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# **Retirement Security Survey Report**

**February 19, 2007**

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February 2007



# **Retirement Security Survey Report February 19, 2007**

**Data collected by Knowledge Networks  
Report prepared by William Wright, Ph.D.  
and Curt Davies, M.A.**

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## Executive Summary

Based on AARP tracking studies dating back to 1985, the importance and value of the Social Security program is affirmed and widely held among the public. Tracking data in the 2007 survey are generally at or exceeding the levels of the previous high as measured in 1985.

In a few cases, approval ratings have reached the highest point in 22 years in 2007. The latter is the case with the importance of the Social Security program compared to other domestic programs (68% overall). Among non-retired people, the differences over time in this view of the Social Security program are even greater, from 61 percent in 1985, to 56 percent in 1995, to 63 percent in 2005, to the current figure of 66 percent.

Communitarian value of the Social Security continues to be affirmed. An average of 84 percent now agree with the statement, "Even though I might be able to do better on my own, I think it is important to contribute to Social Security for the common good." Also, 83 percent of non-retired persons agree with the statement, "Maybe I won't need Social Security when I retire, but I definitely want to know it's there in case I do."

Confidence in the future of Social Security is up somewhat, and is nearly back to the 1985 level before confidence began to decline; it is now 45 percent. Confidence continues to be strongly related to age, with those under age 40 the least confident.

The survey indicates concern about retirement security issues. Only a bare majority (52%) is at least *somewhat confident* that they will have enough money to live comfortably in retirement (including 12 percent who say they are *very confident*).

The public continues to be opposed to private accounts *within* Social Security. Seven in 10 think it is not worth the cost to set up private accounts and 85 percent think that Social Security should remain a program that provides a predictable benefit without investment risk.

Opposition to private accounts *within* Social Security is paired with a high rate of approval of alternative retirement investment vehicles that supplement but do not replace part of Social Security: auto-IRA's, auto-401k's, and add-on accounts.

- 8 in 10 favor the creation of Auto-IRA's by employers who do not offer some type of retirement plans
- Three-quarters also favor Auto 401k's whereby they would be enrolled automatically by their employer unless they opted out; their funds would be invested for them unless they did so for themselves; their 401k contributions would increase with salary increases, unless they opted out of this provision.
- Overall, 7 in 10 (71%) (and 77% of those 21-34) favor an add-on account, with the following provisions: a supplement to Social Security that would not alter it in any way; funds could not be touched until age 65; a small percentage of their paycheck would be automatically deposited into his or her account (with a 1% employer match); and the system would be run by a centralized administrator.

There is indication that much of the public is open to a conversation about seeing that Social Security can meet its long-term financial obligations. A majority is willing to *consider* half of the 8 reform options tested: (1) increasing the income cap gradually to \$150,000; (2) increasing the payroll tax by 0.5% for both workers and their employers; (3) changing the benefit formula (to make it more progressive); and (4) investing part (15%) of the Social Security Trust Fund. Moreover, a majority also *favors* the first three of the above options. This would be more than enough to secure financial solvency of Social Security for 75 years.

It should be noted that most of the reform options that a majority is willing to consider would *raise revenues* for Social Security in some fashion. The four options that fewer than a majority are willing to consider all *entail benefit cuts* in some fashion: (1) raising the retirement age (to 70); (2) indexing benefits to longevity, whereby lower monthly benefits would be paid over a longer period of time; (3) imposing a 5% benefit cut to new retirees; and (4) modified price indexing, whereby future benefits would be cut by 1% each year a person has contributed to Social Security, with low wage earners exempt.

Thus, there is a clear preference for raising revenues over cutting Social Security benefits. However, when asked which option they prefer, their response is: benefit cuts (2%), revenue enhancements (37%), or a balanced combination of the two (58%). This finding would seem to indicate that the public is open to discussing some forms of benefit cuts as well, so long as additional revenues are raised.

By and large, in terms of support for reform options, there were few significant differences between Republicans and Democrats (see Figure A). In fact, if you look at the rankings for each option by party ID there are no differences. The top three reform options were favored by a majority of respondents in both parties [(1) Increase the Wage Cap, (2) Increase Payroll Tax and (3) Benefit Formula Change].

Democrats were more likely to favor Increasing the Payroll Tax and the Formula Change than Republicans. Republicans were much more likely than Democrats to favor Trust Fund Investment. Also, while only one-third of all respondents (33%) favor Raising the Retirement Age, Republicans were more likely than Democrats to favor this reform option.

**Figure A**  
(n=1,514)

**Consider and Favor for Reform Options by Party ID**

Party ID	Republican		Democrat	
	Favor	Consider	Favor	Consider
<b>Reform Options</b>	%	%	%	%
Formula Change	53 (3)	64	59 (3)	69
Raise Ret. Age	37 (5)	52	32 (5)	44
Increase Wage Cap	72 (1)	83	72 (1)	80
Trust Fund Inv.	50 (4)	63	34 (4)	50
Increase Payroll Tax	57 (2)	68	62 (2)	76
Modified Price Ind.	25 (8)	36	27 (8)	38
Longevity Ind.	32 (6)	49	30 (6)	44
5% Cut for New Ret.	25 (7)	43	29 (7)	45

\* (x) = Option ranking for party

It should be noted that although the youngest age group (21-34) is lowest in willingness to consider, and in favoring, increasing the payroll tax and in increasing the income cap, they are the highest of all age groups in willingness to consider, and in favoring, three of the reform options that would most affect them: longevity indexing, 5% cut in benefits for new retirees, and especially, modified price indexing (see Figure B). Whereas it is not clear why this should be so, some recent research suggests that some younger workers are willing to forego some retirement benefits (such as retiree health benefits) in favor of more income in the present, especially since some of them do not think Social Security will be there for them when they retire. Therefore, it is worth doing additional research to find more about this age group's willingness to engage in Social Security reform.

**Figure B**  
**(n=1,514)**  
**Consider and Favor for Reform Options by Age**

Age	21-34		35-49		50-64		65+	
	Favor	Consider	Favor	Consider	Favor	Consider	Favor	Consider
Reform Options	%	%	%	%	%	%	%	%
Formula Change	57 (2)	70	52 (3)	63	55 (3)	65	64 (3)	73
Raise Ret. Age	34 (7)	49	34 (5)	47	34 (5)	45	31 (4)	48
Increase Wage Cap	67 (1)	77	70 (1)	80	72 (1)	82	77 (1)	85
Trust Fund Inv.	42 (4)	60	41 (4)	56	42 (4)	56	32 (5)	40
Increase Payroll Tax	52 (3)	68	57 (2)	70	60 (2)	74	73 (2)	81
Modified Price Ind.	31 (8)	46	25 (8)	36	25 (8)	32	22 (8)	33
Longevity Ind.	37 (5)	58	31 (6)	47	27 (6)	38	26 (7)	37
5% Cut for New Ret.	31 (6)	53	28 (7)	41	25 (7)	40	28 (6)	40

\* (x) = Option ranking for age group

Finally, there is an average 13 percent difference between willingness to consider a particular Social Security reform and favoring that particular reform. This means there is room in the conversation about Social Security reform to persuade people to support a particular reform option. Also, 22 percent on average neither favor nor oppose the particular reform options. This constitutes another group that should be targeted in the conversation about Social Security reform, since they are the most undecided.

Although there are differences among the age groups in the value of the Social Security program, except for a few instances (such as confidence in Social Security's future), these age differences are not large, and younger people support the Social Security system. As far as Social Security reform options are concerned, there are only minor differences in how the reform options are ranked by the four age groups. Willingness to *consider* raising the wage cap is ranked first among all age groups, as is *favoring* this reform option. Moreover, modified price indexing is ranked last by all age groups in terms of both *considering* and *favoring* the reform options.

# Retirement Security Survey Report

## Introduction

This survey examines the value of the Social Security program, a range of other retirement income vehicles (such as auto-IRA's, auto-401k's, carve-out private accounts, and add-on accounts), and a range of possible Social Security reform options.

The survey is based on an online representative national sample of 1,514 adults, ages 21 and older. It was conducted by Knowledge Networks of Menlo Park, California in January 2007.

## Overview

Although the war in Iraq is the dominant political issue and overshadows all domestic issues, other parts of the survey indicate concern about retirement security issues. The importance and value of the Social Security program is affirmed and widely held among the public.

Confidence in the future of Social Security is up somewhat, and is back to be 1985 level before confidence began to decline. Confidence continues to be strongly related to age, with those under age 40 the least confident.

The public has retained its opposition of private accounts within Social Security, but this is paired with a high rate of approval of alternative retirement investment vehicles that supplement but do not replace part of Social Security: auto-IRA's, auto-401k's, and add-on accounts.

There is indication that much of the public is open to a conversation about seeing that Social Security can meet its long-term financial obligations. A majority of the adult public, age 21 and older, is willing to consider half of the 8 reform options tested: increasing the cap, increasing FICA, changing the formula, and investing the Social Security Trust Fund. Moreover, a majority favor the first three of the above options.



## Findings

### Values and Importance of the Social Security Program

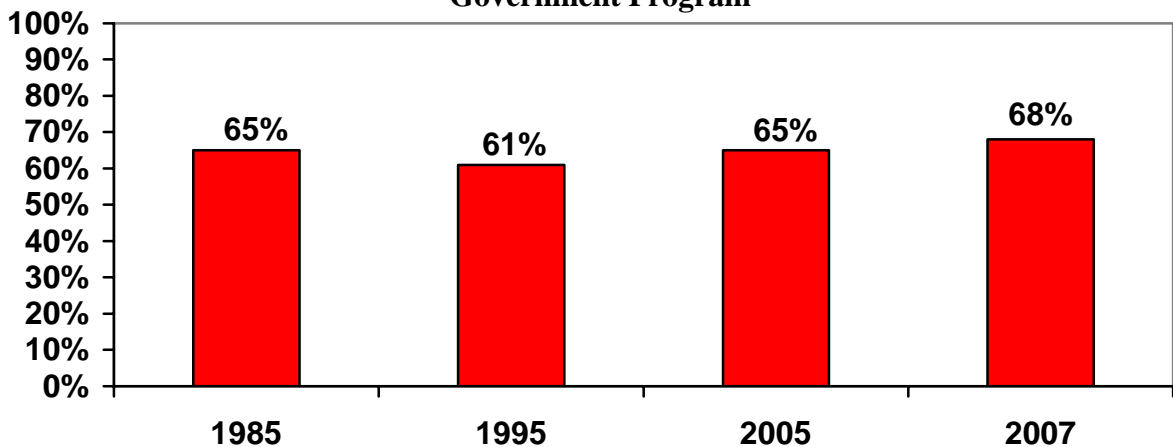
Some questions about values of the Social Security program are tracking questions that were asked in AARP Social Security Anniversary surveys as long ago as 1985. Results of all of the questions about the value of the Social Security program are highly positive and have remained so since 1985. In some of the measures support for Social Security has remained at the same level as in 1985. In a few instances, approval ratings have reached the highest point in 22 years in 2007. The latter is the case with the importance of the Social Security program compared to other domestic programs.

Almost everyone considers Social Security an important government program, and more than two-thirds (68%) now consider it as one of the very most important government programs, the highest point in the last 22 years (see Figure 1). Even a majority (53%) of the youngest age group (21-34) agree with this assessment. Among non-retired people, the differences over time are even greater, from 61 percent in 1985, to 56 percent in 1995, to 63 percent in 2005, to the current figure of 66 percent.

