|--|
| <b>9:30 am</b>  | <b>Breakfast</b>   |
| <b>10:00 am</b> | <b>Welcome and Plan for the Day</b><br>Kilolo Kijakazi, Program Officer and moderator for the day<br>Susan Berresford, President, The Ford Foundation<br>Pablo Farias, Vice President, Asset Building and Community Development<br>Frank DeGiovanni, Director, Economic Development  |
| <b>10:30 am</b> | <b>Why Social Security Matters</b><br>Kenneth Apfel, Former Commissioner of Social Security  |
| <b>10:45 am</b> | <b>Social Security in the U.S. and Abroad: A Primer</b><br><i>Citizen's Guide to Social Security</i><br>Steven Sass, Center for Retirement Research, Boston College<br><br><i>Insights from Social Security Reform Abroad</i><br>Martin Baily and Jacob Kirkegaard, Peterson Institute<br><br><i>Staying on Purpose: Paying Benefits from Individual Accounts</i><br>Michael Graetz, Yale Law School and NASI Panel Co-Chair<br><br>Discussion |
| <b>11:30 am</b> | <b>Break</b>   |

- 11:45 am**      **Social Security Outreach to Key Communities – Part 1**
- Reaching African American Communities*  
Margaret Simms, Joint Center for Political and Economic Studies
- Women’s Stake in Social Security – Research and Outreach*  
Heidi Hartmann, Institute for Women’s Policy Studies  
Susan Scanlan, National Council of Women’s Organizations  
Maya Rockey Moore, National Council of Negro Women
- Discussion
- 12:40 pm**      **LUNCH**
- Why Social Security Policy and Outreach Remain Key**  
Robert Greenstein, Center on Budget and Policy Priorities
- 1:45 pm**      **Social Security Outreach to Key Communities – Part 2**
- Reaching Hispanic Workers, Families, and Elders*  
Max Benavidez, UCLA  
Eric Rodriguez, National Council of La Raza
- Reaching Journalists*  
Robert Rosenblatt, former reporter, *LA Times*
- Reaching Young Leaders*  
Pamela Larson, National Academy of Social Insurance  
Maya Rockey Moore, Global Justice Now
- Discussion
- 2:50 pm**      **BREAK**
- 3:05 pm**      **How Would Benefit Reductions Affect Individuals and Employers?**
- Looking at Social Security and Pension Reform Together*  
Gene Steuerle, Urban Institute
- Effect of Benefit Changes on Individuals*  
Sheila Zedlewski, Urban Institute
- Employers’ Responses to Benefit Reductions*  
Jack VanDerhei and Craig Copeland, Employee Benefit Research Institute
- Discussion
- 3:50 pm**      **Synthesis Findings and Next Steps**  
Virginia Reno, National Academy of Social Insurance
- 4:00 pm**      **Adjourn**

## Appendix B: Grantee Biographies

### KENNETH APFEL, FORMER COMMISSIONER OF SOCIAL SECURITY



Kenneth S. Apfel is the Director of the Management, Finance and Leadership Program at the University of Maryland. Prior to this, he held the Sid Richardson Chair of the Lyndon B. Johnson School of Public Affairs at the University of Texas. He served as Commissioner of Social Security from September 1997 to January 2001. He was also the Associate Director for Human Resources at the Office of Management and Budget (OMB) in the Executive Office of the President. In March 1993, Professor Apfel was appointed by the President to serve as Assistant Secretary for Management and Budget at the U.S.

Department of Health and Human Services. Previously, he served as legislative director for Senator Bill Bradley, as well as staff member for the U.S. Senate Budget Committee. A member of the National Academy of Social Insurance (NASI) since 1998 and co-chair of the NASI study panel, *Uncharted Waters: Paying Benefits From Individual Accounts in Federal Retirement Policy*, he currently serves on NASI's Board of Directors. Professor Apfel received his Masters in public affairs from the LBJ School of Public Affairs at the University of Texas.

