



NEWS

AMERICANS FOR TAX REFORM

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Social Security Fact of the Day

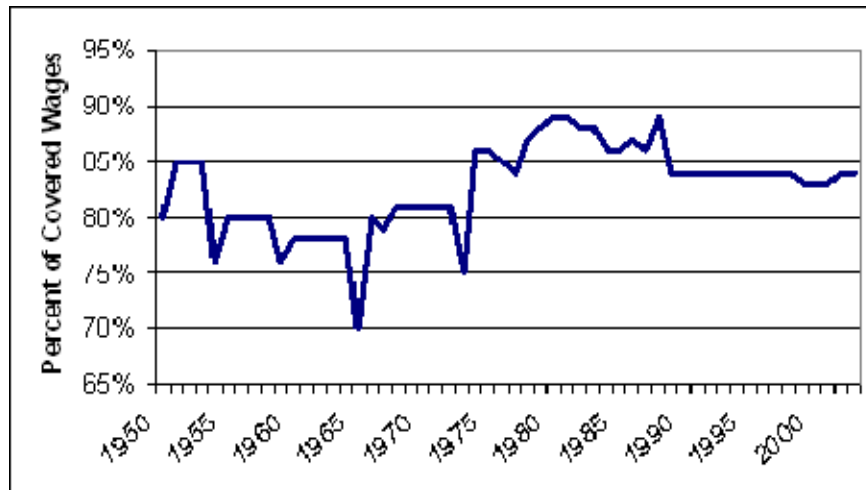
Washington- Social Security cannot afford to pay all of the benefits it has promised. Beginning in 2017, it will run cash deficits that get bigger every year.

One of the “quick fixes” that opponents of personal accounts often suggest to reform Social Security is to raise or eliminate the cap on wages subject to the Social Security tax, now set at the first \$90,000 of salary. This would actually make the rate of return on Social Security taxes worse for younger workers, so it isn’t much of a solution at all. This idea also runs into the reality that nearly 85% of salaried wages are already taxed by Social Security—a near-high in the history of the program. Most workers make less than \$90,000 per year, so there isn’t that much of a tax base to expand. A far better deal would be to allow younger workers to save their own Social Security tax dollars in a personal account that they would own and control.

The system has a problem, and we need to fix it. Personal accounts are the solution.

Social Security Tax Base Is Already Historically High

Source: Cato Institute and Social Security Administration



Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Christopher Butler at (202) 785-0266 or at cbutler@atr.org.