The older one is, the more likely he or she is to consider Social Security one of the very most important government programs: more than three-quarters (78%) of people 50+, compared to 6 in 10 (59%) of people under age 50. It is important to note that a majority of all age groups grant Social Security this status. Minorities, the least educated, those with lower incomes, Democrats and Liberals/Moderates also think Social Security is one of the most important government programs, although it must be pointed out that majorities of Republicans (57%) and Conservatives (58%) accord Social Security “most important” status.

An average of 85 percent with no significant differences over time since 1995 when this question was first asked in AARP surveys agree with the statement, “Even though I might be able to do better on my own, I think it is important to contribute to Social Security for the common good.” More than 8 in 10 (83%) non-retired persons agree with the statement, “Maybe I won’t need Social Security when I retire, but I definitely want to know it’s there in case I do.”

**Figure 1**  
**Rated Social Security Most Important**  
**Government Program**

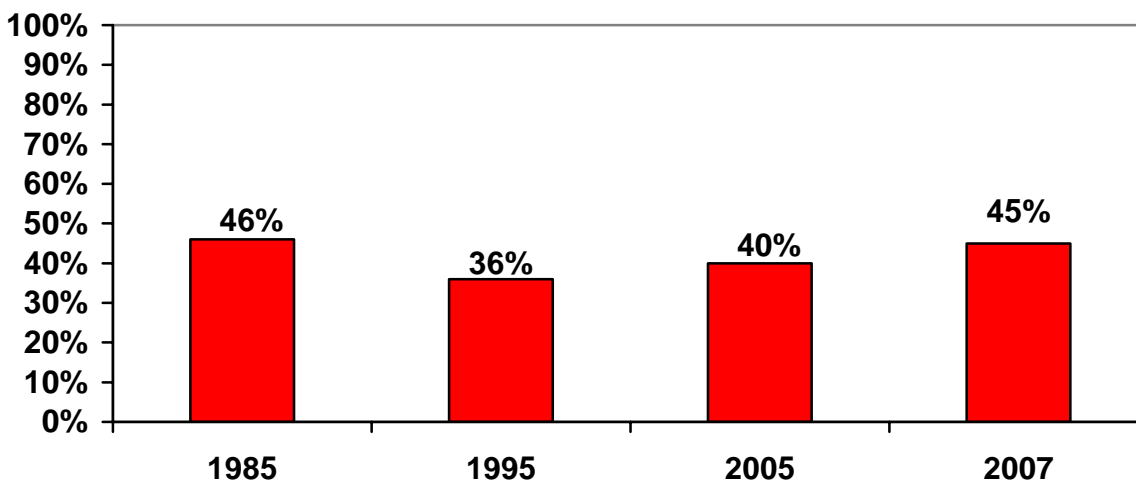


### Confidence in the Social Security Program

Confidence in the future of the Social Security program has essentially reached the previous high-water mark of 46 percent in 1985, reversing a decline noticed in 1995 and 2005 (see Figure 2).

Confidence in the future of the Social Security system is directly related to age, with just over one-third (34%) of people under 50 being at least *somewhat confident* of Social Security, compared to more than 6 in 10 (63%) of those 50+. There are no differences by gender, party identification or political ideology in confidence. However, there are socio-economic differences: people who most need Social Security (people with no more than a high-school education and people whose household income is under \$30,000 a year) are more confident than those who presumably are not so dependent on Social Security when they retire (people with at least some college).

**Figure 2**  
**Confidence in the Future of the Social Security System**



### Concern about Retirement Security

Only a bare majority (52%) are at least *somewhat confident* that they will have enough money to live comfortably in retirement (including 12% who say they are *very confident*). Almost one-half (48%) are not confident – either *not too confident* (33%) or *not at all confident* (15%).

Men (56%) are more confident than women (49%). Two-thirds of those ages 65+ (67%) are confident, compared to approximately one-half (49%) of those under age 65. Also more confident were whites (55%), those with a college education or more (69%), those with household annual incomes of \$75,000 or more (75%), Republicans (63%), and Conservatives (61%).

### **Private Accounts Funded Out of Social Security**

Three sets of “pro-con” statements about private accounts were presented with the following results:

- *Even though private accounts let me invest part of my Social Security taxes in the stock market, I do not think that is a good idea if it will cost the federal government nearly \$1 trillion (depending on the plan) for the first ten years and more after that to set up private accounts.* Overall, 7 in 10 (71%) agree more with this statement than the one that states: *Even though it could cost the federal government nearly \$1 trillion dollars (depending on the plan) for the first 10 years and even more after that to set up, I still think private accounts are a good idea if it lets me invest part of my Social Security taxes in the stock market.* While 8 in 10 (81%) of those ages 50+ agree with the former statement, nearly two-thirds (65%) of those under age 50 do so as well.
- *Social Security should remain a program that provides a predictable benefit without investment risk.* More than 8 in 10 across all age groups agree with this statement, compared to the statement that *Social Security should be more like an investment account with people taking the risk of possible investment losses for the possibility of greater returns.*
- There are sharp differences by age over whether or not private accounts funded out of Social Security should be part of any discussion about Social Security’s future. People under age 50 are approximately evenly divided over this choice, whereas 63 percent of those ages 50+ say private accounts should not be part of the discussion about Social Security’s future.

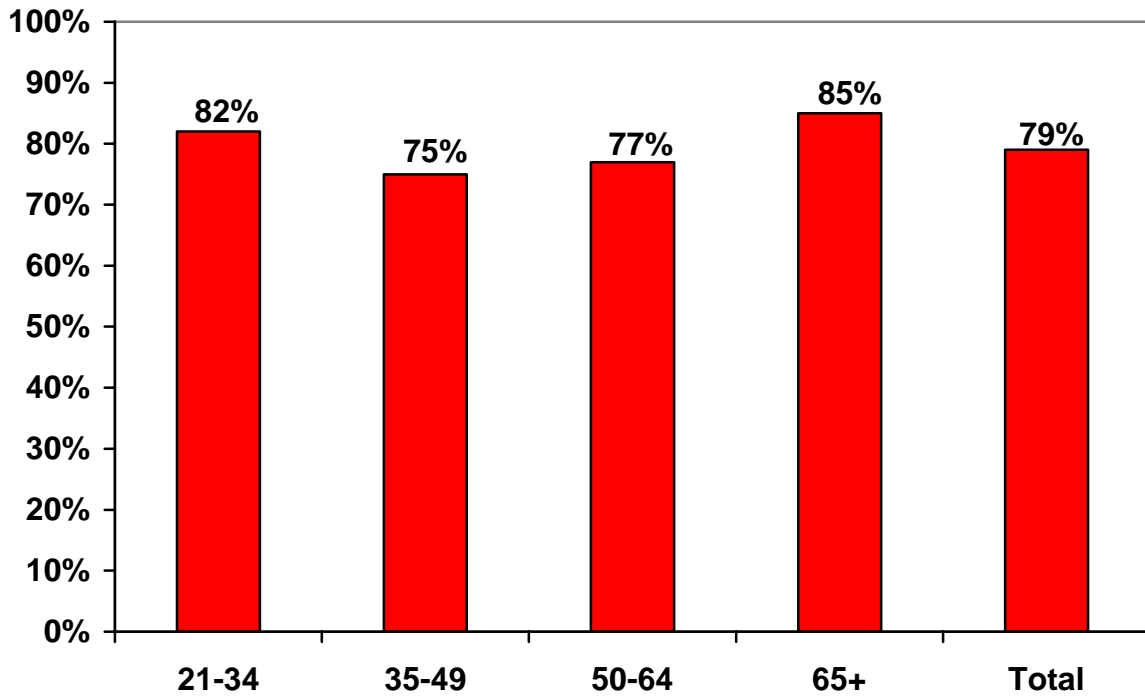
Although those under age 50 opted, by a narrow margin, to approve discussion of private accounts as part of any discussion about Social Security’s future, when confronted with “pro-con” arguments about private accounts, they sided with the anti-private-account argument in each case by a wide margin.

**Auto-IRA**

Nearly 8 in 10 (79%) agree that *employers who do not offer some type of retirement plan should be required to offer workers the option to regularly save a part of their paycheck in a personal individual retirement account or IRA, even if the employer does not contribute to that account.* Forty-three percent strongly agree.

Significantly more respondents ages 65+ (85%) and ages 21-34 (82%) agree with this requirement, as do women (81%), non-whites (85%), people with incomes under \$30,000 (82%), Democrats (86%), and liberals (85%) and moderates (81%).

**Figure 3**  
**(n= 1,514)**  
**Agree That Employers Should be Required**  
**to Offer Some Type of Retirement Plan or IRA**

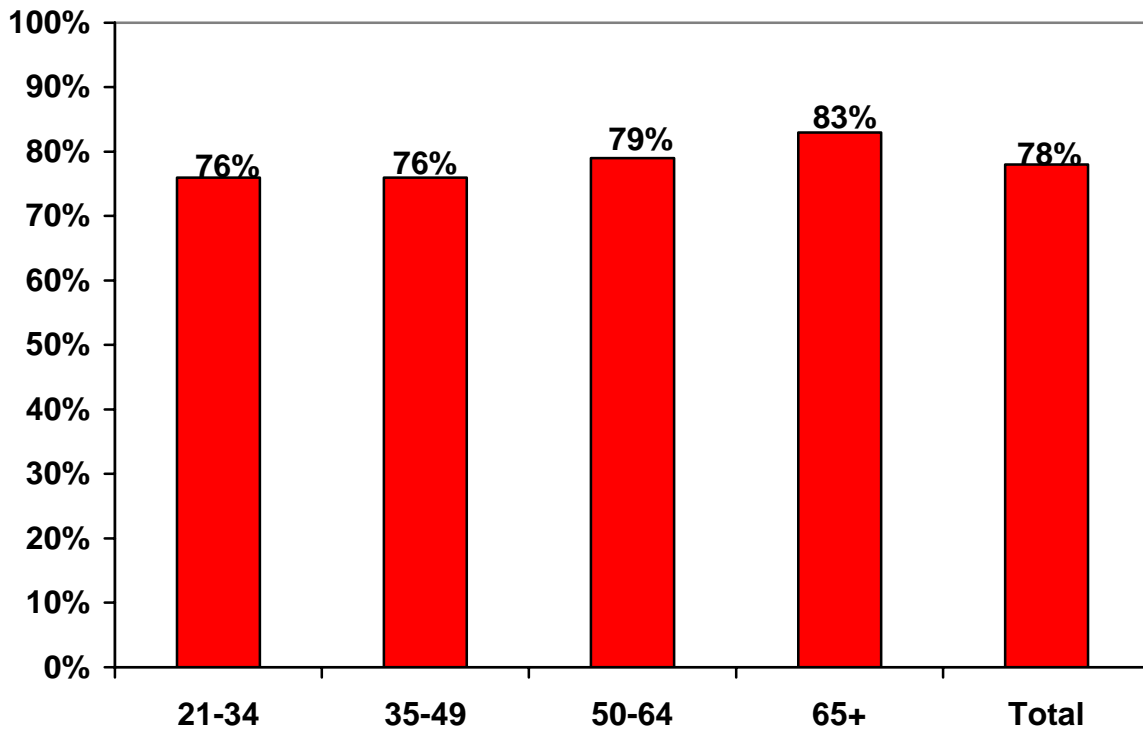


### Auto 401K

A high percentage of respondents across all age groups, but especially those under age 50 (75%), favor an auto 401K that has the following features:

- *Your employer would enroll you automatically and set up your contribution through payroll deduction, unless you choose not to participate.* More than three-quarters across all age groups favor this feature. People ages 65+ (83%) favor this feature most among all age groups (see Figure 4).
- *Your contributions would be invested for you unless you choose investments on your own.* Approximately 7 in 10 across all age groups favor this requirement. There are no significant age differences.
- *The percentage of your salary contributed to this plan would increase when you get a raise (up to a maximum of your salary), unless you choose for this not to happen.* Approximately three-quarters or more across all age groups favor this requirement. People ages 65+ favor this feature more than other age groups.