### MARTIN BAILY, PETERSON INSTITUTE



Martin Neil Baily, Senior Fellow at the Peterson Institute from 2001-2007, is currently a Senior Fellow at the Brookings Institution. He was chairman of the Council of Economic Advisers during the Clinton administration (1999–2001) and one of three members of the council from 1994 to 1996. Baily was a principal at McKinsey & Company's Global Institute (1996–99) and has been a senior adviser to McKinsey since 2002. He joined the board of The Phoenix Companies, Inc. in 2005 and is an academic adviser to the Congressional Budget Office and associate editor of the *Journal of Economic Perspectives*. Baily was a

senior fellow at the Brookings Institution (1979–89) and a professor of economics at the University of Maryland (1989–96). He was vice chairman of a National Academy of Sciences/National Research Council panel investigating the effect of computers on

productivity and a research associate at the National Bureau of Economic Research. Baily cofounded the microeconomics issues of the *Brookings Papers on Economic Activity*. He earned his PhD in economics at the Massachusetts Institute of Technology (MIT) and taught at MIT and Yale University. He is the author of numerous books and articles and coauthor (with Jacob Kirkegaard) of *Transforming the European Economy* (2004).

## **MAX BENAVIDEZ, UNIVERSITY CALIFORNIA, LOS ANGELES**



Max Benavidez has more than 15 years experience in strategic communications, public policy development, workshop facilitation and media relations. He served as the head of communications at UCLA (1999-2002) and as the director of media relations at Caltech (1992-1999). He is a frequent speaker on public policy issues and leadership development and serves as a communications advisor for executives in the non-profit and for-profit sectors. His clients have included the Annie E. Casey Foundation, California Community Foundation and Claremont Graduate University. Benavidez is a former essayist for the *Los Angeles Times*, a former TV/radio producer (KNBC-TV and KCRW-NPR) and taught at the Chavez Center at UCLA from 1994-2002. He is currently the president of Public Communications Strategies, and the Director of the Polanco Fellowship for the California Latino Caucus Institute.

## **CRAIG COPELAND, EMPLOYEE BENEFIT RESEARCH INSTITUTE**



Craig Copeland is a Senior Research Associate with the Employee Benefit Research Institute (EBRI). He has been with EBRI since 1997. Initially, his research focused on health care, specifically Medicare reform, quality in health care, and lengths of uninsured spells. Subsequently, he was named the Director of EBRI's Social Security Reform Evaluation Research Program. In this capacity, Copeland researched the effects of reform proposals on Social Security benefits of current and future workers. His analysis of Social Security reforms include allowing for varying capital market rates of return and returns consistent with the projected growth in the economy. In addition to his research on Social Security, Copeland researches in defined contribution pension plans and the adequacy of savings for retirement. His recent work on Social Security includes the EBRI publications: *Comparing Social Security Options and Social Security Reform: The Importance of Disability Insurance and Annuities in Individual Accounts*. In addition, Copeland co-authored an article entitled, *A Behavioral Model for Predicting Employee Contributions to 401(k) Plans: Preliminary Results*. He has been quoted or his work has been cited in such publications as the *Wall Street Journal*, the *New York Times*, and the *Washington Post* on the subjects of health care, Social Security reform, and retirement savings. Copeland completed his undergraduate work in economics at Purdue University and obtained his Ph.D. in economics from the University of Illinois at Urbana-Champaign. He previously taught economics at Southern Illinois University-Carbondale before joining EBRI.

## **MARTHA COVEN, CENTER ON BUDGET AND POLICY PRIORITIES**



As Senior Legislative Associate, Coven works on a broad range of issues, including the federal budget, housing, Social Security, and the TANF program. She also routinely provides training in the federal budget process for national and state-based non-profits. Before coming to the Center in 2001, Coven worked on health care policy at Consumers Union, the publisher of *Consumer Reports* magazine. Her prior experience includes five years on Capitol Hill, four of which were spent working for the House leadership on a variety of communications and domestic policy initiatives. Coven holds a B.A. in economics and a law degree from Yale University.

