



How Secure is Social Security?

Student Handout

Group 3: PROBLEM ANALYZERS

Your group will report in detail the problems currently facing the Social Security program. Explain the trust fund system and how increases in the number of retirees will cause shortfalls in the system's ability to pay out benefits. You are encouraged to develop visual aids to assist in their presentation. Review "The Future of Social Security" at <http://www.ssa.gov/pubs/10055.html> to prepare your presentation. Additional information can be found at http://www.pbs.org/newshour/bb/social_security/reform/faq_flash.html and other sources listed below.

1. Briefly review how the trust fund program works.
2. Explain how trust funds are invested and what happens to taxes that go into the trust funds. (additional resources at <http://www.ssa.gov/OACT/ProgData/fundFAQ.html#n4>)
3. Review and document the performance of the trust funds from 1987 to 2005 <http://www.ssa.gov/OACT/ProgData/assets.html>. Show the income growth during this time and how the difference between the "Income" and "Outgo" of funds has created a surplus.
4. Explain how changing demographics (the "Baby-boom" generation) has created a need for changes in the Social Security system.
5. Develop a chart like the one shown in question three that illustrates the projected shortfalls of the program over the next 75 years.
6. Review Paul Solomon's report "Keys to the Lock Box" http://www.pbs.org/newshour/bb/economy/july-dec01/lockbox_8-22.html# and "Coming up Short" http://www.pbs.org/newshour/bb/social_security/july-dec04/deficit_10-12.html reports for the Newshour. (These reports can be presented in a video stream to the class.) Incorporate Mr. Solomon's explanation of the "special issue" securities as government IOUs onto your report and answer the question as to whether these funds will ever be available to future retirees.

Additional charts can be found on Public Agenda's website at http://www.publicagenda.org/issues/factfiles.cfm?issue_type=ss