

# Social Security at 90: A Bipartisan Roadmap for the Program's Future

*A Survey with Trade-off Analysis*

National Academy of Social Insurance  
*With:* AARP, NIRS, U.S. Chamber of Commerce  
*Conducted by:* Greenwald Research, NORC

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AARP Public Policy Institute  
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# Methodology

- Online survey of 2,243 Americans ages 21 and over
- Trade-off analysis (conjoint analysis) incorporated in survey
- Used NORC's AmeriSpeak® Panel: a probability-based panel
- Questionnaire offered in English and Spanish
- Four oversamples: Total completed interviews by oversample
  - 306 Hispanics
  - 265 Non-Hispanic African Americans
  - 296 Non-Hispanic AAPI
  - 153 small business owners (owns a business with 2-100 employees)
- Sample weighted by age, gender, census division, race/ethnicity, education, housing tenure, household phone status, and small business ownership to match Census Bureau Current Population Survey
- Margin of error plus or minus 2.1 percentage points

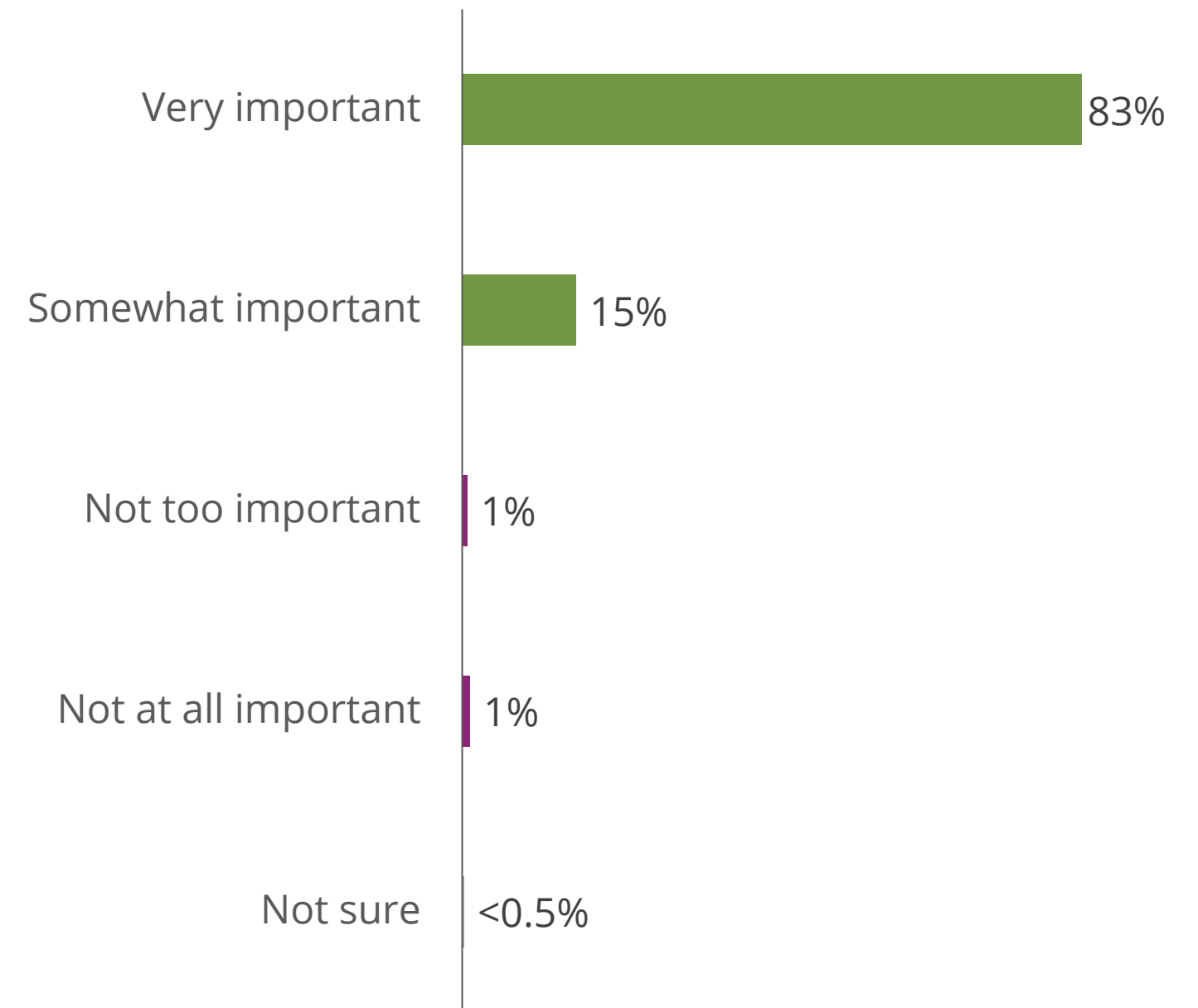


# Social Security: Importance to Americans' Retirement Security

# Social Security benefits highly important to current beneficiaries

- Among those in households receiving benefits, 4 in 5 say benefits are very important to monthly income
- Only 1% say benefits received are not at all important