## **MICHAEL GRAETZ, YALE LAW SCHOOL, NASI PANEL CO-CHAIR**



Michael Graetz is Justus S. Hotchkiss Professor of Law at Yale Law School. While a Professor at Yale, he also acted as Assistant to the Secretary and Special Counsel, U.S. Department of Treasury, and Deputy Assistant Secretary (Tax Policy), U.S. Department of Treasury. Prior to that, Professor Graetz served as a Professor of Law at the University of Southern California, California Institute of Technology, and the University of Virginia. Professor Graetz has written numerous articles including *The Troubled Marriage of Tax Retirement Security Policy*, and *Universal Health Coverage without an Employer Mandate*. His book, *True Security: Rethinking American Social Insurance* (co-authored with Jerry Mashaw), analyzes the spectrum of U.S. social insurance programs. Professor Graetz is also the author of *The Decline (and Fall?) of the Income Tax*, published in 1997, and republished in 1999 as *The U.S. Income Tax: What It Is, How It Got That Way, and Where We Go from Here*, and of *Death by a Thousand Cuts—The Fight over Taxing Inherited Wealth* (with Ian Shapiro). Professor Graetz served as co-chair of the Academy's 10th Annual Conference, "Framing the Social Security Debate: Values, Politics, and Economics," in January 1998. A member of the National Academy of Social Insurance since 1993, he co-chaired its Study Panel that produced the 2005 report, *Uncharted Waters: Paying Benefits from Individual Accounts In Federal Retirement Policy*. Professor Graetz received his LL.B. from the University of Virginia.



## **ROBERT GREENSTEIN CENTER ON BUDGET AND POLICY PRIORITIES**

Robert Greenstein is founder and Director of the Center on Budget and Policy Priorities, a nonprofit research organization that studies a range of government policies and programs affecting low-and moderate-income Americans. He also served as a member of the 1994 Bipartisan Commission on Entitlement Reform. Previously, he was Administrator for the Food and Nutrition Service at the U.S. Department of Agriculture. Greenstein received one of the six 1991 Public Service Achievement Awards

awarded by Common Cause, which recognized him for being “one of the nation’s most effective advocates for low-income Americans.” He received the MacArthur Fellowship award in 1996. A member of the National Academy of Social Insurance since 1989, Mr. Greenstein has served on its Board of Directors and currently serves on the Advisory Board of *The Journal on Poverty, Income Distribution, and Income Assistance* of the Social Insurance Research Network (SIRN). He received his B.A. from Harvard College and has done graduate work at the University of California–Berkeley.

## HEIDI HARTMANN, INSTITUTE FOR WOMEN’S POLICY RESEARCH



Heidi Hartmann is President and CEO of the Institute for Women’s Policy Research (IWPR), a nonprofit, scientific research organization on policy issues of importance to women. Hartmann founded IWPR in 1987 to rectify the limited availability of policy research relevant to women’s lives. Previously, she was the Director of Women’s Studies at Rutgers University, a member of the graduate faculty at the New School for Social Research, and a staff member at the National Research Council/National Academy of Sciences. In 1994, Hartmann was the recipient of a MacArthur Fellowship Award for her pioneering work in the field of women and economics. She has co-authored several reports at IWPR, including the *Impact of Social Security Reform on Women* and *Women’s Access to Health Insurance*. Hartmann has served on the Boards of the Coalition on Human Needs and the National Council for Research on Women. She is currently a member of the Board of the American Academy of Political and Social Science, and Vice Chair of the National Council of Women’s Organizations. She is also the Chair of the National Council of Women’s Organizations Task Force on Women and Social Security. A member of the National Academy of Social Insurance since 1999, Hartmann received her Ph.D. in economics from Yale University.

