**Former Secretary of State Robert Reich explains why Social Security (SS) is running out of funds and what needs to be done to get it sufficiently funded after 2033 or, social security income for retirees will be reduced by 33%. This will affect the lives of millions of seniors.**

***He has a very effective suggestion to keep SS funded for another 75 years if we just make one important adjustment to taxes. We seniors are really interested on how to protect SS funds!***

Professor Reich makes a simple, and powerful suggestion to save SS.

The answer is to “Scrap the Cap.” And what does this mean?

Most of us are not millionaires, or billionaires, who have extraordinary incomes.

More than 90% of us earn less than $160,200 annually. Did you know that anyone who makes more than $160,200 does not pay any income tax above this amount?

The wealthy who help our politicians get elected and re-elected, made sure that they were well rewarded for their financial support. Thus Congress passed the tax laws that protected a lot of the income of the wealthy.

**According to Reich, by scraping the cap tax on those earning over $160,200, and taxing more wisely, funds to pay social security could be extended 75 more years. Otherwise by 2033, social security income will be reduced 33%.**

Most Americans in retirement only have social security retirement income to survive. Add on the projection of inflation, and millions of Americans, in the senior years, will not have sufficient income to pay the basic costs to survive.

“Scrap the Cap” must be a priority issue to convey to our Congressional Representatives.

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**SOURCE:**

**How the super-rich are killing Social Security**

***It’s going to run out of money before you can ever receive it if the rich don’t start paying their fair share****.*

**Article by** [**Robert Reich**](https://www.nationofchange.org/author/robert-reich/), **July 7, 2023**

**Robert B. Reich is Chancellor's Professor of Public Policy at the University of California at Berkeley and Senior Fellow at the Blum Center for Developing Economies. He served as Secretary of Labor in the Clinton administration, for which Time Magazine named him one of the ten most effective cabinet secretaries of the twentieth century**

Here’s the real reason Social Security is in danger that nobody’s talking about.

It’s not just because too many boomers like me are retiring. It’s because of inequality.

Now, I don’t want to alarm you. Social Security is still helping us oldies enjoy our golden years—but only for so long.

**Social Security is one of the most**[**popular**](https://t.umblr.com/redirect?z=https%3A%2F%2Fwww.aarp.org%2Fretirement%2Fsocial-security%2Finfo-2020%2Faarp-poll-finds-near-universal-support.html&t=YWVmNDkxMGVjNWViODk0ZmY0ZGRkMjhlMWU3NGI4YjQ3MjVlMGI4Myx3SWRUM2ZhVQ%3D%3D&b=t%3AhQ9Ds4P3Iv6D7mgEr8WMqg&p=https%3A%2F%2Frobertreich.org%2Fpost%2F722034724903829504&m=1&ts=1688651187)**and**[**successful**](https://href.li/?https://www.cbpp.org/research/social-security/social-security-lifts-more-people-above-the-poverty-line-than-any-other)**government programs ever created, not only helping retirees—but it’s also keeping**[**26 million people out of poverty.**](https://href.li/?https://www.census.gov/library/publications/2022/demo/p60-277.html#:~:text=Social%20Security%20continued%20to%20be%20the%20most%20important%20antipoverty%20program%20in%202021%2C%20moving%2026.3%20million%20people%20out%20of%20SPM%20pov%C2%ADerty.)  Yet here is the problem:

**It’s going to run out of money before you can ever receive it if the rich don’t start paying their fair share**.

**The**[**trustees of Social Security**](https://href.li/?https://www.ssa.gov/oact/tr/trustees.html)—of which yours truly was once a member back when I had [thicker hair](https://href.li/?https://en.wikipedia.org/wiki/Robert_Reich#/media/File:Robert_Reich.jpg)—[**say**](https://href.li/?https://www.ssa.gov/OACT/TR/2023/trTOC.html)**the program will only be able to pay full benefits until**[**2033**](https://href.li/?https://www.ssa.gov/OACT/TR/2023/II_A_highlights.html#76460:~:text=The%20OASI%20Trust%20Fund%20reserves%20are%20projected%20to%20become%20depleted%20in%202033%2C%20at%20which%20time%20OASI%20income%20would%20be%20sufficient%20to%20pay%2077%C2%A0percent%20of%20OASI%20scheduled%20benefits.). **After that, Social Security will only be able to dole out roughly**[**77 percent of benefits**](https://t.umblr.com/redirect?z=https%3A%2F%2Fwww.cnbc.com%2F2023%2F03%2F31%2Fsocial-security-trust-funds-depletion-date-moves-up-to-2034.html%23%3A%7E%3Atext%3DThe%2520old%2520age%2520and%2520survivors%2520insurance%2520trust%2520fund%252C%2520which%2520pays%2520benefits%2520to%2520retired%2520workers%252C%2520their%2520spouses%2520and%2520children%2520and%2520survivors%2520of%2520deceased%2520workers%252C%2520will%2520be%2520able%2520to%2520pay%2520full%2520benefits%2520until%25202033%252C%2520also%2520one%2520year%2520earlier%2520than%2520reported%2520last%2520year.%2520At%2520that%2520time%252C%252077%2525%2520of%2520benefits%2520will%2520be%2520payable.&t=OWM2ZGU5OWY1ZDNhYTgxNjRiNDkwMzA4YTAwZDc4YzEyM2MyMzVmMix3SWRUM2ZhVQ%3D%3D&b=t%3AhQ9Ds4P3Iv6D7mgEr8WMqg&p=https%3A%2F%2Frobertreich.org%2Fpost%2F722034724903829504&m=1&ts=1688651187)**.**

Why? It’s not the reason that many seem to think.

Boomer retirees like me might be soaking up some sun, but we’re not soaking up all of the program’s funds.

The Social Security trustees anticipated the boom in boomer retirements. This is why Social Security was [amended back in 1983](https://href.li/?https://www.ssa.gov/history/1983amend.html), to gradually increase the age for collecting full retirement benefits from [age 65 to 67](https://href.li/?https://www.ssa.gov/history/1983amend.html#:~:text=Raises%20the%20age%20of%20eligibility%20for%20unreduced%20retirement%20benefits%20in%20two%20stages%20to%2067%20by%20the%20year%202027.%20Workers%20born%20in%201938%20will%20be%20the%20first%20group%20affected%20by%20the%20gradual%20increase.%20Benefits%20will%20still%20be%20available%20at%20age%2062%2C%20but%20with%20greater%20reduction.). That change is helping finance the boomers’ retirement.

What did the trustees fail to anticipate? How much income would be going to the top.

**A big part of the American working population today is**[**earning less**](https://href.li/?https://www.epi.org/publication/inequality-2021-ssa-data/#:~:text=Earnings%20inequality%20continues%20to%20grow%20in%20the%20pandemic%20labor%20market)**than the Social Security trustees**[**anticipated years ago**](https://href.li/?https://www.epi.org/blog/a-record-share-of-earnings-was-not-subject-to-social-security-taxes-in-2021-inequalitys-undermining-of-social-security-has-accelerated/#:~:text=The%20share%20of%20earnings%20subject%20to%20Social%20Security%20taxes%20hit%20a,meant%20to%20set%20the%20earnings%20cap%20at%2090%25%20into%20the%20future.)**—**[**reducing revenue**](https://href.li/?https://cepr.net/wage-cap-allows-millionaires-to-stop-contributing-to-social-security-on-february-28-2023/#:~:text=The%20Social%20Security,program%E2%80%99s%20supporting%20tax.)**flowing into the program.**

**At the same time,**[**a much larger chunk**](https://href.li/?https://www.epi.org/publication/inequality-2021-ssa-data/#:~:text=Earnings%20inequality%20continues%20to%20grow%20in%20the%20pandemic%20labor%20market)**of the**[**nation’s total income**](https://href.li/?https://realtimeinequality.org/?id=income&incomeend=03012023&incomefreq=monthly&incomegroups=Bottom%2050%25&incomegroups=Top%201%25&incomestart=01011976&incometype=factor_income&incomeunit=Adults&incomey=share)**is now going to the top compared to decades ago.**

**But income subject to the Social Security payroll tax is capped. No dollar of earnings above the cap is taxed.**[**The cap in 2023 is $160,200**](https://href.li/?https://www.cbsnews.com/news/social-security-benefits-tax-cap-2023/#:~:text=In%202023%2C%20the%20tax%20cap%20stands%20at%20%24160%2C200).