**Importance of Social Security Retirement Benefits to Monthly Income**

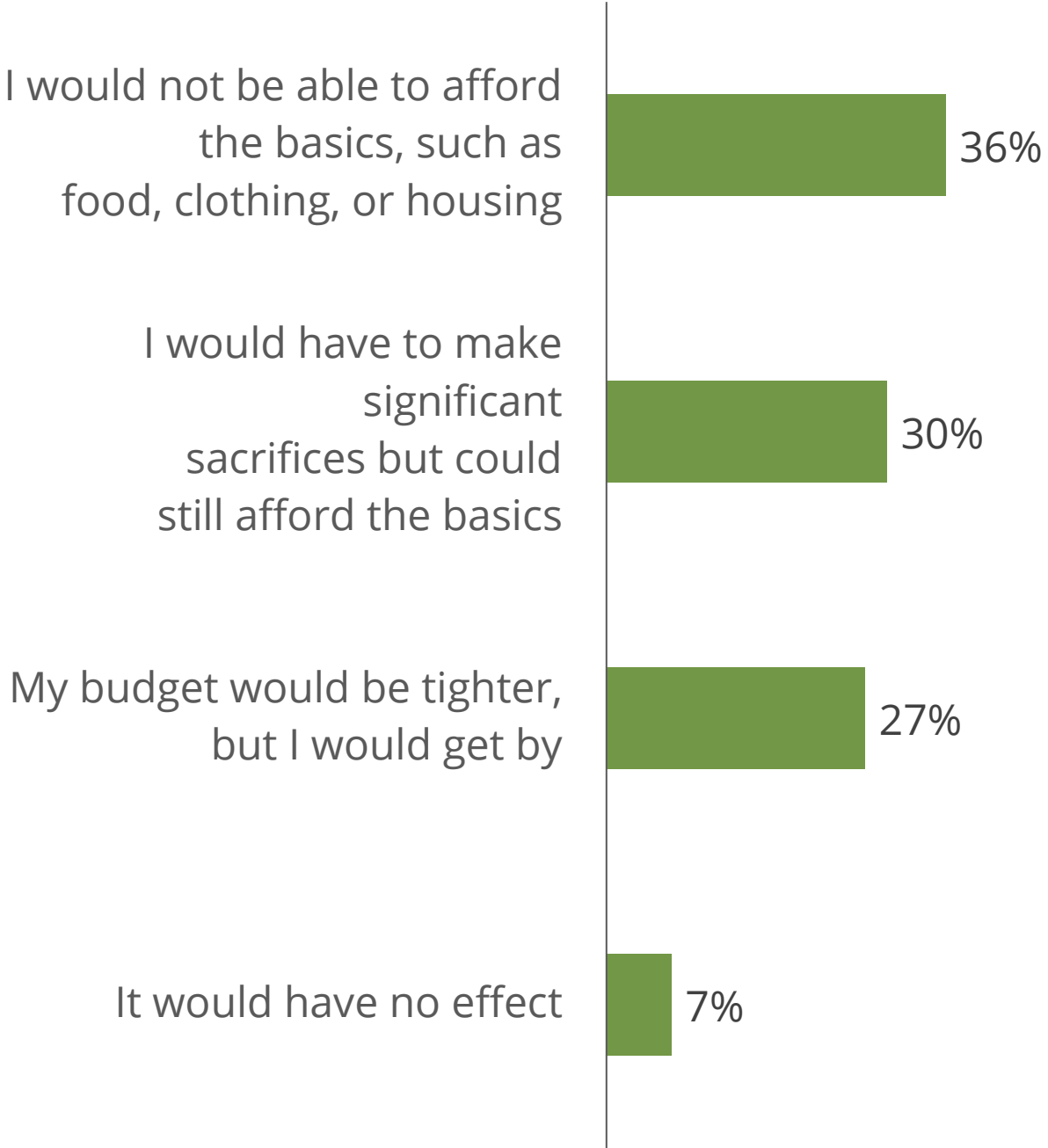


How important would you say Social Security retirement benefits are to your monthly income?  
(FILTER: Self and/or spouse is currently receiving Social Security=651)

# 2 in 3 couldn't afford basics/ would make significant sacrifices

- Two-thirds say they would not be able to afford the basics or would have to make significant sacrifices without Social Security
- Only 7% say would not be affected
- Even among highest-income households (>\$200,000) only 18% say absence of Social Security would have no effect

**Expected Lifestyle Without Social Security Retirement Benefits**



If for some reason you did not receive your Social Security retirement benefits, which of the following statements best describes the effect it would have on your lifestyle, if any, in (retirement / your later years)?  
(n=2154)



# Trade-Off Analysis: Americans' Preferred Package

# What is Trade-Off Analysis?

**Trade-off analysis (also known as conjoint analysis) was invented by University of Pennsylvania marketing professor Paul Green in 1971, based on:**

- **Bayesian math**
- **Work of mathematical psychologists Duncan Luce and John Tukey**
- **Work of econometrician (and Nobel Prize winner) Daniel McFadden**

**Soon after it was developed, “Conjoint analysis quickly became the most broadly-used and powerful survey-based technique for measuring and predicting consumer preference.” (1)**

(1) Data Use” A short history of conjoint analysis, Bryan Ormel, 2004, <https://www.quirks.com/articles/data-use-a-short-history-of-conjoint-analysis#:~:text=Conjoint%20analysis%20and%20the%20more,Nobel%20Prize%20winner%20in%20economics>

# What is Trade-Off Analysis?

Conjoint analysis measures preferences and the strength of preferences by having survey respondents make a series of carefully designed choices.

## In this study:

- Respondents made 12 choices, each between three packages of policy options
  - For each package, respondents were informed of the impact the package would have on the Social Security financing gap, based on analyses from the Social Security Administration
  - In every case, one package was for no changes
- An analysis of responses allows a calculation of:
  - Which package is preferred
  - By how many respondents
  - The impact of each policy option on overall preferences

# Components of Analysis

**Nine types of policy options were tested:**

- **Changing taxable earnings cap: 6 new options**
- **Changing tax rate: 2 new options**
- **Changing age of retirement for full benefits: 2 new options**
- **Changing the COLA: 2 new options**
- **Work credit for parents who are care givers: 1 new option**
- **Increase benefits for all beneficiaries: 1 new option**
- **Taxation of benefits: 2 new options**
- **Bridge benefit for those doing physical hard work: 1 new option**
- **Reducing benefits for some: 1 new option**

**For all 9 policy options, no change from current system was also offered**

# Trade-Off Analysis

## The Preferred Package

- Increases revenues
- Pays for targeted benefit improvements
- Eliminates financing gap and provides a slight surplus