**Figure 4**  
(n= 1,514)  
**Favor Automatic 401K Proposal**

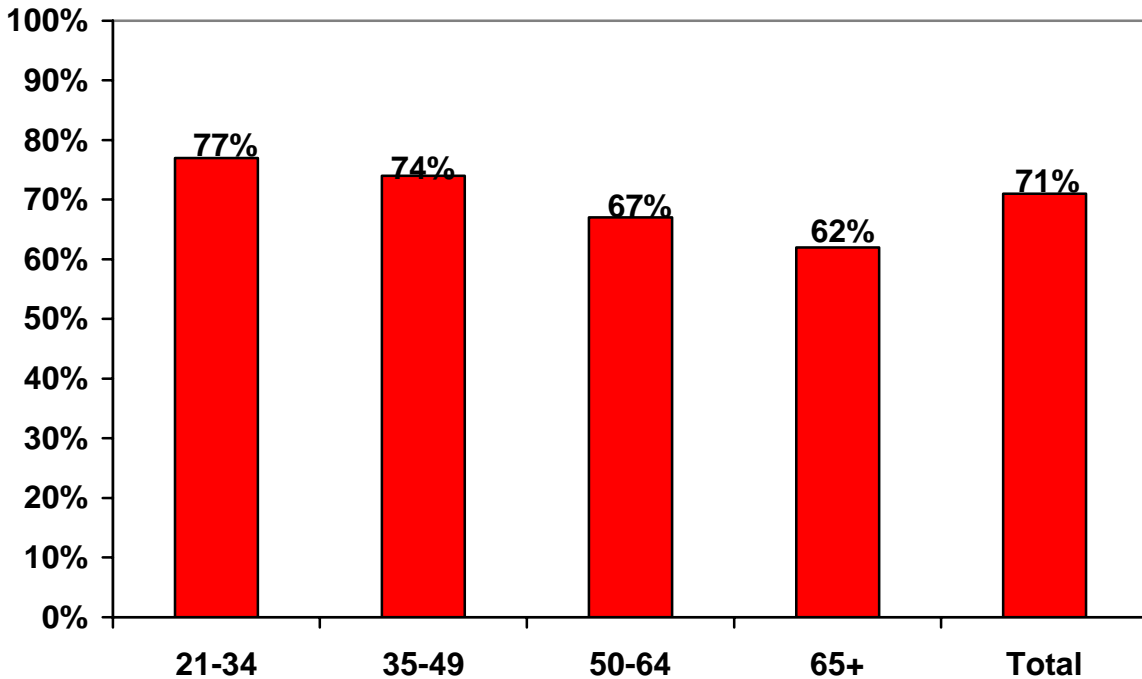


### Add-On Accounts

Overall, 7 in 10 (71%) survey respondents favor the proposal that was presented to them for add-on accounts. This proposal was favored by three-quarters of those under age 50 (76%) and by nearly two-thirds (65%) of those 50+. Moreover, survey respondents favored each of the three elements of this proposal, by an even wider margin:

- *This plan would simply serve as a supplement to the Social Security system, not altering the program in any way.* Overall, 83 percent favored this feature, with 78 percent of those 65+ favoring this feature.
- *Funds contributed to this account could not be touched until age 65.* More than 7 in 10 (72%) overall favored this feature. There are no age differences.
- *A small percentage of every worker's paycheck would be automatically deposited into his own account, with his/her employer required to match with a one percent contribution.* More than three-quarters (78%) overall favored this feature. There are no statistically significant age differences.
- *The system would be run by a centralized administrator, to better track individuals over their lifetimes.* Two-thirds favored this feature, with the youngest age group (21-34) favoring it the most (74%) (see Figure 5).

**Figure 5**  
(n= 1,514)  
**Favor a Proposal for Add-On Accounts**



## Findings for Social Security Reform Options

A total of eight Social Security reform options were presented to respondents. Respondents were first asked if they would consider the reform options presented and then were asked if they favored or opposed these options. Below are findings for respondents' opinions of each reform option. *[Please see the Appendix for the full statement of reform options tested before reading about the specific reform options below.]*

### General Overview

A majority are willing to consider four reform options (increase the cap, increase FICA, change the formula, and invest the trust fund). A near majority are willing to consider two more: raise the retirement age (47%) and, index benefits to longevity (46%). Forty-four percent are willing to consider a 5 percent benefit cut for new retirees, and 37 percent are willing to consider modified price indexing (see Figure 6).

A majority favor three of the reforms: increase the cap, increase FICA, and change the formula. Four in 10 favor investing the trust fund, and a third favor raising the retirement age. Three in 10 favor the longevity index, and slightly more than one-quarter favor a 5 percent benefit cut for new retirees and changing to a modified price index.

**Figure 6**  
**(n=1,514)**  
**Social Security Reform Options**

<b>Reform Option</b>	<b>Consider</b>	<b>Favor</b>	<b>Difference</b>
Increase the cap	<b>81%</b>	<b>71%</b>	<b>10%</b>
Increase FICA	<b>72%</b>	<b>59%</b>	<b>13%</b>
Change the formula	<b>67%</b>	<b>56%</b>	<b>11%</b>
Invest the Trust Fund	<b>54%</b>	<b>40%</b>	<b>14%</b>
Raise the retirement age	<b>47%</b>	<b>33%</b>	<b>14%</b>
Longevity index	<b>46%</b>	<b>30%</b>	<b>16%</b>
5% benefit cut new retirees	<b>43%</b>	<b>28%</b>	<b>15%</b>
Modified Price indexing	<b>37%</b>	<b>26%</b>	<b>11%</b>

There is an average 13 percent difference between willingness to *consider* a particular Social Security reform and *favoring* that particular reform. This means there is room in the conversation about Social Security reform to persuade people to support a particular reform option. Also, an average of 22 percent neither favor nor oppose the particular reform options. This constitutes another group that should be targeted in the conversation about Social Security reform.

It should be noted that the reform options most likely to be considered and favored are *revenue enhancements*, and the least considered and favored options represent *benefit cuts*. At the end of the survey, respondents were asked if they generally favored benefit cuts, revenue enhancements, or a balanced combination of the two. Only 2 percent opted for benefit cuts; 38 percent chose revenue enhancements; and 6 in 10 (58%) preferred a balanced combination of the two.



## Summary of Findings for Each Reform Option

### Formula Change<sup>1</sup>

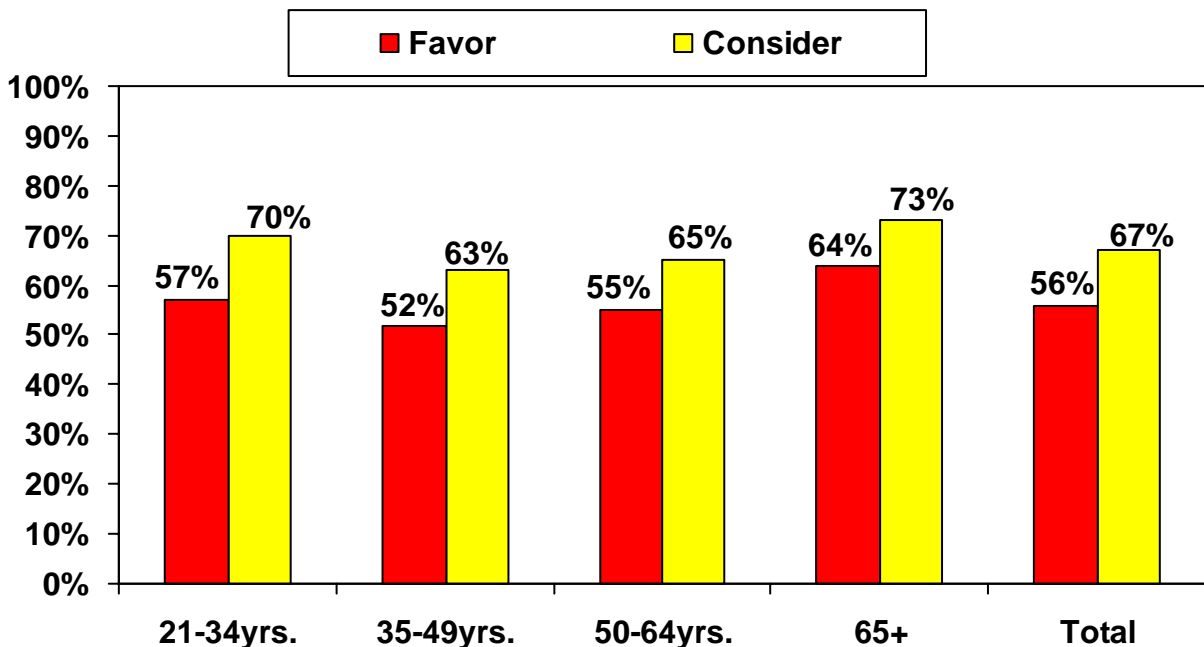
Generally, more respondents are willing to consider changing the formula as a reform option for Social Security than those who favor this option. Two-thirds of all respondents (67%) report they are willing to consider changing the formula as a means of reforming Social Security (see Figure 7). Less than one-quarter (23%) would not consider this option at all.

More than 6 in 10 respondents in both major parties would be willing to consider changing the formula as a reform option (69% Democrat; 64% Republican).

A majority of adults across all age groups favor changing the formula as a way to reform Social Security (see Figure 7). One-quarter of respondents (25%) oppose this option. Respondents in the oldest age group (64% ages 65+) are more likely to favor changing the formula than all other age groups (see Figure 7).

There are marginal party differences among those who favor changing the formula as a means to reform Social Security (59% Democrats; 53% Republicans). Less than one-third of Republicans (30%) and less than one-quarter of Democrats (21%) oppose changing the formula.

**Figure 7**  
(n=1,514)  
**Favor and Consider the Formula Change  
as a Reform Option for Social Security**



#### <sup>1</sup> Formula Change

This proposal would gradually reduce benefits for future retirees who earned higher wages during their working years. A person who had the highest wages would face a maximum benefit reduction of about 10%. A retiree eligible for a maximum benefit of about \$2,120 instead would receive about \$1,890 under this proposal. This proposal would not reduce the benefits received by low earners.