## JACOB KIRKEGAARD, PETERSON INSTITUTE



Jacob Funk Kirkegaard has been a research associate at the Institute since 2002. Before joining the Institute, he worked with the Danish Ministry of Defense, the United Nations in Iraq, and in the private financial sector. He is a graduate of the Danish Army’s Special School of Intelligence and Linguistics with the rank of first lieutenant; the University of Aarhus in Aarhus, Denmark; and Columbia University in New York. He is the coauthor of *Transforming the European Economy* (2004) and assisted with *Accelerating the Globalization of America: The Role for Information Technology* (2006). His current research focuses on European economies and reform, pension systems and accounting rules, demographics, offshoring, high-skilled immigration, and the impact of information technology.

## **PAMELA LARSON, NATIONAL ACADEMY OF SOCIAL INSURANCE**



Pamela J. Larson has directed the National Academy of Social Insurance (NASI) since it began in 1986. First as Executive Director, then as Executive Vice President, she continues to work closely with the Academy's Members, Board, and staff to implement its programs on leadership development, public understanding, and international training as well as develop its services to social insurance professionals and its fund-raising initiatives. Before coming to the Academy, she was Director of Membership Services for the National Association of Area Agencies on Aging. Prior to that she served as Director of Long-Term Care Services, Southwestern Pennsylvania Area Agency on Aging, and as a Health Services Specialist for the United Mine Workers of America Health and Retirement Funds. On mini-sabbaticals in 1998 and 1999, Larson taught Medicare policy at Florida State University and wrote articles on work and retirement research for the feature's newspaper, *Aging Today*. She has published articles on long-term care and co-edited two of the Academy's conference volumes: *National Health Reform: What Should the State Role Be?* and *The Future of Social Insurance: Incremental Action of Fundamental Reform?* A member of NASI since 1993, Larson received her masters of regional planning from Cornell University.

## **VIRGINIA RENO, NATIONAL ACADEMY OF SOCIAL INSURANCE**



Virginia Reno is Vice President for Income Security at the National Academy of Social Insurance where she plans and directs the Academy's work on retirement income, workers' compensation, disability insurance and related programs. She led the Academy's 2005 study, *Uncharted Waters: Paying Benefits from Individual Accounts in Federal Retirement Policy*, and prior NASI studies of the economics of privatizing Social Security and of ways to strengthen the Social Security disability programs to promote rehabilitation and work. Before coming to the Academy, Reno held research and policy positions at the U.S. Social Security Administration (SSA). She was staff director of the Policy Council that advised the Commissioner of Social Security on legislative, regulatory and administrative issues and directed the program analysis staff in SSA's office of research and statistics. Reno has published research on Social Security, private pensions, retirement policy, public opinion about Social Security, and the impact of benefit and tax systems on women and families. A fellow of the TIAA-CREF Institute and founding member of the National Academy of Social Insurance, Reno served in the U.S. Peace Corps in West Africa and received her B.A. from the Honors College of the University of Oregon.

**MAYA ROCKEYMOORE,  
NATIONAL COUNCIL OF NEGRO WOMEN, GLOBAL JUSTICE NOW**



Maya Rockeymoore is the President and CEO of Global Policy Solutions, LLC, and an adjunct professor at American University. As the former Vice President of Research and Programs at the Congressional Black Caucus Foundation, she led the implementation of the organization's five year strategic plan including the creation of its Center for Policy Analysis and Research. She has also served as the Senior Resident Scholar for Health and Income Security at the National Urban League Institute for Opportunity and Equality, where she monitored change in the nation's social insurance policies. She has given numerous presentations and written papers and articles focused on Social Security and its relevance for people of color and women. Previously, she was Professional Staff for the House Committee on Ways and Means, Social Security Subcommittee. A member of the National Academy of Social Insurance since 2003, Rockeymoore served on the Academy's study panel, "Sharpening Medicare's Tools for Reducing Racial & Ethnic Health Disparities," and co-chaired NASI's 2007 conference, "For the Common Good: What Role for Social Insurance?" Rockeymoore received her Ph.D. in political science and public policy from Purdue University.