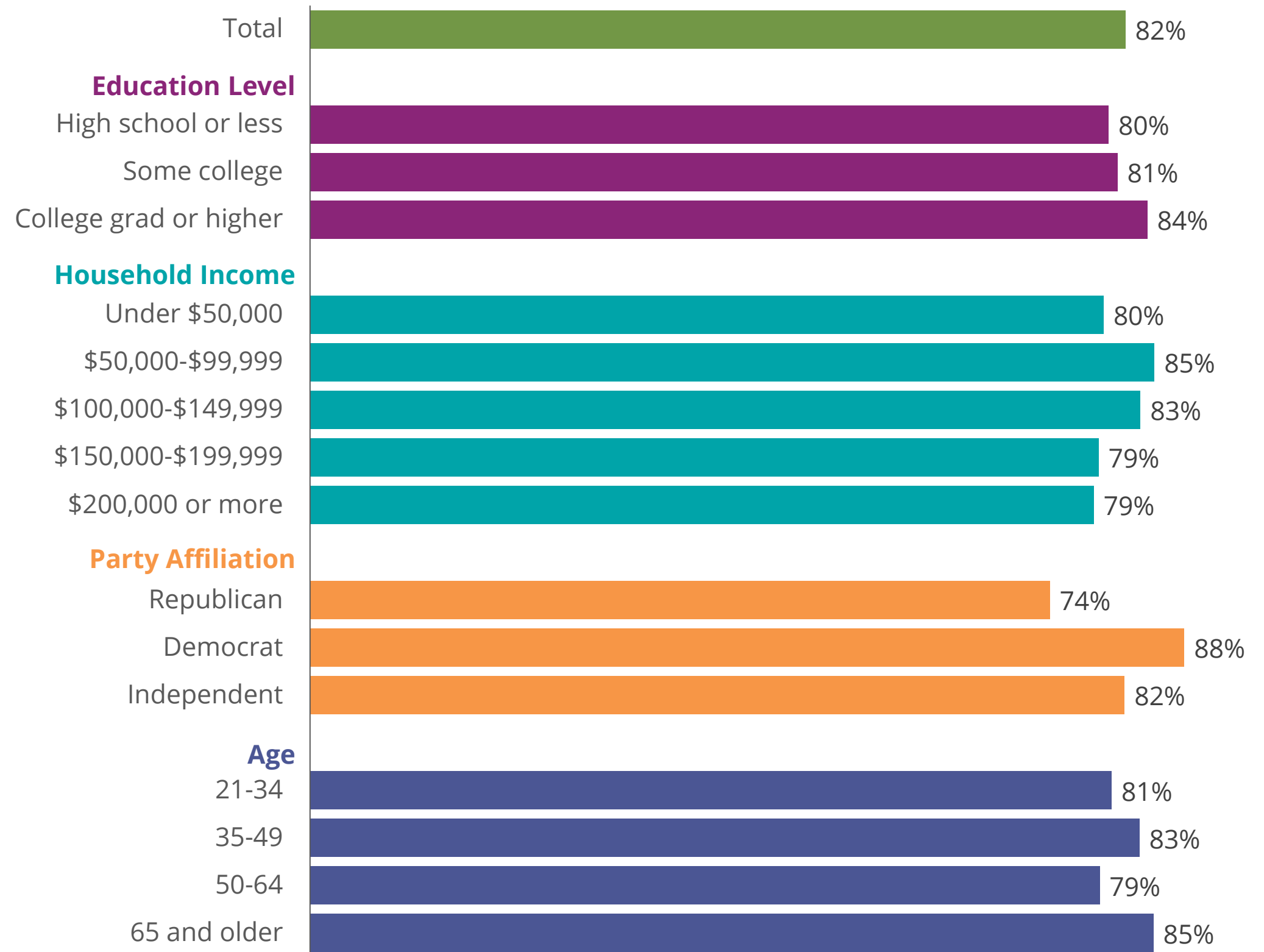
Category Policy	
<b>Taxable Earnings Cap</b>	Keep current cap of about \$168,000 and also collect Social Security taxes on earnings above \$400,000; Those who earn more than \$400,000 would not get any additional benefits
<b>Tax Rate</b>	Increase tax rate from 6.2% to 7.2% for both employees and employers
<b>Age for Full Retirement Benefits</b>	No Change
<b>COLA</b>	Increase COLA by basing it on inflation for older people
<b>Work Credit to Parents who are Caregivers</b>	Give parents who are caregivers for children under age 6 with credit for work for calculating Social Security benefits
<b>Benefits for all beneficiaries</b>	No Change
<b>Taxation of Benefits</b>	No Change
<b>Bridge Benefit</b>	Reduce the penalty for receiving Social Security benefits early for people with a history of physically demanding work or who are no longer able to work due to declining health
<b>Beneficiaries with Higher Income in Retirement</b>	Reduce benefits for higher earners (beneficiaries with >\$60K/\$120K in non-Social Security income in retirement)

# Trade-Off Analysis

## The Preferred Package

- Preferred to the status quo by 82% of respondents
- Strong majority support across party lines, income, education, generational divides

### Support for the Preferred Package of Policy Options in Trade-Off Analysis



The Preferred Package included the most popular policies within each category. These results show the percent selecting this package when compared to 'No Changes'.

# Trade-Off

## Analysis

Certain changes have a strong impact on package's appeal

### Changes that strongly *increase* package appeal:

- Applying payroll tax on earnings over \$400,000 that are taxed for Social Security
- Gradually increasing the Social Security tax rate from 6.2 percent to 7.2 percent
- Keeping Social Security's full retirement age at 67 instead of raising it further

### Changes that strongly *decrease* package appeal:

- Not changing the tax cap.
- Decreasing the cost-of-living adjustment by basing it on a different calculation that increases the amount more slowly than the current method.
- Increasing benefits by \$250 a month for all new beneficiaries.
- Increasing the full retirement age from 67 to 69.