## Raise Retirement Age<sup>2</sup>

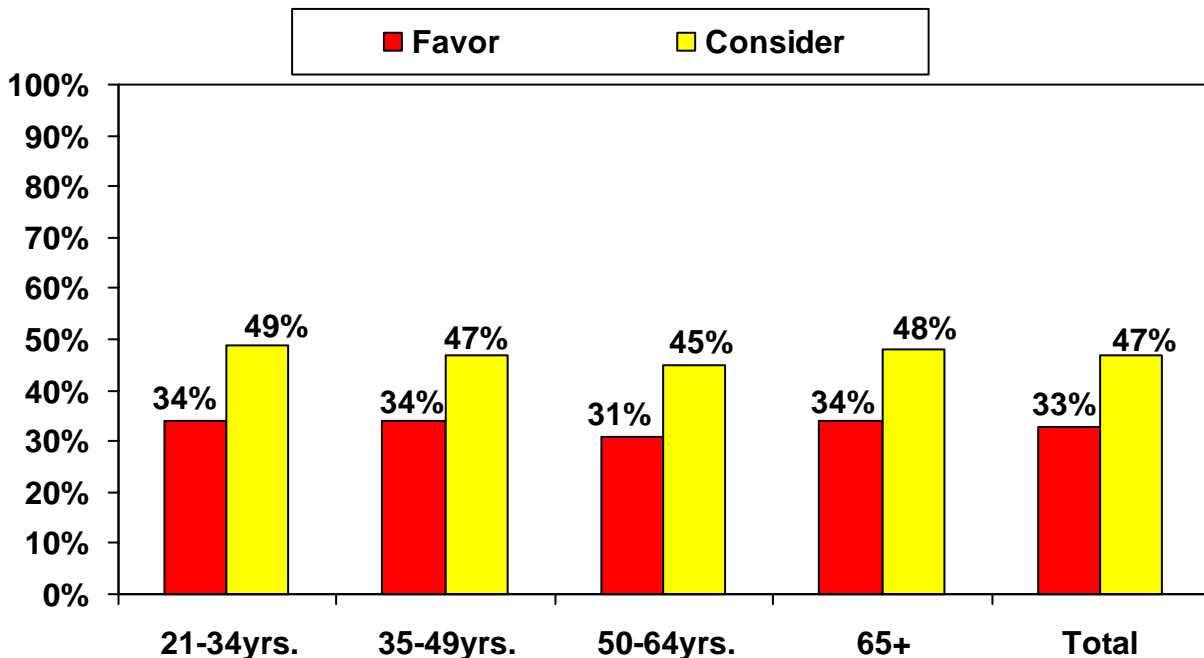
Generally, more respondents are willing to consider raising the retirement age as a reform option for Social Security than those who favor this option. Almost one-half of all respondents (47%) report they are willing to consider raising the retirement age as a means of reforming Social Security (see Figure 8). A similar percentage of respondents (45%) would not consider this option at all. There are no significant differences among age groups for those who would consider raising the retirement age.

Slightly more than one-half of Republicans (52%) are willing to consider raising the retirement age while less than half of Democrats (44%) are willing to consider it.

A higher percentage of adults oppose raising the retirement age than favor it (oppose 49%; favor 33%). There are no significant differences across age groups (see Figure 8).

There are marginal party differences among those who favor raising the retirement age as a means to reform Social Security (32% Democrats; 37% Republicans). A greater percentage of Democrats (52%) than Republicans (44%) oppose raising the retirement age.

**Figure 8**  
(n=1,514)  
**Favor and Consider Raising the Retirement Age as a Reform Option for Social Security**



<sup>2</sup> **Raise Retirement Age**

The age at which a person receives full or unreduced Social Security benefits is rising gradually and scheduled to become 67 for people born after 1959. This proposal would continue to increase the age at which a person would qualify for unreduced benefits so that after 2090 retirees would have to be 70 years old in order to get full benefits.

### Increase the Cap<sup>3</sup>

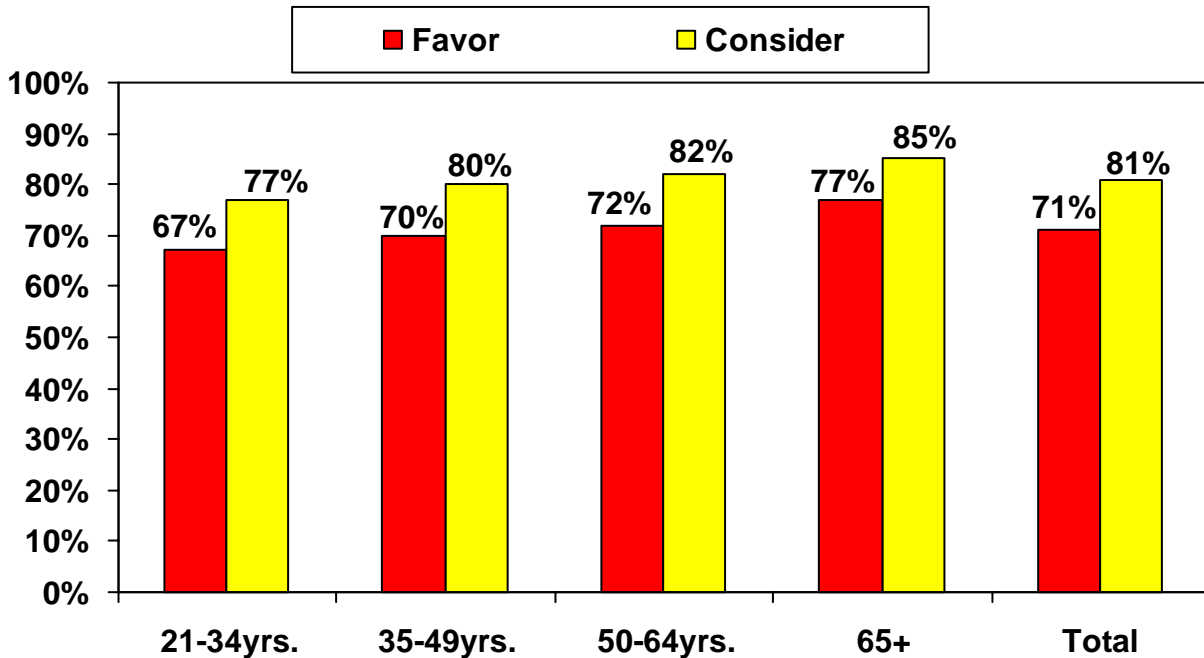
A total of 8 in 10 respondents (81%) report they are willing to consider increasing the cap (see Figure 9). While a substantial majority of respondents across all age groups are willing to consider increasing the cap, respondents ages 65+ (85%) are more likely than the youngest respondents ages 21-35 (77%) to consider this reform option.

There are no significant differences between Republicans (83%) and Democrats (80%) who are willing to consider increasing the cap as a reform option.

A higher percentage of respondents favor increasing the age cap than oppose it (71% favor; 10% oppose; 19% neither favor nor oppose). As age increases respondents are more likely to favor increasing the cap (see Figure 9).

There are no party differences among those who favor increasing the cap as a means to reform Social Security (72% Democrats; 72% Republicans). Similarly, a small but equal percentage of both Democrats (10%) and Republicans (10%) oppose increasing the cap.

**Figure 9**  
(n=1,514)  
**Favor and Consider Increasing the Cap**  
**as a Reform Option for Social Security**



<sup>3</sup> **Increase the Wage Cap**

Currently, workers and their employers pay Social Security taxes on the first \$97,500 of wages. This proposal would phase-in an increase to \$150,000 in the maximum amount of wages on which employers and employees pay Social Security taxes.

### Trust Fund Investment<sup>4</sup>

More than half of all respondents (54%) report they are willing to consider Trust Fund investment as a means of reforming Social Security (see Figure 10). As age increases respondents are less likely to consider Trust Fund investment as a reform option. Nearly one-third of respondents (31%) would not consider this option at all.

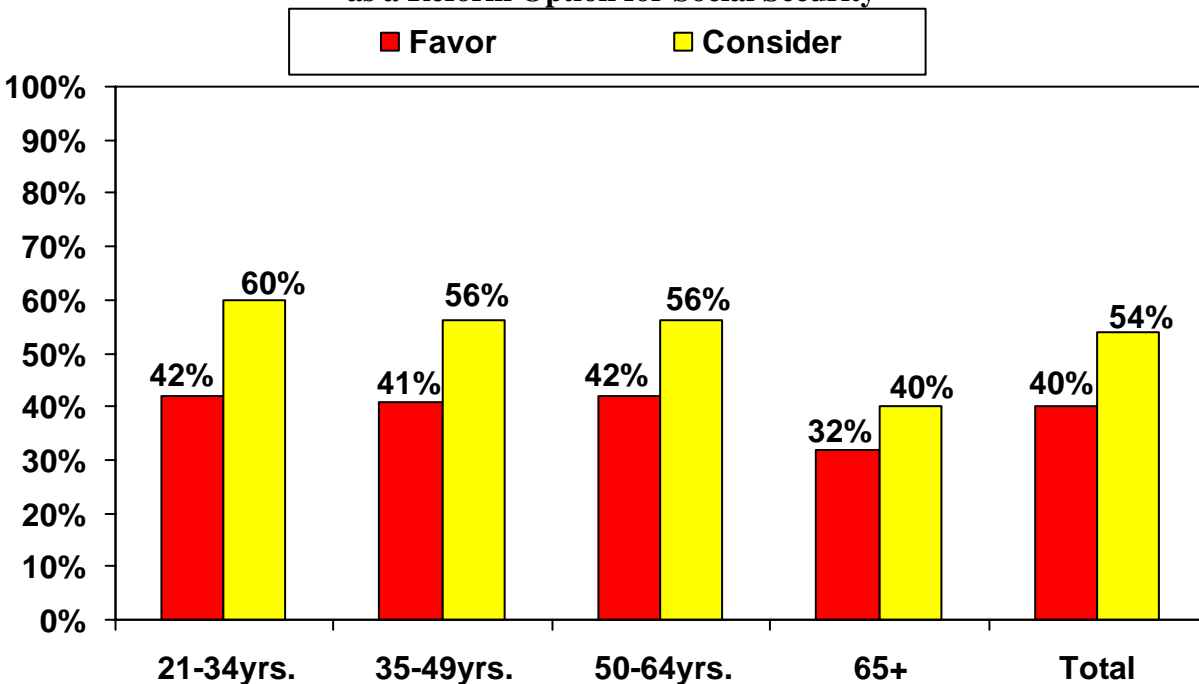
A greater percentage of Republicans (63%) than Democrats (50%) are willing to consider Trust Fund investment as a reform option. One-third of Democrats (34%) report they would not consider Trust Fund investment at all while one-quarter of Republicans (25%) would not consider this reform option.

A greater percentage of respondents favor than oppose Trust Fund investment as a reform option (favor 40%; oppose 32%). Respondents ages 65+ (32%) are less likely to favor Trust Fund investment than younger age groups (see Figure 10).

There are significant party differences among those who favor Trust Fund investment as a means to reform Social Security (34% Democrats; 50% Republicans). A greater percentage of Democrats (36%) than Republicans (24%) oppose Trust Fund investment.

**Figure 10**  
(n=1,514)

#### Favor and Consider Trust Fund Investment as a Reform Option for Social Security



<sup>4</sup> **Trust Fund Investment**

Any money Social Security collects that is not needed to pay benefits goes into the Social Security Trust Fund and is then invested in Treasury Bonds that pay about 5.6% interest to Social Security. This proposal would seek to reduce government borrowing of the Social Security funds, and potentially earn more money for the Trust Fund by hiring professional money managers to invest 15% of the Fund in other bonds and index stock funds.