**ERIC RODRIGUEZ, NATIONAL COUNCIL OF LA RAZA**



Eric Rodriguez is the Director of the Policy Analysis Center at the National Council of La Raza (NCLR), where he coordinates core operations of the Office of Research, Advocacy, and Legislation. He is also directly responsible for planning and preparing policy analysis for legislative and advocacy activities on a range of economic and employment issues such as Social Security, pension, budget, tax, banking, housing, and welfare reform. Rodriguez has testified before Congress on several occasions including for the U.S. House of Representatives, Committee on Ways and Means, Sub-Committee on Social Security. Rodriguez has written and co-authored many articles, opinion-editorials, policy briefs, and reports including *Financial Insecurity Amid Growing Wealth: Why Healthier Savings Are Essential to Latino Prosperity*; *Financial Education in Latino Communities: An Analysis of Programs, Products, and Results/Effects*; *The Social Security Program and Reform: A Latino Perspective*; and *Retirement Security for Latinos: Bolstering Coverage, Savings and Adequacy*. A member of the National Academy of Social Insurance since 2000, Rodriguez served on its Uncharted Waters study panel. He received his master's degree in public administration from American University.

## **ROBERT ROSENBLATT, FORMER REPORTER, LA TIMES**



Robert Rosenblatt is a journalist and National Academy of Social Insurance Senior Fellow. He writes for NASI and develops its website information for journalists. He writes a column on health policy issues for the website of the California HealthCare Foundation, [www.chcf.org](http://www.chcf.org), and was a principal writer for the Alliance for Health Reform's Journalists' Sourcebook. He was a Washington correspondent for the *Los Angeles Times* for 26 years, where he covered the baby boom generation, Social Security, Medicare, pensions, and the HMO revolution. A member of the National Academy of Social Insurance since 2003, Rosenblatt received his M.S. in journalism from Columbia University.

## **STEVEN SASS, CENTER FOR RETIREMENT RESEARCH, BOSTON COLLEGE**



Steven Sass joined the staff of the Center for Retirement Research at Boston College in January 2002. Previously, he was an economist at the Federal Reserve Bank of Boston and founding editor of the Bank's quarterly economics magazine, *The Regional Review*. Sass is the author of *The Promise of Private Pensions: The First Hundred Years* (Harvard University Press, 1997), *The Pragmatic Imagination: A History of the Wharton School 1881-1981* (University of Pennsylvania Press, 1982), and with Alicia Munnell, *Social Security and the Stock Market* (Upjohn, 2006). Dr. Sass has taught at Rutgers and Brandeis Universities, was an Assistant Research Professor at the Wharton School, and a Research Associate of the Pension Research Council. He earned his B.A. from the University of Delaware and his Ph.D. from The Johns Hopkins University.

## **SUSAN SCANLAN, NATIONAL COUNCIL OF WOMEN'S ORGANIZATIONS**



Susan Scanlan became chair of the National Council of Women's Organizations in 2005. The Council is a nonpartisan coalition of over 200 progressive women's groups working together through substantive policy work and grass roots activism to address issues of concern to women. This 11 million member network focuses on workplace and economic equity, education and job training, affirmative action, Social Security, child care, reproductive freedom, health, and global progress for women's equality. Scanlan also serves as president of the Women's Research & Education Institute (WREI). While serving on the staff of Rep. Charles H. Wilson (1972 -77), Scanlan coauthored legislation to create Women's History Month and to admit women to the U.S. military service academies. In 1977, Scanlan helped found the Congressional Caucus for Women's Issues, a bipartisan group of the then-18 women serving in the U.S. Senate and House of Representatives. A Phi Beta Kappa graduate of Sweet Briar College, Scanlan holds a master's in modern languages from Tulane University.