# Views on Individual Policy Options

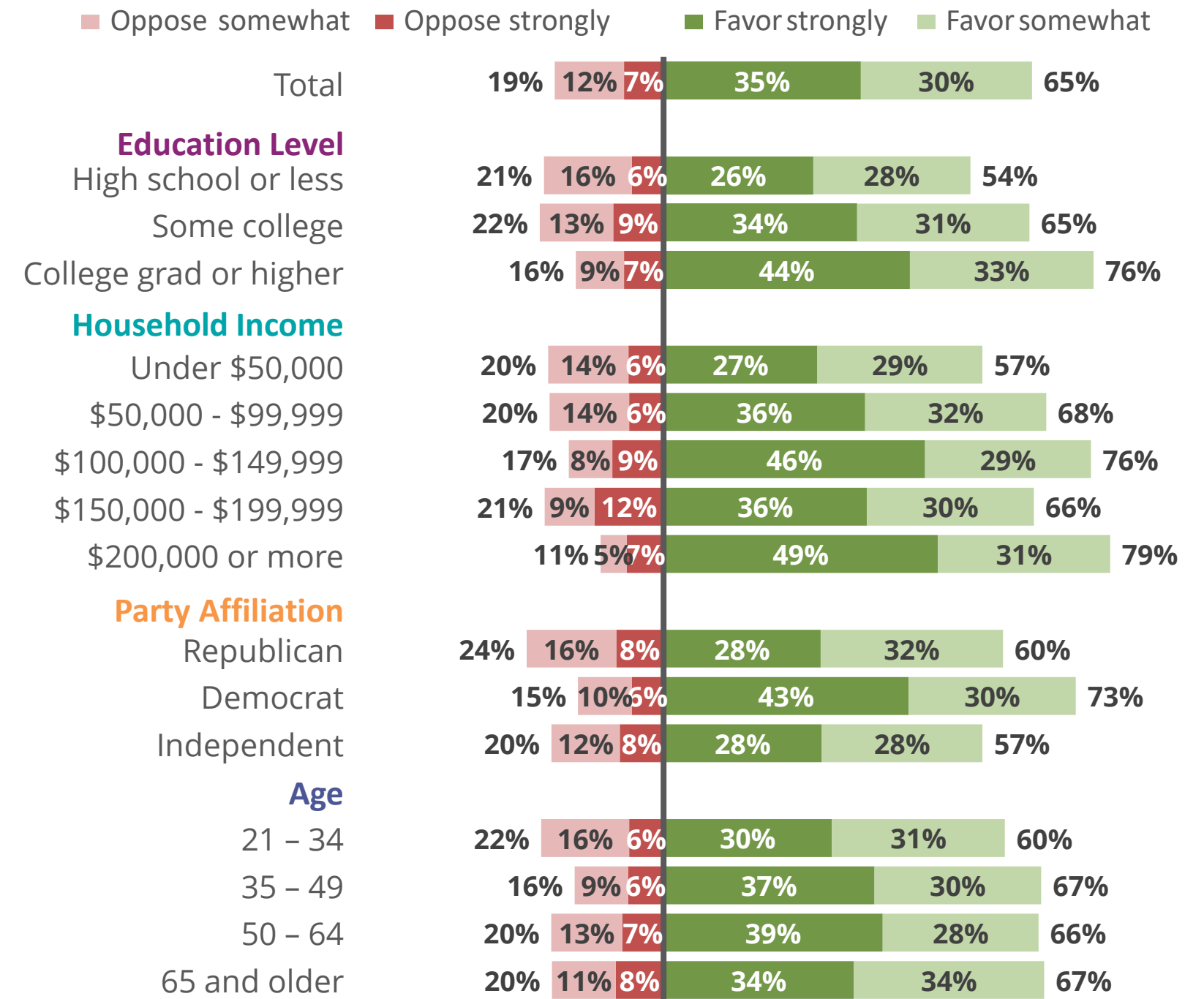


*Views on Revenue  
Options*

# Strong support for lifting cap on income >\$400K

- Two-thirds of respondents support lifting the cap on income >\$400K
- Only 1 in 5 opposed
- Strong majorities of Republicans, Democrats, Independents in support
- Favored by 79% of respondents with incomes >\$200,000

## Views on Taxing Wages over \$400,000



Currently, all workers pay Social Security taxes on their wages up to about \$168,000. Any wages earned above about \$168,000 per year are not taxed for Social Security. This proposal would maintain the current cap at about \$168,000 but have Americans with annual wages over \$400,000 start paying Social Security taxes again on wages above that amount.

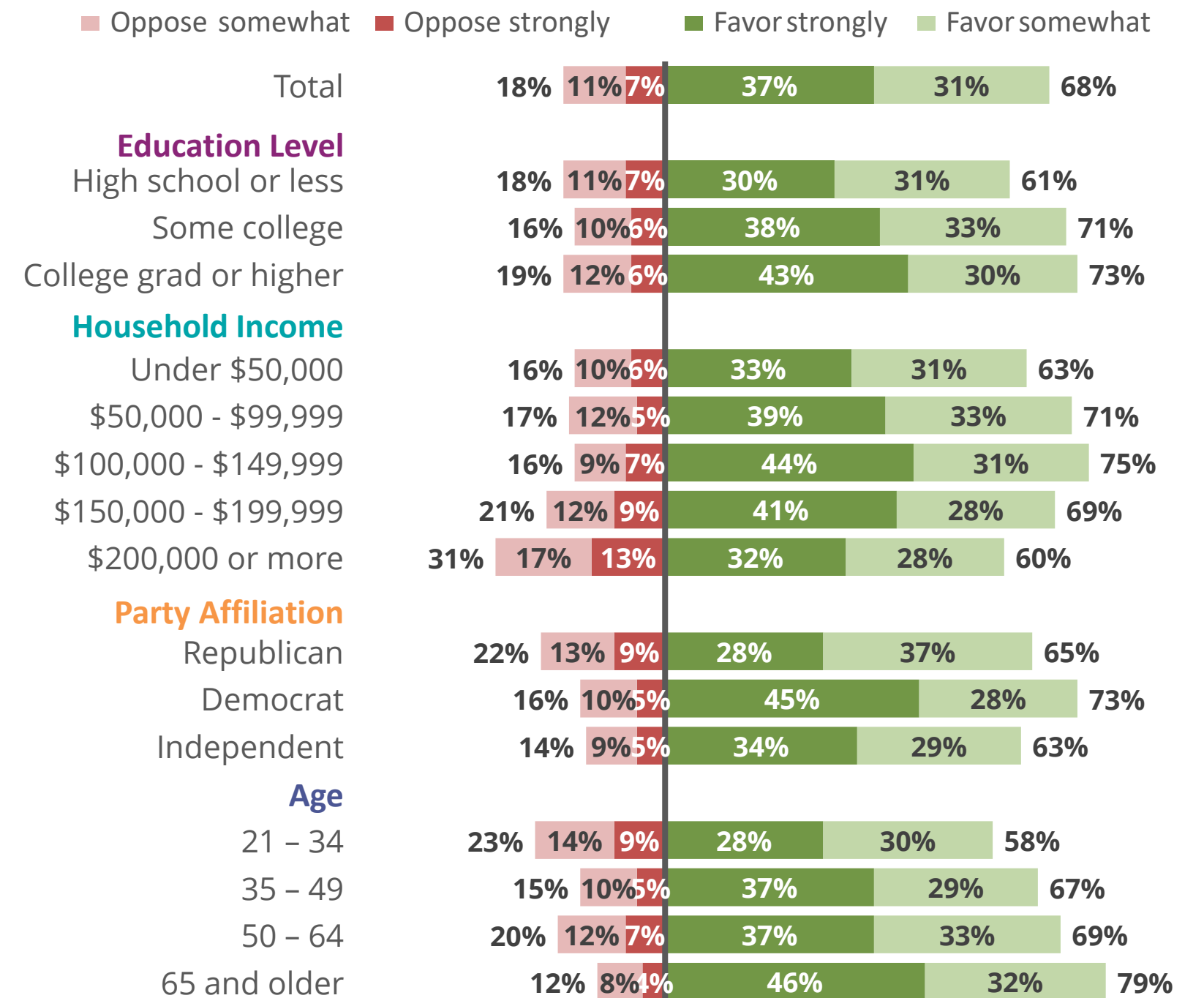
Do you favor or oppose this change?