So, **as the rich have become far richer,**[**more and more**](https://href.li/?https://www.americanprogress.org/article/increased-wage-inequality-has-reduced-social-securitys-revenue/#:~:text=in%20untaxed%20earnings.-,Figure%201,-Low%2D%20and%20middle)**of the nation’s total income**[**has escaped**](https://href.li/?https://www.epi.org/blog/a-record-share-of-earnings-was-not-subject-to-social-security-taxes-in-2021-inequalitys-undermining-of-social-security-has-accelerated/#:~:text=Figure%20B%20tracks%20the%20share%20of%20earnings%20above%20the%20Social%20Security%20tax%20cap%20alongside%20the%20share%20of%20earnings%20accruing%20to%20the%20top%201%25%20of%20wage%20earners.%20The%20share%20of%20earnings%20above%20the%20cap%20increases%20as%20the%20top%201%25%20share%20of%20earnings%20rises.)**the Social Security payroll tax.**

For example, a CEO earning $20 million a year pays Social Security taxes on roughly [1%](https://href.li/?https://cepr.net/wage-cap-allows-millionaires-to-stop-contributing-to-social-security-on-february-28-2023/) of their income, while a worker earning under the cap pays Social Security taxes on[100%](https://href.li/?https://cepr.net/wage-cap-allows-millionaires-to-stop-contributing-to-social-security-on-february-28-2023/)of their income. But they both end up paying the same amount of money into the program.

The rise in the amount of income above the cap due to inequality has cost the Social Security Trust Fund reserve an estimated [$1.4 trillion since 1983](https://href.li/?https://www.epi.org/blog/a-record-share-of-earnings-was-not-subject-to-social-security-taxes-in-2021-inequalitys-undermining-of-social-security-has-accelerated/#:~:text=The%20implied%20cumulative%20loss%20since%201983%20is%20enormous%3A%20The%20ongoing%20leakage%20out%20of%20Social%20Security%E2%80%99s%20revenue%20has%20led%20to%20a%20Social%20Security%20Trust%20Fund%20holding%2050%25%20fewer%20reserves%20in%202022%20(%241.4%20trillion%20fewer)%20than%20it%20would%20have%20if%20inequality%20had%20not%20increased).

**The solution is obvious: it’s time to scrap the cap, and make the**[**rich**](https://href.li/?https://www.ssa.gov/cgi-bin/netcomp.cgi?year=2021#:~:text=1%2C000%2C000.00%20%E2%80%94%201%2C499%2C999.99,506)**pay more in Social Security taxes.**

[**One plan**](https://href.li/?https://www.sanders.senate.gov/press-releases/news-amid-republican-threats-to-social-security-sanders-warren-schakowsky-hoyle-and-colleagues-introduce-legislation-toincrease-benefits-and-extend-solvency-through-2096/)**introduced in Congress would eliminate the cap on earnings over $250,000 and also subject**[**investment income**](https://href.li/?https://www.yahoo.com/entertainment/bernie-sanders-democrats-introduce-bill-215326488.html#:~:text=Sanders%20proposes%20levying%20other%20taxes%20as%20well%2C%20such%20as%20subjecting%20investment%20income%20over%20%24200%2C000%20to%20payroll%20taxes.)**to Social Security taxes. It’s estimated that this would extend the solvency of Social Security**[**for the next 75 years**](https://href.li/?https://www.sanders.senate.gov/wp-content/uploads/Social-Security-Expansion-Act-one-pager-Final.pdf)**without raising taxes on 93% of American households.**

This is where you come in. Share this video and help spread the word about the real threat to Social Security.

**If we want to ensure Social Security’s long term future, and that working people can retire with dignity, we must make the wealthy pay their fair share.**



[**Robert Reich**](https://www.nationofchange.org/author/robert-reich/)

[*http://robertreich.org/*](http://robertreich.org/)

. He has written fourteen books, including the best sellers "Aftershock", "The Work of Nations," and"Beyond Outrage," and, his most recent, "Saving Capitalism." He is also a founding editor of the American Prospect magazine, chairman of Common Cause, a member of the American Academy of Arts and Sciences, co-founder of the nonprofit Inequality Media and co-creator of the award-winning documentary, Inequality for All.