### Increase Payroll Tax<sup>5</sup>

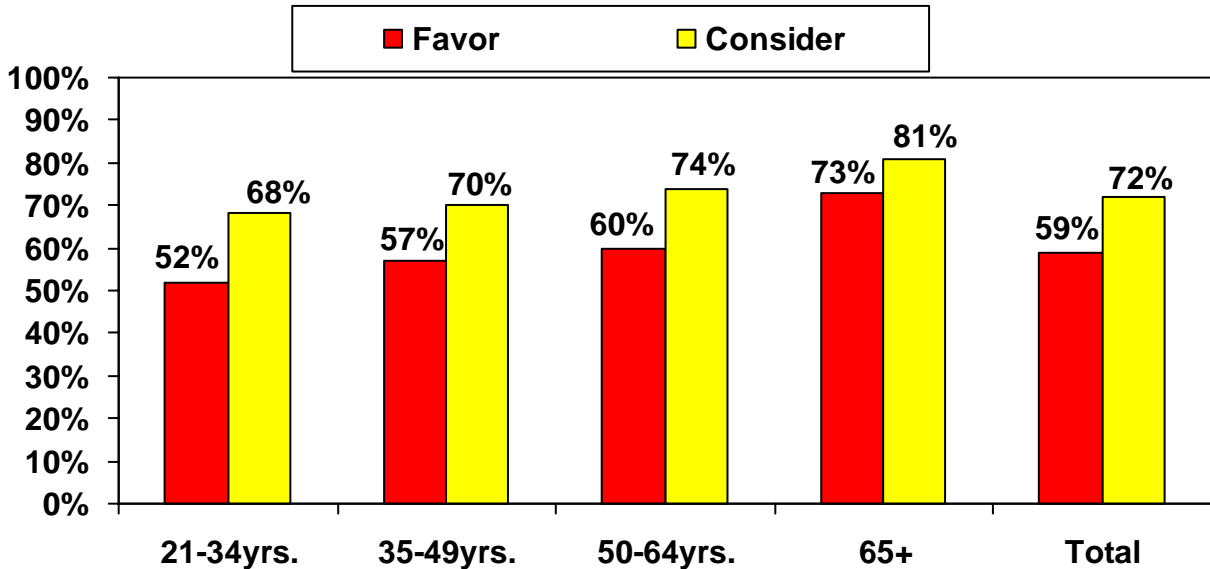
A total of 7 in 10 respondents (72%) report they are willing to consider this reform option (see Figure 11). While a considerable majority of respondents across all age groups are willing to consider increasing the payroll tax, respondents ages 65+ are much more likely than younger respondents to consider this reform option. One-fifth of all respondents (21%) are not at all willing to consider this reform option.

A greater percentage of Democrats (76%) than Republicans (68%) are willing to consider increasing payroll taxes as a reform option. One-quarter of Republicans (26%) and 17 percent of Democrats report they will not consider this reform option at all.

A higher percentage of adults favor increasing payroll taxes than oppose it (59% favor; 24% oppose). As age increases respondents are more likely to favor increasing payroll taxes (see Figure 11). Less than one-fifth of all respondents (17%) neither favor nor oppose increasing payroll taxes.

A greater percentage of Democrats (62%) than Republicans (57%) are favor increasing payroll taxes as a reform option. Approximately 3 in 10 Republicans (29%) and one-fifth of Democrats (20%) oppose this reform option.

**Figure 11**  
(n=1,514)  
**Favor and Consider Increasing the Payroll Tax  
as a Reform Option for Social Security**



<sup>5</sup> **Increase Payroll Tax**

This year workers and their employers both will pay 6.2% of the worker's wages up to \$97,500 to Social Security. This proposal would increase that tax from 6.2% to 6.7% for both workers and employers. For a worker earning \$40,000, this would be an additional \$200 per year.

### Modified Price Indexing<sup>6</sup>

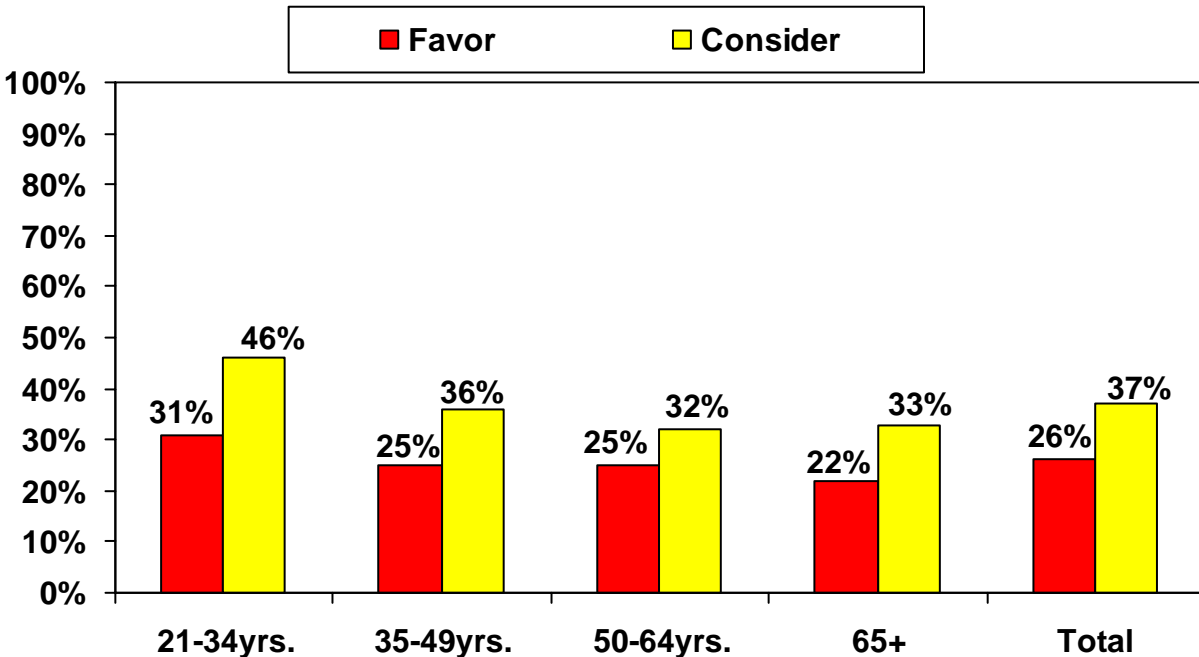
Slightly more than one-third of all respondents (37%) are willing to consider modified price indexing as a reform option for Social Security and nearly half (48%) are not willing to consider this reform option at all (see Figure 12). As age increases respondents are more likely to report they will not consider modified price indexing at all.

Slightly more than half of Republicans (51%) and less than half of Democrats (46%) are not at all willing to consider modified price indexing.

One-quarter of all respondents (26%) favor modified price indexing and nearly half (48%) oppose it (see Figure 12). As age increases a greater percentage of respondents oppose this reform option. The greatest support for this reform option is found among the youngest age group (31% ages 21-34). This younger age group is also more likely to be indecisive about modified price indexing as a reform option. Nearly one-third (31%) report they neither favor nor oppose it.

There are no significant party differences among those who favor modified price indexing as a means to reform Social Security (27% Democrats; 25% Republicans). On the other hand a greater percentage of Republicans (53%) than Democrats (44%) oppose modified price indexing.

**Figure 12**  
(n=1,514)  
**Favor and Consider Modified Price Indexing  
as a Reform Option for Social Security**



<sup>6</sup> **Modified Price Indexing**

One proposal is to cut future benefits 1 percent for every year a person has contributed to Social Security. This proposal, once effective, would cut benefits for most younger workers by between one-quarter and one-half, with low wage earners exempt.

### Longevity Indexing<sup>7</sup>

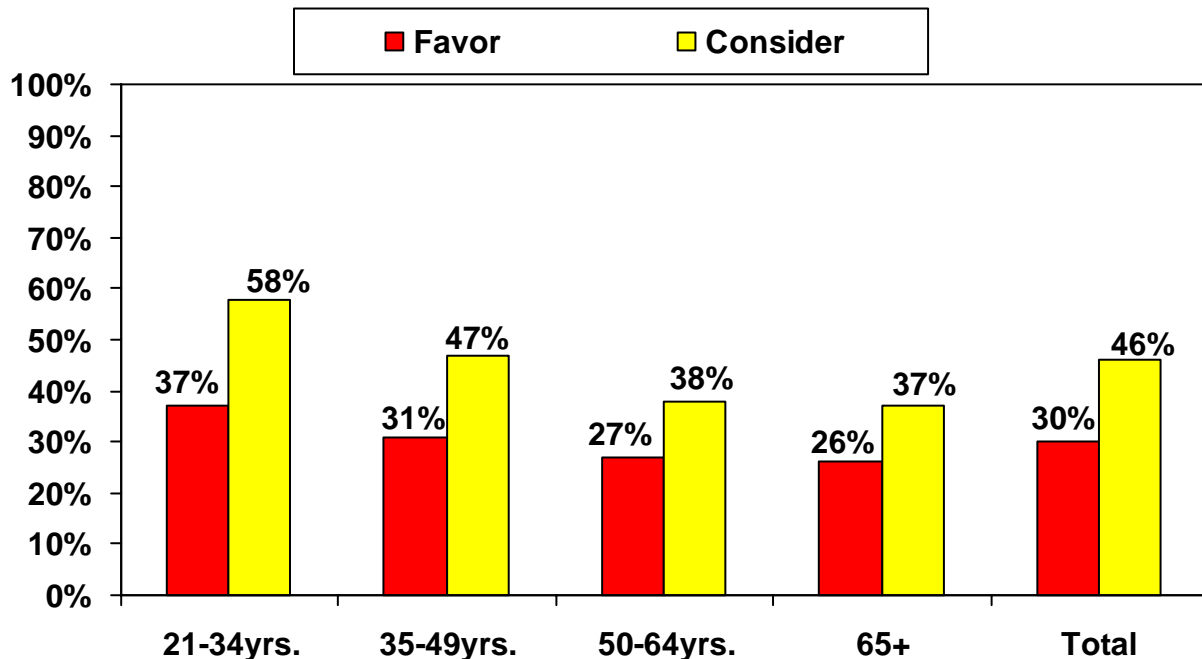
There is an almost even split between the percentage of respondents who will consider (46%) and those who will not at all consider (44%) longevity indexing as a reform option for Social Security. As age increases respondents are less likely to consider longevity indexing (see Figure 13). A greater percentage of respondents in the youngest age group than older age groups are more likely to consider this reform option.

Slightly more Republicans (49%) than Democrats (44%) are willing to consider longevity indexing.

Three in 10 respondents (30%) favor longevity indexing and nearly half (46%) oppose it (see Figure 13). As age increases the percentage of respondents who favor this reform option decreases. The greatest support for this reform option is found among the youngest age group (37% ages 21-34). This younger age group is also more likely to be indecisive about longevity indexing as a reform option. More than one-third (34%) report they neither favor nor oppose it.

There are no significant party differences among those who favor longevity indexing as a means to reform Social Security (30% Democrats; 32% Republicans). Similarly, an equal percentage of Republicans (45%) and Democrats (45%) oppose longevity indexing.

**Figure 13**  
**(n=1,514)**  
**Favor and Consider Longevity Indexing**  
**as a Reform Option for Social Security**



### <sup>7</sup> Longevity Indexing

People are living longer after 65 than when Social Security started and are spending more time in retirement than in the past. This proposal changes how Social Security benefits are paid to reflect a longer life expectancy. It would adjust the benefit payment to future retirees, so they would receive the same amount of money from Social Security over their lifetimes as they would now. However, that amount would be paid in lower monthly benefits over a longer period of time.