(n=2230)

# Almost 7 in 10 favor eliminating the cap altogether

- 68% support eliminating payroll tax cap
- Fewer than 1 in 5 opposed
- Strong majorities of Republicans, Democrats, Independents in support
- Favored by 6 in 10 respondents with incomes >\$200,000

## Views on Eliminating the Payroll Tax Cap



Currently, all workers pay Social Security taxes on their wages up to about \$168,000 per year. This proposal would gradually eliminate the limit altogether so that by 2030, all workers would pay Social Security taxes on all of their wages.

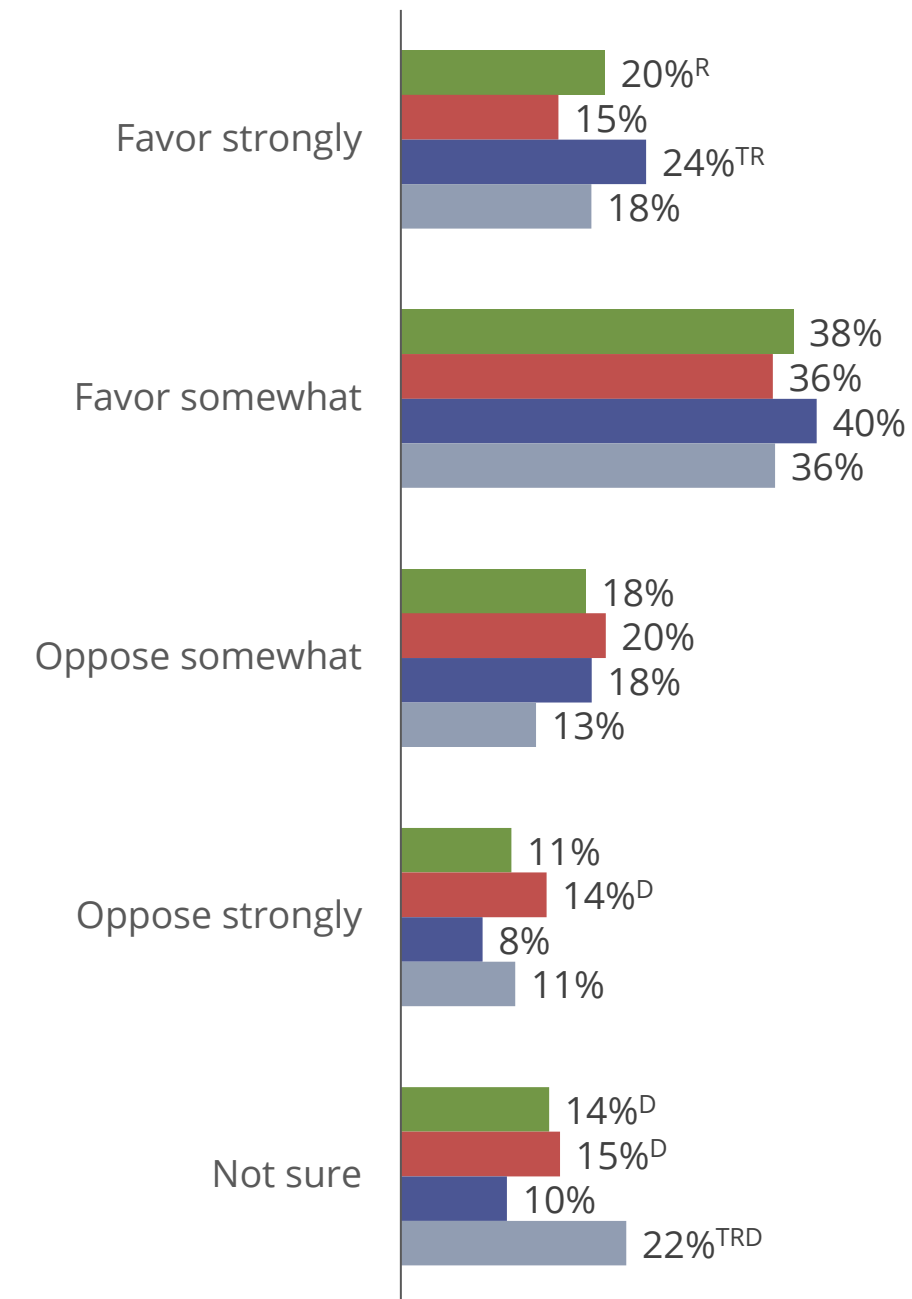
Do you favor or oppose this change?  
(n=2224)

# Most favor gradually increasing tax rate to 7.2%

- Nearly 6 in 10 favor increasing the payroll tax rate from 6.2% to 7.2%
- Majority support among Republicans, Democrats, Independents

## Proposal to Increase Wage Tax Rate to 7.2%

■ Total ■ Republican ■ Democrat ■ Independent



**Net: Favor**  
**57%<sup>R</sup> Total**  
**51% Repub.**  
**64%<sup>TR</sup> Dem.**  
**54% Ind.**

**Net: Oppose**  
**28% Total**  
**34%<sup>TDI</sup> Repub.**  
**26% Dem.**  
**24% Ind.**

Workers currently pay 6.2% of their wages to Social Security, and their employers pay the same share for a total of 12.4%. This proposal would gradually raise the rate until it hits 7.2% for workers and the same amount for employers.

