Policy Perspectives on Longevity, Aging, and Retirement Readiness

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More of Us Are Living to Higher Ages; This Will Continue but Likely at a Slower Rate
Population Aging in Next 20 Years (Changing Age Distribution) Will Be Mainly Due to Drop in Birth Rates

Aged Dependency Ratio 2019 TR
Population 65+/(20-64)

- Actual and TR Intermediate
- TFR remains at 3.0 after 1964
- TFR remains at 3.3 after 1964
Retirement Readiness: Will We Have Enough Income to Last as Long as We Might Live?

• Social Security—*floor of protection*
  – Has always paid benefits in full, and will
  – But is currently underfinanced by 20% in 2035+
    • Due to population aging
    • Legislative adjustments to come
  – Provides CPI-indexed life annuity
  – With remarkable option to start benefits later
    • Monthly benefit 77% higher at age 70 than at age 62 start
  – How do we better inform on this opportunity?
Scheduled Monthly Benefit Levels as Percent of Career-Average Earnings by Year of Retirement at age 65

- Low Earner ($24,239 for 2019; 25th percentile)
- Medium Earner ($53,864 for 2019; 56th percentile)
- High Earner ($86,182 for 2019; 82nd percentile)
- Max Earner ($132,900 for 2019; 100th percentile)

Source: Annual Recurring Actuarial Note #9 at www.ssa.gov/oact/NOTES/ran9/index.html
Some Future Opportunities for Social Security in Retirement Readiness

- Fix the financing gap
- Encourage later benefit start if healthy
- Provide 75% of couple benefit for widow(er)s
- Provide child-care credits toward benefits
  - Or even income for “bonding”
  - Might encourage more births
- Or opportunity to “purchase” credits
  - Possible antiselection issues
- Encourage more personal saving and employer pensions to complete retirement income
For More Information Go To
http://www.ssa.gov/oact/

• There you will find:
  – All OASDI Trustees Reports: 1941-2019
  – Detailed single-year tables for recent reports
  – Our estimates for comprehensive proposals
  – Our estimates for the individual provisions
  – Actuarial notes; including replacement rates
  – Actuarial studies
  – Extensive databases
  – Congressional testimonies
  – Presentations by OCACT employees