### 5% Cut for New Retirees<sup>8</sup>

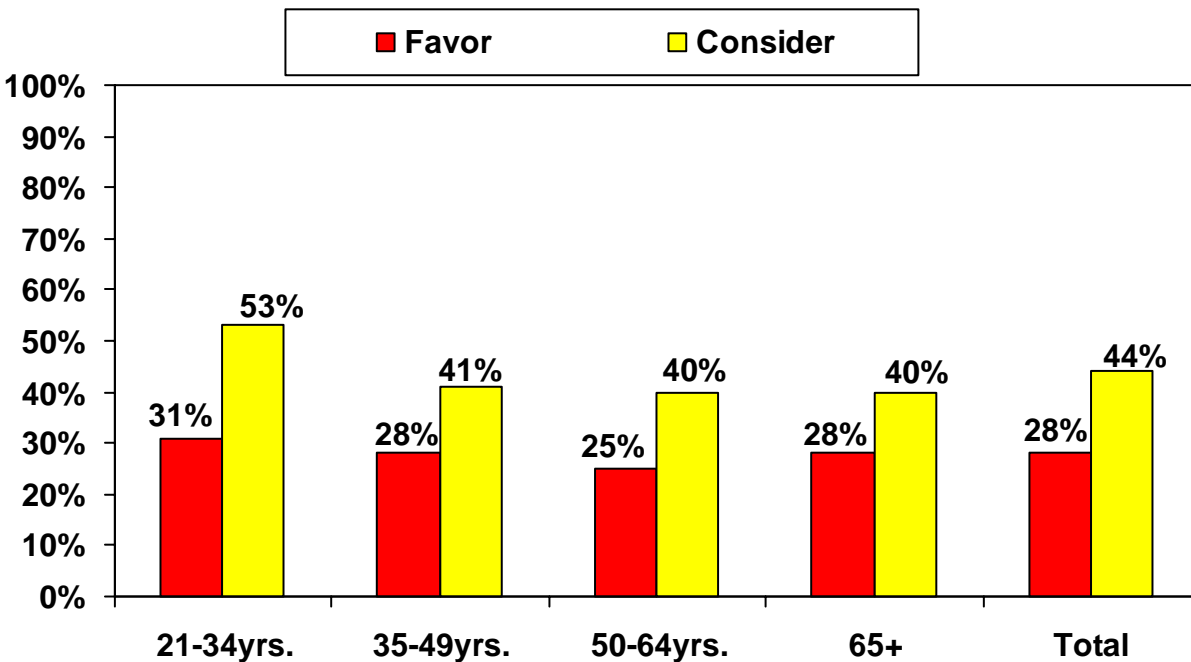
There is virtually an even split between the percentage of respondents who will consider (44%) and those who will not at all consider (45%) a 5 percent cut for new retirees as a reform option for Social Security. As age increases respondents are less likely to consider this as an option for reform (see Figure 14). A greater percentage of respondents in the youngest age group than older age groups are more likely to consider this reform option.

There are no significant differences between Republicans (43%) and Democrats (45%) who are willing to consider a 5 percent cut for new retirees.

Less than 3 in 10 respondents (28%) favor a 5 percent cut for new retirees and nearly half (48%) oppose it (see Figure 14). The greatest support for this reform option is found among the youngest age group (31% ages 21-34). This younger age group is also more likely to be indecisive about this reform option. Three in 10 (30%) report they neither favor nor oppose it. Respondents ages 50-64 (25%) are least likely to favor a 5 percent cut for new retirees.

There are marginal party differences among those who favor a 5 percent cut for new retirees as a means to reform Social Security (29% Democrats; 25% Republicans). Similarly, party differences are slight for those who oppose this reform option (51% Republicans and 46% Democrats).

**Figure 14**  
**(n=1,514)**  
**Favor and Consider 5% Cut for New Retirees**  
**as a Reform Option for Social Security**



<sup>8</sup> **5% Benefit Cut for New Retirees**

This proposal saves money by reducing benefits by the same percentage for all future retirees who are currently younger than 55 years old. For example, a person would get \$950 each month instead of \$1,000.



## **Methodology**

The data for this study were collected by Knowledge Networks, a national survey research firm. The data were collected online from a nationally representative sample of 1,514 adults ages 21 and older. This poll was fielded between January 19<sup>th</sup> and January 29<sup>th</sup>, 2007.

This survey has a sampling error of plus or minus 3 percentage points. This means that in 95 out of 100 samples of this size, the results obtained in the sample would fall in a range of 3 percentage points of what would have been obtained if every adult ages 21 and older in the United States had been polled.

For presentation purposes, percentage points have been rounded off to the nearest whole number. As a result, percentages in a given table column may total slightly higher or lower than 100 percent. For questions that permit multiple responses, columns may total to significantly more than 100 percent, depending on the number of different responses offered by each respondent. Similarly, when only selected responses are shown, percentages may total less than 100 percent.

**AARP Retirement Security Survey  
Annotated Questionnaire  
January, 2007  
(n= 1,514)**

**Q1: What issue do you think should be the top priority for Congress to work on next year?**

		Frequency	Valid Percent
Valid	Dealing with the war in Iraq	826	54.6
	Raising the minimum wage	91	6.0
	Addressing Americans' need to prepare for retirement security	72	4.8
	Lowering prescription drug prices	72	4.8
	Reforming corruption/ethics in government	152	10.0
	Reducing the federal budget deficit	105	6.9
	Addressing reform of the healthcare system	194	12.8
	Total	1,512	100.0
Missing	Refused	2	
Total		1,514	

**Q2: How likely do you think it is that in the next year Congress will take action (for example holding hearings or passing legislation) to address {RESPONSE @Q1}?**

		Frequency	Valid Percent
Valid	Very Likely	458	30.3
	Somewhat likely	528	35.0
	Not very likely	414	27.4
	Not at all likely	111	7.3
	Total	1,511	100.0
Missing	Refused	3	
Total		1,514	

**Q3: How much of a priority do you consider Americans' need to prepare for retirement security?**

		Frequency	Valid Percent
Valid	More important than other issues	251	16.6
	Just as important as other issues	1,134	75.1
	Less important than other issues	125	8.3
	Total	1,510	100.0
Missing	Refused	4	
Total		1,514	

**Q4: Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?**

		Frequency	Valid Percent
Valid	Very confident	175	11.6
	Somewhat confident	616	40.7
	Not too confident, or	495	32.8
	Not at all confident	225	14.9
	Total	1,511	100.0
Missing	Refused	3	
Total		1,514	

**Q5: As you may know, nearly half of all workers in the United States do not have access to a 401(k) plan, a pension plan, or another type of employer retirement plan at work.**

		Frequency	Valid Percent
Valid	Strongly agree	645	42.7
	Somewhat agree	544	36.0
	Somewhat disagree	199	13.2
	Strongly disagree	124	8.2
	Total	1,513	100.0
Missing	Refused	1	
Total		1,514	

**Q6a: Your employer would enroll you in the plan and set up your contribution through payroll deduction, unless you choose not to participate.**

		Frequency	Valid Percent
Valid	Strongly favor	534	35.4
	Somewhat favor	642	42.6
	Somewhat oppose	215	14.3
	Strongly oppose	117	7.8
	Total	1,509	100.0
Missing	Refused	5	
Total		1,514	

**Q6b: Your contributions would be invested for you unless you choose investments on your own.**

		Frequency	Valid Percent
Valid	Strongly favor	387	25.6
	Somewhat favor	663	43.9
	Somewhat oppose	309	20.5
	Strongly oppose	151	10.0
	Total	1,510	100.0
Missing	Refused	4	
Total		1,514	

**Q6c: The percentage of your salary contributed to the plan would increase when you get a raise (up to a maximum of 6% of your salary), unless you choose for this not to happen.**

		Frequency	Valid Percent
Valid	Strongly favor	479	31.7
	Somewhat favor	676	44.8
	Somewhat oppose	227	15.0
	Strongly oppose	127	8.4
	Total	1,509	100.0
Missing	Refused	5	
Total		1,514	

**Q7: Two statements - Private accounts worth the cost?**

		Frequency	Valid Percent
Valid	Even though it could cost the federal government nearly \$1 trillion dollars (depending on the plan) for the first 10 years and even more after that to set up, I still think private accounts are a good idea if it lets me invest part of my Social Security taxes in the stock market	422	28.7
	Even though private accounts let me invest part of my Social Security taxes in the stock market, I do not think that it is a good idea if it will cost the federal government nearly \$1trillion (depending on the plan) for the first ten years and even more after that to set up private accounts.	1,051	71.3
	Total	1,474	100.0
Missing	Refused	40	
Total		1,514	

**Q8: Two statements - Social Security & Risk**

		Frequency	Valid Percent
Valid	Social Security should remain a program that provides a predictable benefit without investment risk.	1,282	85.1
	Social Security should be more like an investment account with people taking the risk of possible investment losses for the possibility of greater returns.	224	14.9
	Total	1,506	100.0
Missing	Refused	8	
Total		1,514	

**Q9: Two statements - Social Security & Private Accounts**

		Frequency	Valid Percent
Valid	Private accounts funded out of Social Security should be part of any discussion about Social Security's future.	682	45.7
	Since private accounts funded out of Social Security only make Social Security's problems worse, they should not be part of any discussion about Social Security's future.	812	54.3
	Total	1,493	100.0
Missing	Refused	21	
Total		1,514	

**Q10: Generally, how much do you favor or oppose this new proposal for Add-On Accounts?**

		Frequency	Valid Percent
Valid	Strongly favor	235	15.6
	Somewhat favor	834	55.4
	Somewhat oppose	291	19.3
	Strongly oppose	146	9.7
	Total	1,506	100.0
Missing	Refused	8	
Total		1,514	

**Q11a: This plan would simply serve as a supplement to the Social Security system, not altering the program in any way.**

		Frequency	Valid Percent
Valid	Strongly favor	520	34.5
	Somewhat favor	729	48.4
	Somewhat oppose	170	11.3
	Strongly oppose	87	5.8
	Total	1,507	100.0
Missing	Refused	7	
Total		1,514	

**Q11b: Funds contributed to this account could not be touched until age 65.**

		Frequency	Valid Percent
Valid	Strongly favor	506	33.5
	Somewhat favor	576	38.1
	Somewhat oppose	305	20.2
	Strongly oppose	124	8.2
	Total	1,512	100.0
Missing	Refused	2	
Total		1,514	

**Q11c: A small percentage of every worker's paycheck would be automatically deposited into his own account, with his/her employer required to match with a 1 percent contribution.**

		Frequency	Valid Percent
Valid	Strongly favor	514	34.2
	Somewhat favor	653	43.4
	Somewhat oppose	215	14.3
	Strongly oppose	122	8.1
	Total	1,505	100.0
Missing	Refused	9	
Total		1,514	

**Q11d: The system would be run by a centralized administrator, to better track individuals over their lifetimes.**

		Frequency	Valid Percent
Valid	Strongly favor	333	22.2
	Somewhat favor	668	44.4
	Somewhat oppose	318	21.1
	Strongly oppose	185	12.3
	Total	1,504	100.0
Missing	Refused	10	
Total		1,514	

**Q12: Compared with other domestic government programs, how important a program do you think Social Security is? Would you say the Social Security system is:**

		Frequency	Valid Percent
Valid	One of the very most important programs of government	1,020	67.9
	An important program but not one of the very most important	445	29.6
	Not a very important program	37	2.5
	Total	1,502	100.0
Missing	Refused	12	
Total		1,514	

**Q13: How much confidence do you have in the future of the Social Security system?**

		Frequency	Valid Percent
Valid	Very confident	115	7.6
	Somewhat confident	570	37.7
	Not too confident	631	41.7
	Not at all confident	195	12.9
	Total	1,511	100.0
Missing	Refused	3	
Total		1,514	

**Q14a: To insure that Social Security will be there for me when I retire, I would be willing to pay more now in payroll taxes.**

		Frequency	Valid Percent
Valid	Strongly agree	152	10.1
	Somewhat agree	585	39.0
	Somewhat disagree	465	31.0
	Strongly disagree	300	20.0
	Total	1,501	100.0
Missing	Refused	13	
Total		1,514	

**Q14b: To insure that Social Security will be there for today's older people, I would be willing to pay more in payroll taxes.**

		Frequency	Valid Percent
Valid	Strongly agree	154	10.3
	Somewhat agree	552	36.7
	Somewhat disagree	492	32.8
	Strongly disagree	304	20.3
	Total	1,503	100.0
Missing	Refused	11	
Total		1,514	

**Q14c: Even though I think I might be able to do better on my own, I think it's important to continue to contribute to Social Security for the common good.**

		Frequency	Valid Percent
Valid	Strongly agree	611	40.6
	Somewhat agree	656	43.6
	Somewhat disagree	159	10.6
	Strongly disagree	79	5.2
	Total	1,504	100.0
Missing	Refused	10	
Total		1,514	