Do you favor or oppose this change?

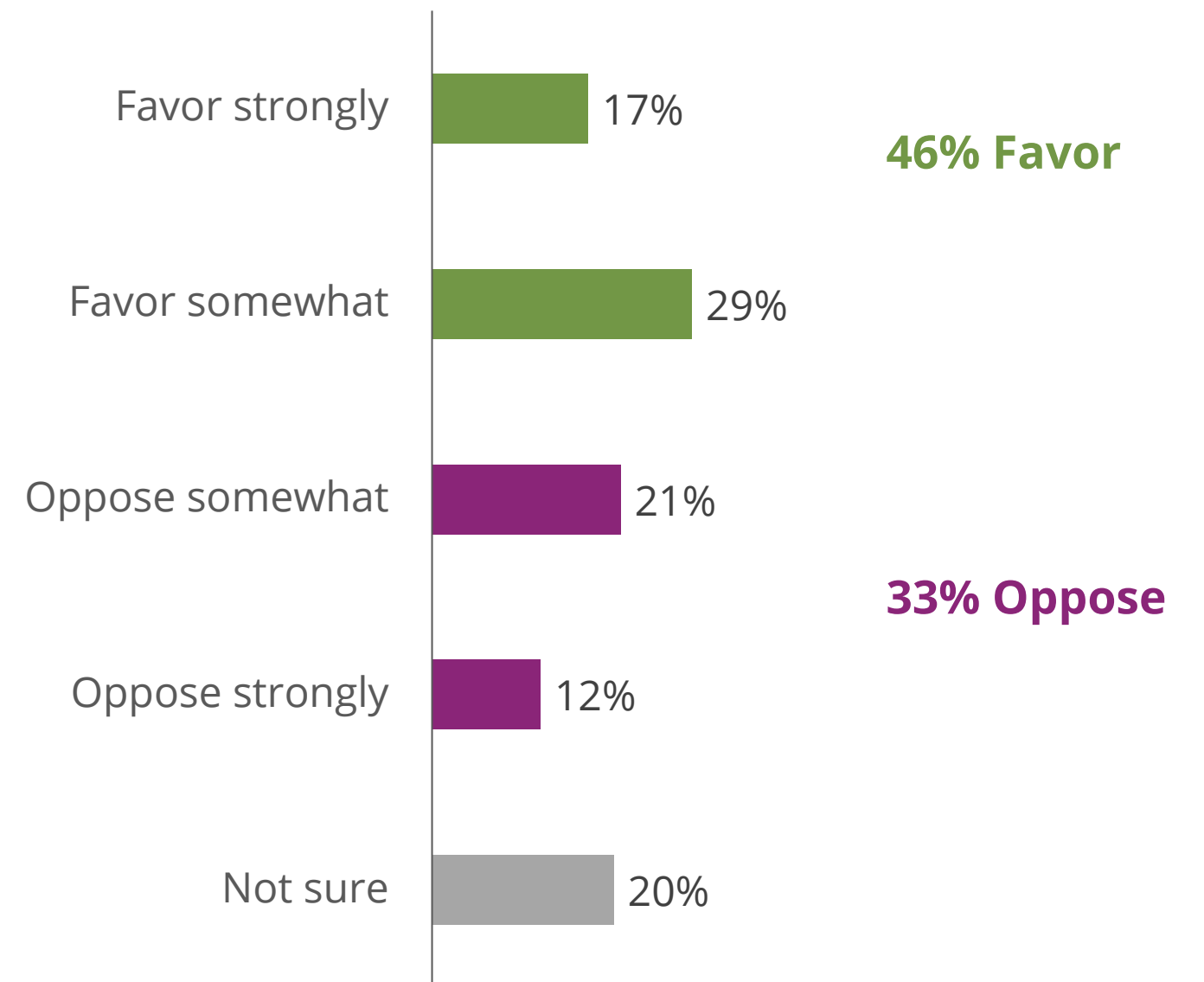
(n=2225)

<sup>TRDI</sup> indicates significant difference at the 95% confidence level

# A plurality support eliminating tax on high earners

- 1 in 6 strongly favor eliminating the tax
- In all, almost half support this
- 1 in 3 oppose the elimination of the tax, including 1 in 8 who strongly oppose
- 1 in 5 are not sure