## MARGARET SIMMS, JOINT CENTER FOR POLITICAL AND ECONOMIC STUDIES



Margaret C. Simms, Vice President for Governance and Economic Analysis of the Joint Center for Political and Economic Studies from 1988-2007, is currently a Senior Fellow at the Urban Institute. Before joining the staff of the Joint Center in 1986, she was Director of the Minorities and Social Policy Program at the Urban Institute. Earlier she taught at Atlanta University, Clark College, and the University of California–Santa Cruz. She is a member of the American Economic Association, the Association for Public Policy Analysis and Management, and the National Economic Association. Her publications include

*Economic Perspectives on Affirmative Action; Job Creation: Prospects and Strategies* (edited with Wilhelmina A. Leigh); and *The Economic Well-Being of Minorities During the Reagan Years*. A member of the National Academy of Social Insurance since 1994, Simms now serves on its Board of Directors and as President. She received her Ph.D. in economics from Stanford University.

## EUGENE STEUERLE, URBAN INSTITUTE



C. Eugene Steuerle is a Senior Fellow at the Urban Institute, former President of the National Tax Association (2001–2002), and former Chair of the 1999 Social Security Technical Panel. Earlier in his career, he was Deputy Assistant Secretary for Tax Analysis at the U.S. Department of the Treasury, as well as the original organizer and Economic Staff Coordinator of the Project for Fundamental Tax Reform, which led to the Tax Reform Act of 1986. In addition, Steuerle has served as the Director of Finance and Taxation Projects and Resident Fellow at the American Enterprise Institute, and as a Federal Executive

Fellow at The Brookings Institution. He has published many books, reports and articles, and Congressional testimonies. His recent books include *Contemporary U.S. Tax Policy; Social Security and the Family; The Government We Deserve; Retooling Social Security for the 21st Century;* and *Serving Children with Disabilities*. He currently serves on the Advisory Board of *The Journal on Social Security, Pensions, and Retirement Income* of the Social Insurance Research Network. A member of the National Academy of Social Insurance since 1990, Steuerle received his Ph.D. in economics from the University of Wisconsin.

## **JACK VANDERHEI, EMPLOYEE BENEFIT RESEARCH INSTITUTE**



Jack VanDerhei is Associate Professor of Risk, Insurance, and Healthcare Management at Temple University. He has taught undergraduate, graduate and doctoral level courses covering Social Security, Unemployment Insurance, Workers' Compensation, and employee benefits. He is a research fellow at the Employee Benefit Research Institute and serves as the Research Director of its fellows program. He has authored or co-authored many publications including *Pensions Planning: Pensions, Profit Sharing, and Other Deferred Compensation Plans* and *How Do Individual Social Security Accounts Stack Up*. He currently serves on the Advisory Board of *The Journal on Social Security, Pensions, and Retirement Income* of the Social Insurance Research Network. A member of the National Academy of Social Insurance since 1999, Professor Van Derhei received his Ph.D. in managerial science and applied economics from the University of Pennsylvania, Wharton School.

## **SHEILA ZEDLEWSKI, URBAN INSTITUTE**



Sheila R. Zedlewski is Director of the Income and Benefits Policy Center at the Urban Institute. The Center conducts research to evaluate the effectiveness of private and public systems for generating and distributing income in the United States. Zedlewski's own research focuses on income security and poverty. She also is a specialist in the development and application of microsimulation models that assess the current and future consequences of government spending programs on family incomes. Her recent publications include *Is There a System Supporting Low-Income Working Families?*; *Have Food Stamp Program Changes Increased Participation?*; *Families Coping without Earnings or Government Cash Assistance*; and *Extreme Poverty Rising, Existing Government Programs Could Do More*. A member of the National Academy of Social Insurance since 1996, she recently served on its Uncharted Waters Study Panel and currently serves on the Advisory Board of *The Journal on Poverty, Income Distribution, and Income Assistance* of the Social Insurance Research Network. Zedlewski received her M.P.A. in public administration/economics from American University.





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