**Q14d: Maybe I won't need Social Security when I retire, but I definitely want to know it's there just in case I do.**

		Frequency	Valid Percent
Valid	Strongly agree	956	63.5
	Somewhat agree	378	25.1
	Somewhat disagree	102	6.8
	Strongly disagree	70	4.6
	Total	1,506	100.0
Missing	Refused	8	
Total		1,514	

**Q14e: For many older Americans, Social Security makes it possible for them to remain independent and not have to depend on their children or family.**

		Frequency	Valid Percent
Valid	Strongly agree	792	52.6
	Somewhat agree	553	36.7
	Somewhat disagree	116	7.7
	Strongly disagree	45	3.0
	Total	1,506	100.0
Missing	Refused	8	
Total		1,514	

**Q14f: Social Security provides financial security for the people I know who receive it; without Social Security they would really suffer.**

		Frequency	Valid Percent
Valid	Strongly agree	894	59.5
	Somewhat agree	449	29.9
	Somewhat disagree	126	8.4
	Strongly disagree	33	2.2
	Total	1,502	100.0
Missing	Refused	12	
Total		1,514	

**U1: How comfortable are you with understanding what we mean when we say that a reform option will solving a certain percentage the financial problem?**

		Frequency	Valid Percent
Valid	I understand what you mean by solving a percentage of the financial problem	1,305	86.9
	I don't understand what you mean	197	13.1
	Total	1,502	100.0
Missing	Refused	12	
Total		1,514	

**r1\_0: How well do you understand this reform:(Reform Option: Formula Change)**

		Frequency	Valid Percent
Valid	Very well	680	45.2
	Fairly well	623	41.4
	Not too well	131	8.7
	Not at all well	70	4.7
	Total	1,504	100.0
Missing	Refused	10	
Total		1,514	

**r2\_0: How well do you understand this reform:(Reform Option: Raise Retirement Age)**

		Frequency	Valid Percent
Valid	Very well	837	55.8
	Fairly well	450	30.0
	Not too well	108	7.2
	Not at all well	105	7.0
	Total	1,500	100.0
Missing	Refused	14	
Total		1,514	

**r3\_0: How well do you understand this reform:(Reform Option: Increase The Cap)**

		Frequency	Valid Percent
Valid	Very well	703	47.1
	Fairly well	617	41.3
	Not too well	122	8.2
	Not at all well	52	3.5
	Total	1,495	100.0
Missing	Refused	19	
Total		1,514	

**r4\_0: How well do you understand this reform:(Reform Option: Trust Fund Investment)**

		Frequency	Valid Percent
Valid	Very well	548	36.6
	Fairly well	636	42.5
	Not too well	213	14.2
	Not at all well	100	6.7
	Total	1,496	100.0
Missing	Refused	18	
Total		1,514	

**r5\_0: How well do you understand this reform:(Reform Option: Increase Payroll Tax)**

		Frequency	Valid Percent
Valid	Very well	757	50.6
	Fairly well	579	38.7
	Not too well	83	5.6
	Not at all well	77	5.2
	Total	1,497	100.0
Missing	Refused	17	
Total		1,514	

**r6\_0: How well do you understand this reform:(Reform Option: Modified Price Indexing)**

		Frequency	Valid Percent
Valid	Very well	436	29.1
	Fairly well	616	41.2
	Not too well	311	20.8
	Not at all well	133	8.9
	Total	1,496	100.0
Missing	Refused	18	
Total		1,514	

**r7\_0: How well do you understand this reform:(Reform Option: Longevity Indexing)**

		Frequency	Valid Percent
Valid	Very well	572	38.1
	Fairly well	648	43.2
	Not too well	184	12.3
	Not at all well	96	6.4
	Total	1,500	100.0
Missing	Refused	14	
Total		1,514	

**r8\_0: How well do you understand this reform:(Reform Option: 5% Cut For New Retirees)**

		Frequency	Valid Percent
Valid	Very well	582	38.9
	Fairly well	641	42.9
	Not too well	182	12.2
	Not at all well	90	6.0
	Total	1,496	100.0
Missing	Refused	18	
Total		1,514	

**r1\_1: Would you consider (Reform Option: Formula Change)**

		Frequency	Valid Percent
Valid	Consider A Lot	411	27.5
	Consider Some	592	39.6
	Not Consider At All	344	23.0
	Can't Say	149	10.0
	Total	1,496	100.0
Missing	Refused	18	
Total		1,514	

**r2\_1: Would you consider (Reform Option: Raise Retirement Age)**

		Frequency	Valid Percent
Valid	Consider A Lot	228	15.2
	Consider Some	483	32.2
	Not Consider At All	680	45.3
	Can't Say	109	7.3
	Total	1,501	100.0
Missing	Refused	13	
Total		1,514	

**r3\_1: Would you consider (Reform Option: Increase The Cap)**

		Frequency	Valid Percent
Valid	Consider A Lot	667	44.6
	Consider Some	539	36.0
	Not Consider At All	147	9.8
	Can't Say	144	9.6
	Total	1,496	100.0
Missing	Refused	18	
Total		1,514	

**r4\_1: Would you consider (Reform Option: Trust Fund Investment)**

		Frequency	Valid Percent
Valid	Consider A Lot	227	15.2
	Consider Some	583	38.9
	Not Consider At All	457	30.5
	Can't Say	230	15.4
	Total	1,498	100.0
Missing	Refused	16	
Total		1,514	

**r5\_1: Would you consider (Reform Option: Increase Payroll Tax)**

		Frequency	Valid Percent
Valid	Consider A Lot	427	28.5
	Consider Some	658	43.9
	Not Consider At All	307	20.5
	Can't Say	107	7.2
	Total	1,499	100.0
Missing	Refused	15	
Total		1,514	

**r6\_1: Would you consider (Reform Option: Modified Price Indexing)**

		Frequency	Valid Percent
Valid	Consider A Lot	107	7.2
	Consider Some	444	29.7
	Not Consider At All	720	48.2
	Can't Say	223	14.9
	Total	1,494	100.0
Missing	Refused	20	
Total		1,514	

**r7\_1: Would you consider (Reform Option: Longevity Indexing)**

		Frequency	Valid Percent
Valid	Consider A Lot	118	7.9
	Consider Some	560	37.6
	Not Consider At All	648	43.5
	Can't Say	164	11.0
	Total	1,490	100.0
Missing	Refused	24	
Total		1,514	

**r8\_1: Would you consider (Reform Option: 5% Cut For New Retirees)**

		Frequency	Valid Percent
Valid	Consider A Lot	117	7.8
	Consider Some	532	35.6
	Not Consider At All	675	45.2
	Can't Say	170	11.4
	Total	1,495	100.0
Missing	Refused	19	
Total		1,514	

**r1\_2: Do you favor or oppose (Reform Option: Formula Change)**

		Frequency	Valid Percent
Valid	Strongly Favor	370	24.6
	Somewhat Favor	468	31.1
	Neither Favor Nor Oppose	295	19.7
	Somewhat Oppose	189	12.6
	Strongly Oppose	181	12.1
	Total	1,503	100.0
Missing	Refused	11	
Total		1,514	

**r2\_2: Do you favor or oppose (Reform Option: Raise Retirement Age)**

		Frequency	Valid Percent
Valid	Strongly Favor	140	9.3
	Somewhat Favor	361	24.0
	Neither Favor Nor Oppose	267	17.8
	Somewhat Oppose	272	18.1
	Strongly Oppose	462	30.8
	Total	1,501	100.0
Missing	Refused	13	
Total		1,514	

**r3\_2: Do you favor or oppose (Reform Option: Increase The Cap)**

		Frequency	Valid Percent
Valid	Strongly Favor	595	39.7
	Somewhat Favor	469	31.2
	Neither Favor Nor Oppose	284	18.9
	Somewhat Oppose	62	4.1
	Strongly Oppose	89	6.0
	Total	1,500	100.0
Missing	Refused	14	
Total		1,514	

**r4\_2: Do you favor or oppose (Reform Option: Trust Fund Investment)**

		Frequency	Valid Percent
Valid	Strongly Favor	185	12.4
	Somewhat Favor	418	27.9
	Neither Favor Nor Oppose	412	27.5
	Somewhat Oppose	238	15.9
	Strongly Oppose	245	16.4
	Total	1,498	100.0
Missing	Refused	16	
Total		1,514	

**r5\_2: Do you favor or oppose (Reform Option: Increase Payroll Tax)**

		Frequency	Valid Percent
Valid	Strongly Favor	344	22.9
	Somewhat Favor	544	36.2
	Neither Favor Nor Oppose	261	17.4
	Somewhat Oppose	176	11.7
	Strongly Oppose	177	11.8
	Total	1,503	100.0
Missing	Refused	11	
Total		1,514	

**r6\_2: Do you favor or oppose (Reform Option: Modified Price Indexing)**

		Frequency	Valid Percent
Valid	Strongly Favor	87	5.8
	Somewhat Favor	305	20.4
	Neither Favor Nor Oppose	381	25.4
	Somewhat Oppose	293	19.6
	Strongly Oppose	431	28.8
	Total	1,497	100.0
Missing	Refused	17	
Total		1,514	

**r7\_2: Do you favor or oppose (Reform Option: Longevity Indexing)**

		Frequency	Valid Percent
Valid	Strongly Favor	72	4.8
	Somewhat Favor	378	25.3
	Neither Favor Nor Oppose	355	23.8
	Somewhat Oppose	334	22.3
	Strongly Oppose	355	23.8
	Total	1,494	100.0
Missing	Refused	20	
Total		1,514	

**r8\_2: Do you favor or oppose (Reform Option: 5% Cut For New Retirees)**

		Frequency	Valid Percent
Valid	Strongly Favor	80	5.4
	Somewhat Favor	333	22.3
	Neither Favor Nor Oppose	361	24.1
	Somewhat Oppose	373	24.9
	Strongly Oppose	350	23.4
	Total	1,498	100.0
Missing	Refused	16	
Total		1,514	

**R9\_1 : Most favored option**

		Frequency	Valid Percent
Valid	Formula Change	181	14.4
	Raise Retirement Age	92	7.3
	Increase the Cap	477	37.9
	Trust Fund Investment	141	11.2
	Increase the Payroll Tax	250	19.8
	Modified Price Indexing	60	4.8
	Longevity Indexing	35	2.8
	5% Cut for New Retirees	24	1.9
	Total	1,261	100.0
	Missing	Not asked - favored less than two options	156
Refused		6	
Cases shown invalid response list		91	
Total		253	
Total		1,514	



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**R9\_2 : 2nd most favored option**

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		Frequency	Valid Percent
Valid	Formula Change	195	17.5
	Raise Retirement Age	109	9.7
	Increase the Cap	226	20.3
	Trust Fund Investment	150	13.4
	Increase the Payroll Tax	229	20.6
	Modified Price Indexing	83	7.4
	Longevity Indexing	66	5.9
	5% Cut for New Retirees	58	5.2
	Total	1,116	100.0
Missing	Not asked - favored less than two options	299	
	Refused	8	
	Cases shown invalid response list	91	
	Total	398	
Total	1,514		

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**R9\_3 : 3rd most favored option**

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		Frequency	Valid Percent
Valid	Formula Change	170	19.2
	Raise Retirement Age	92	10.4
	Increase the Cap	126	14.2
	Trust Fund Investment	126	14.1
	Increase the Payroll Tax	157	17.6
	Modified Price Indexing	64	7.2
	Longevity Indexing	97	10.9
	5% Cut for New Retirees	57	6.4
	Total	890	100.0
Missing	Not asked - favored less than two options	530	
	Refused	3	
	Cases shown invalid response list	91	
	Total	624	
Total	1,514		