## Proposal to Eliminate Tax on Benefits for Higher Earners



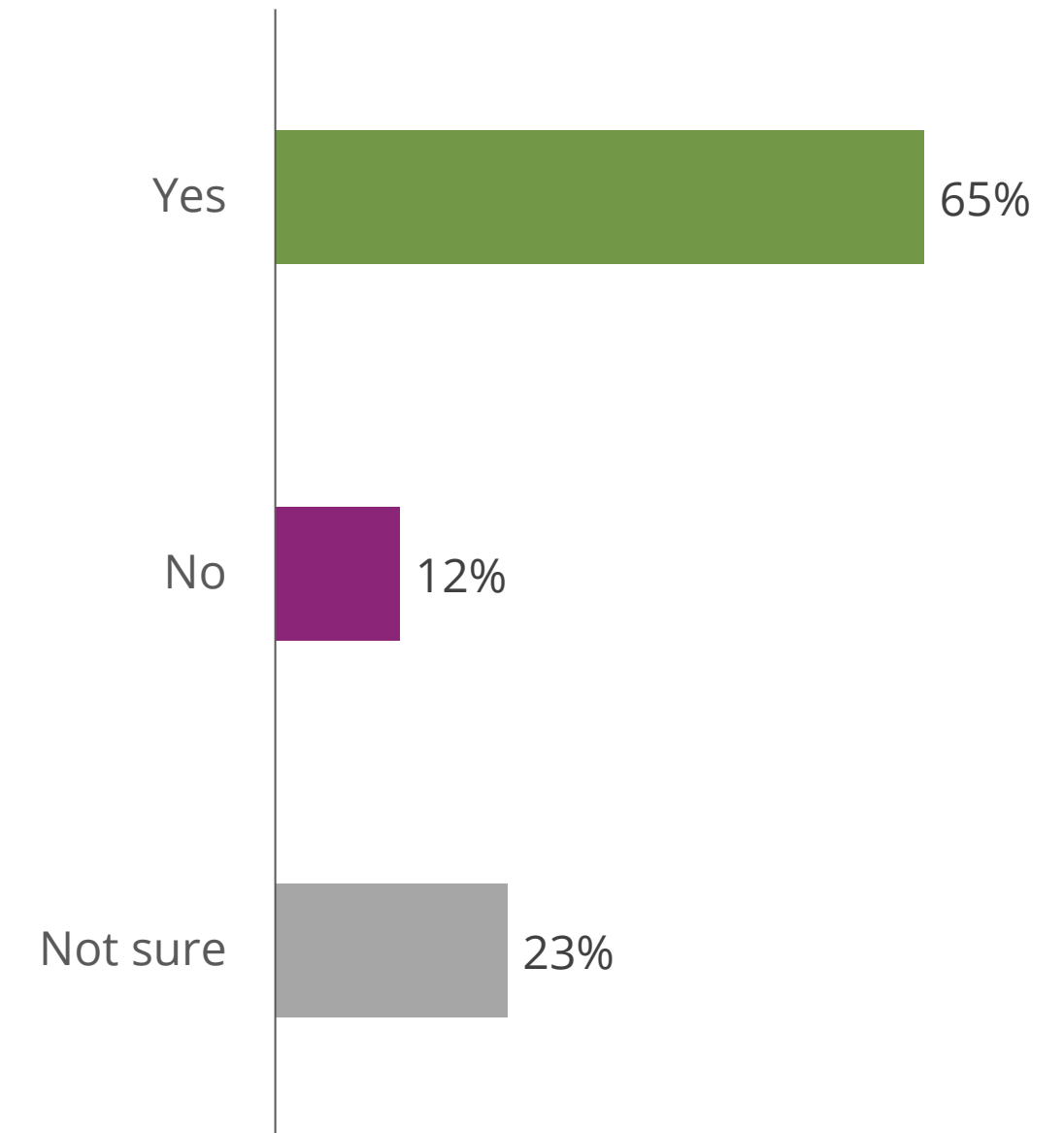
Some of the money used to fund Social Security comes from taxing a portion of the Social Security benefits paid to the beneficiaries who earn above a certain amount of money from work, investments and other sources outside of Social Security. About 40% of Social Security beneficiaries earn more than this minimum and pay a tax on their Social Security benefits. This proposal would eliminate this tax.

Do you favor or oppose this change?  
(n=2227)

# 2 in 3 support government funds for Social Security

- Only 1 in 8 oppose use of government funds to improve Social Security finances
- 1 in 4 are not sure

**Should Government Re-Route Funds from Other Sources to Improve Social Security's Finances?**



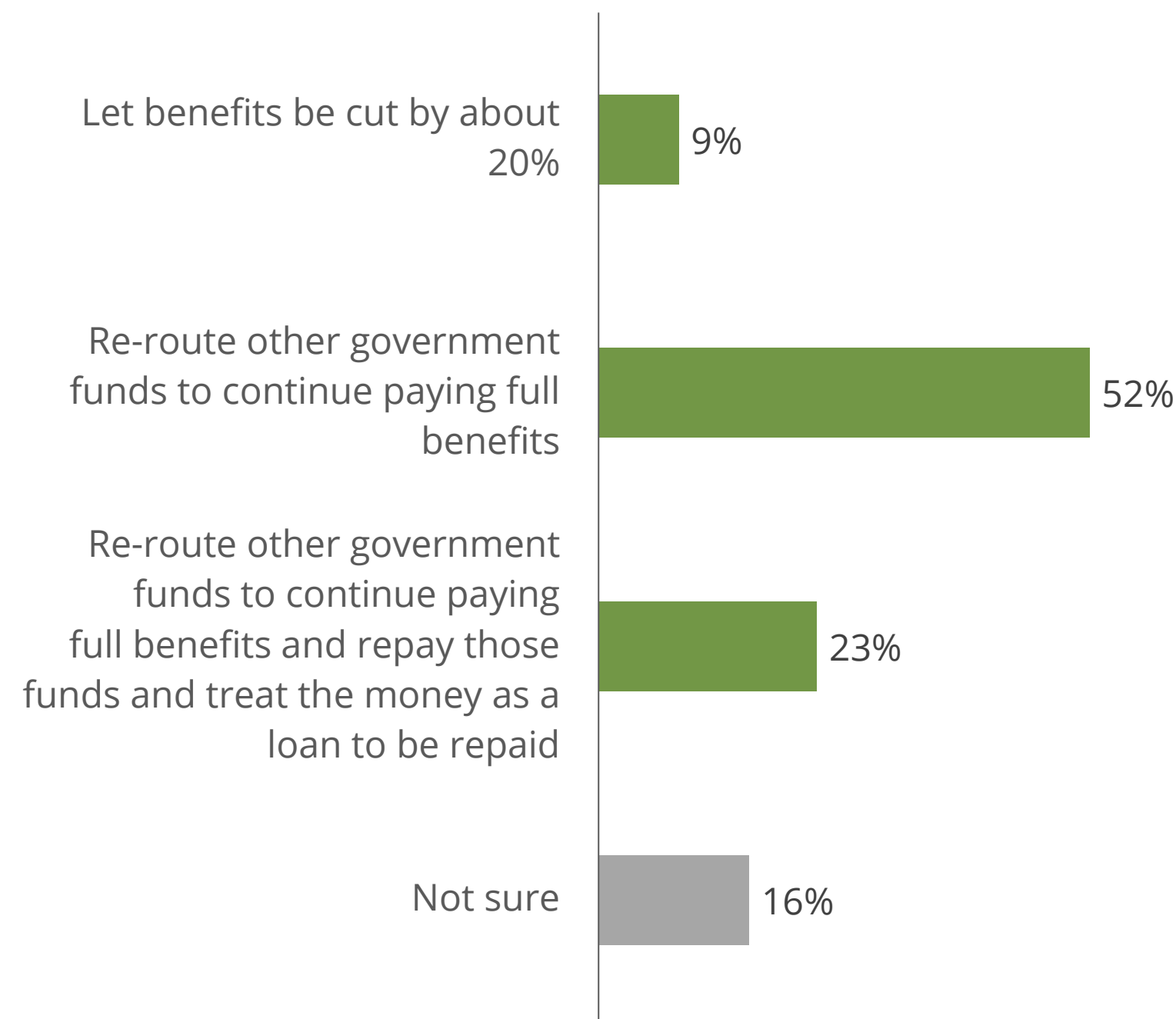
Some proposals would improve Social Security's finances by re-routing funds from other sources of federal tax revenues. Do you believe that re-routing funds from other sources of federal tax revenues should be used to fund Social Security?