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**R9\_4 : 4th most favored option**

		Frequency	Valid Percent
Valid	Formula Change	105	17.1
	Raise Retirement Age	64	10.4
	Increase the Cap	74	11.9
	Trust Fund Investment	64	10.4
	Increase the Payroll Tax	63	10.2
	Modified Price Indexing	65	10.5
	Longevity Indexing	103	16.7
	5% Cut for New Retirees	79	12.8
	Total	616	100.0
Missing	Not asked - favored less than two options	801	
	Refused	5	
	Cases shown invalid response list	91	
	Total	898	
Total	1,514		

**R9\_5 : 5th most favored option**

		Frequency	Valid Percent
Valid	Formula Change	71	18.3
	Raise Retirement Age	40	10.2
	Increase the Cap	38	9.9
	Trust Fund Investment	32	8.3
	Increase the Payroll Tax	54	13.8
	Modified Price Indexing	50	12.7
	Longevity Indexing	41	10.6
	5% Cut for New Retirees	63	16.2
	Total	389	100.0
Missing	Not asked - favored less than two options	1,031	
	Refused	3	
	Cases shown invalid response list	91	
	Total	1,125	
Total	1,514		

**R9\_6 : 6th most favored option**

		Frequency	Valid Percent
Valid	Formula Change	34	13.8
	Raise Retirement Age	17	6.8
	Increase the Cap	21	8.7
	Trust Fund Investment	17	7.0
	Increase the Payroll Tax	39	16.0
	Modified Price Indexing	24	9.7
	Longevity Indexing	52	21.2
	5% Cut for New Retirees	41	16.7
	Total	245	100.0
Missing	Not asked - favored less than two options	1,175	
	Refused	3	
	Cases shown invalid response list	91	
	Total	1,269	
Total	1,514		

**R9\_7 : 7th most favored option**

		Frequency	Valid Percent
Valid	Formula Change	9	6.7
	Raise Retirement Age	26	19.0
	Increase the Cap	14	10.4
	Trust Fund Investment	13	9.6
	Increase the Payroll Tax	10	7.3
	Modified Price Indexing	9	6.8
	Longevity Indexing	21	15.3
	5% Cut for New Retirees	34	24.9
	Total	135	100.0
Missing	Not asked - favored less than two options	1,284	
	Refused	3	
	Cases shown invalid response list	91	
	Total	1,379	
Total	1,514		

**R9\_8 : 8th most favored option**

		Frequency	Valid Percent
Valid	Formula Change	5	6.5
	Raise Retirement Age	18	25.2
	Increase the Cap	1	1.9
	Trust Fund Investment	5	7.5
	Increase the Payroll Tax	9	12.6
	Modified Price Indexing	5	7.5
	Longevity Indexing	5	7.1
	5% Cut for New Retirees	22	31.7
	Total	71	100.0
Missing	Not asked - favored less than two options	1,349	
	Refused	3	
	Cases shown invalid response list	91	
	Total	1,443	
Total	1,514		

**R10: In general, do you prefer benefit cuts, revenue enhancements, or a balanced combination of the two?**

		Frequency	Valid Percent
Valid	Benefit cuts	33	2.2
	Revenue enhancements	554	37.8
	A balanced combination of the two	879	60.0
	Total	1,467	100.0
Missing	Refused	48	
Total		1,514	

## Demographics

### DATA ONLY: Age Group

		Frequency	Valid Percent
Valid	18-24	81	5.3
	25-34	292	19.3
	35-44	338	22.3
	45-54	303	20.0
	55-64	261	17.3
	65-74	158	10.4
	75 and over	80	5.3
	Total	1,514	100.0

### What is your gender?

		Frequency	Valid Percent
Valid	Male	728	48.1
	Female	786	51.9
	Total	1,514	100.0

### Race/Ethnicity

		Frequency	Valid Percent
Valid	White, Non-Hispanic	1,059	69.9
	Black, Non-Hispanic	167	11.1
	Other, Non-Hispanic	79	5.2
	Hispanic	193	12.8
	2+ Races, Non-Hispanic	16	1.1
	Total	1,514	100.0

### What is the highest degree or level of education that you have completed?

		Frequency	Valid Percent
Valid	Less than high school	55	3.6
	Some high school, no diploma	156	10.3
	Graduated from high school - Diploma or equivalent (GED)	477	31.5
	Some college, no degree	289	19.1
	Associate degree (AA, AS)	116	7.7
	Bachelor's degree	295	19.5
	Master's degree	98	6.4
	Professional degree (MD, DDS, LLB, JD)	14	0.9
	Doctorate degree	15	1.0
	Total	1,514	100.0

### AARP Membership

		Frequency	Valid Percent
Valid	Not AARP member (age 50+)	357	44.1
	AARP member (age 50+)	281	55.9
	Total	638	100.0
Missing	Under 50 years old	876	
	Refused	13	
Total		1,514	

### Are you currently...

		Frequency	Valid Percent
Valid	Married	806	53.2
	Single (never married)	357	23.6
	Divorced	226	14.9
	Widowed	87	5.7
	Separated	38	2.5
	Total	1,514	100.0

### Household Income

		Frequency	Valid Percent
Valid	Less than \$5,000	33	2.2
	\$5,000 to \$7,499	40	2.6
	\$7,500 to \$9,999	36	2.4
	\$10,000 to \$12,499	57	3.8
	\$12,500 to \$14,999	59	3.9
	\$15,000 to \$19,999	83	5.5
	\$20,000 to \$24,999	121	8.0
	\$25,000 to \$29,999	102	6.7
	\$30,000 to \$34,999	106	7.0
	\$35,000 to \$39,999	117	7.7
	\$40,000 to \$49,999	169	11.2
	\$50,000 to \$59,999	158	10.4
	\$60,000 to \$74,999	137	9.0
	\$75,000 to \$84,999	86	5.7
	\$85,000 to \$99,999	76	5.0
	\$100,000 to \$124,999	61	4.0
	\$125,000 to \$149,999	35	2.3
	\$150,000 to \$174,999	13	0.8
	\$175,000 or more	26	1.7
Total		1,514	100.0

**Which statement best describes your current employment status?**

		Frequency	Valid Percent
Valid	I work as a paid employee	810	53.5
	I am self-employed	91	6.0
	I am an owner/partner in small business, prof practice, farm	30	2.0
	I work at least 15 hrs/wk w/o pay in family business/farm	3	0.2
	I am unemployed, temporarily laid off, but looking for work	54	3.6
	I am retired	209	13.8
	I am disabled	134	8.9
	I am a homemaker	138	9.1
	Other	45	2.9
	Total	1,514	100.0

**MSA Status**

		Frequency	Valid Percent
Valid	Non-Metro	251	16.5
	Metro	1,263	83.5
	Total	1,514	100.0

**Region 4 - Based On State Of Residence**

		Frequency	Valid Percent
Valid	Northeast	282	18.6
	Midwest	338	22.3
	South	548	36.2
	West	346	22.9
	Total	1,514	100.0

**Which of these types of housing best describes where you live?**

		Frequency	Valid Percent
Valid	A single-family house detached	954	63.0
	A single-family house attached	86	5.7
	An apartment	266	17.6
	A condominium or co-op	63	4.1
	College dormitory	3	0.2
	A manufactured or mobile home	108	7.1
	Other	34	2.3
	Total	1,514	100.0

**Do you own or rent your residence**

		Frequency	Valid Percent
Valid	Own	999	66.0
	Rent	428	28.2
	Do not pay for housing	88	5.8
	Total	1,514	100.0



**Household Size**

		Frequency	Valid Percent
Valid	1	356	23.5
	2	535	35.3
	3	284	18.8
	4	209	13.8
	5	80	5.3
	6	36	2.4
	7	6	0.4
	8	5	0.3
	9	1	0.1
	10	1	0.1
	Total	1,514	100.0

**Household Head**

		Frequency	Valid Percent
Valid	No	240	15.8
	Yes	1,274	84.2
	Total	1,514	100.0

**HHs with Internet Access**

		Frequency	Valid Percent
Valid	No	599	39.6
	Yes	915	60.4
	Total	1,514	100.0

**Political party affiliation (7 categories)  
Public Affairs Profile**

		Frequency	Valid Percent
Valid	Strong Republican	224	14.8
	Not Strong Republican	171	11.3
	Leans Republican	201	13.3
	Undecided/Independent/Other	99	6.5
	Leans Democrat	307	20.3
	Not Strong Democrat	209	13.8
	Strong Democrat	301	19.9
	Refused	1	0.1
	Total	1,514	100.0

**Political ideology**

		Frequency	Valid Percent
Valid	Extremely liberal	40	2.7
	Liberal	203	13.4
	Slightly liberal	168	11.1
	Moderate, middle of the road	593	39.2
	Slightly conservative	183	12.1
	Conservative	266	17.6
	Extremely conservative	53	3.5
	Refused	9	0.6
	Total	1,514	100.0

## APPENDIX

### Full Wording of the Social Security Reform Options

#### 1. Benefit Formula Change

This proposal would gradually reduce benefits for future retirees who earned higher wages during their working years. A person who had the highest wages would face a maximum benefit reduction of about 10%. A retiree eligible for a maximum benefit of about \$2,120 instead would receive about \$1,890 under this proposal. This proposal would not reduce the benefits received by low earners.

This change would solve about **25%** of Social Security's financial problem.

#### 2. Raise Retirement Age

The age at which a person receives full or unreduced Social Security benefits is rising gradually and scheduled to become 67 for people born after 1959. This proposal would continue to increase the age at which a person would qualify for unreduced benefits so that after 2090 retirees would have to be 70 years old in order to get full benefits.

This change would solve about **20%** of Social Security's financial problem.

#### 3. Increase the Wage Cap

Currently, workers and their employers pay Social Security taxes on the first \$97,500 of wages. This proposal would phase-in an increase to \$150,000 in the maximum amount of wages on which employers and employees pay Social Security taxes.

This change would solve about **50%** of Social Security's financial problem.

#### 4. Trust Fund Investment

Any money Social Security collects that is not needed to pay benefits goes into the Social Security Trust Fund and is then invested in Treasury Bonds that pay about 5.6% interest to Social Security. This proposal would seek to reduce government borrowing of the Social Security funds, and potentially earn more money for the Trust Fund by hiring professional money managers to invest 15% of the Fund in other bonds and index stock funds.

This change would solve about **15%** of Social Security's financial problem.

#### 5. Increase Payroll Tax

This year workers and their employers both will pay 6.2% of the worker's wages up to \$97,500 to Social Security. This proposal would increase that tax from 6.2% to 6.7% for both workers and employers. For a worker earning \$40,000, this would be an additional \$200 per year.

This change would solve about **50%** of Social Security's financial problem.

## **6. Modified Price Indexing**

One proposal is to cut future benefits 1 percent for every year a person has contributed to Social Security. This proposal, once effective, would cut benefits for most younger workers by between one-quarter and one-half, with low wage earners exempt.

This proposal would solve about **70%** of Social Security's financial problem.

## **7. Longevity Indexing**

People are living longer after 65 than when Social Security started and are spending more time in retirement than in the past. This proposal changes how Social Security benefits are paid to reflect a longer life expectancy. It would adjust the benefit payment to future retirees, so they would receive the same amount of money from Social Security over their lifetimes as they would now. However, that amount would be paid in lower monthly benefits over a longer period of time.

This change would solve about **25%** of Social Security's financial problem.

## **8. 5% Benefit Cut for New Retirees**

This proposal saves money by reducing benefits by the same percentage for all future retirees who are currently younger than 55 years old. For example, a person would get \$950 each month instead of \$1,000.

This change would solve about **25%** of Social Security's financial problem.