(n=2227)

# For repayment options, 3 in 4 support using government funds

- Half prefer re-routing government funds with no repayment provision
- 1 in 4 support re-routing government funds, with provision for repayment of this money
- Only 1 in 11 prefer cutting benefits by 20% if Trust Fund runs out
- 1 in 6 are unsure

## What Should Be Done if No Changes Made by 2034



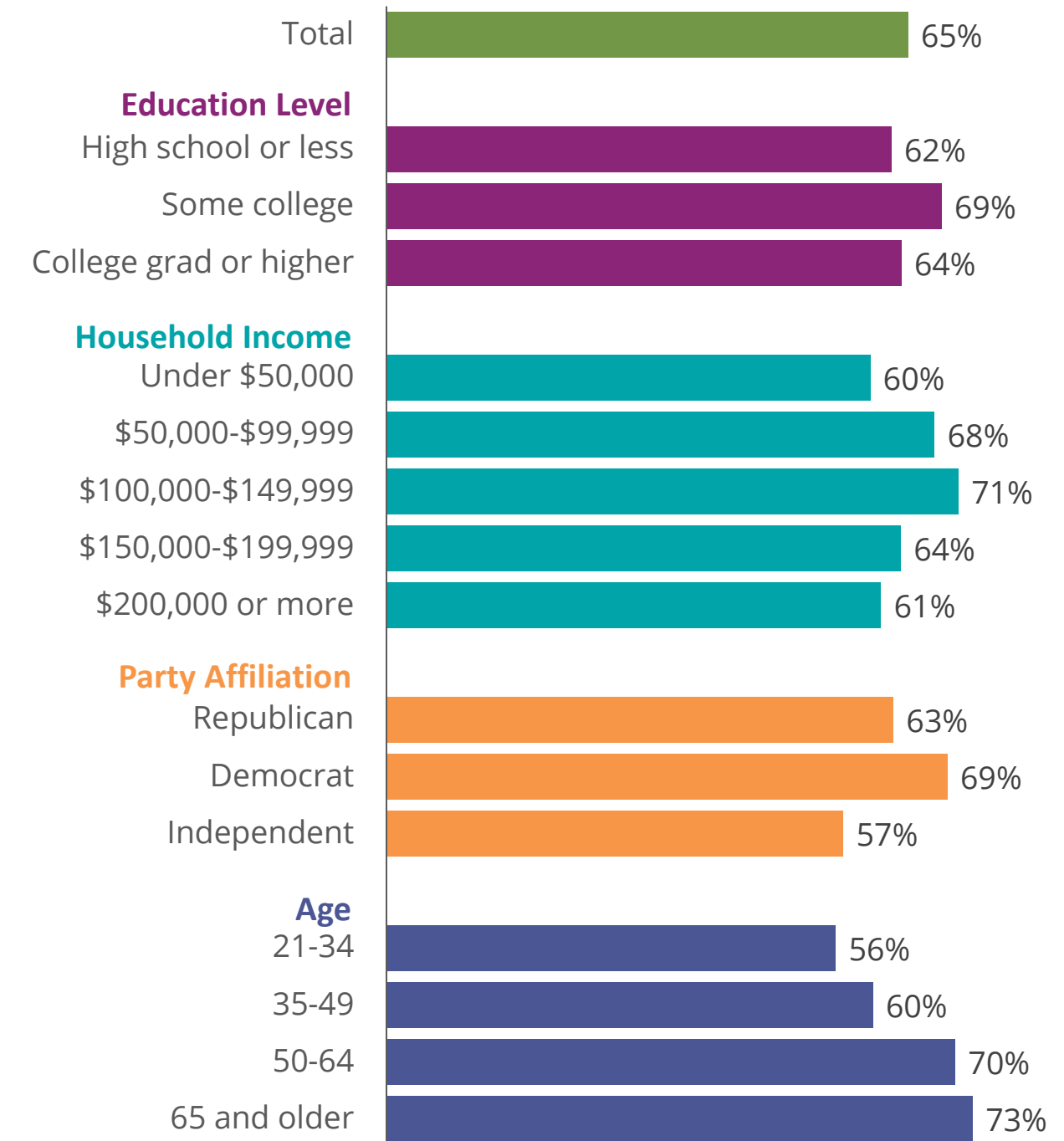
If no changes are made to Social Security by 2034, Social Security would only be able to pay about 80% of scheduled benefits. If policymakers arrive at a deal to solve the program's finances, but the changes will not take effect soon enough to prevent benefit cuts, which one of the following comes closest to what you think should be done?

(n=2219)

# Strong support for funding Social Security with new revenue sources

- Nearly 2 in 3 support funding Social Security with other sources of federal revenues
- Strong majorities of Republicans, Democrats, Independents
- **In order of preference (most to least):**
  - *Estate taxes*
  - *General revenues*
  - *Carbon taxes*
  - *Capital gains*
  - *Tax on employee benefits*

## Support for Funding Social Security with Other Federal Revenue Sources



Some proposals would improve Social Security's finances by re-routing funds from other sources of federal tax revenues. Do you believe that re-routing funds from other sources of federal tax revenues should be used to fund Social Security?

(n=2227)

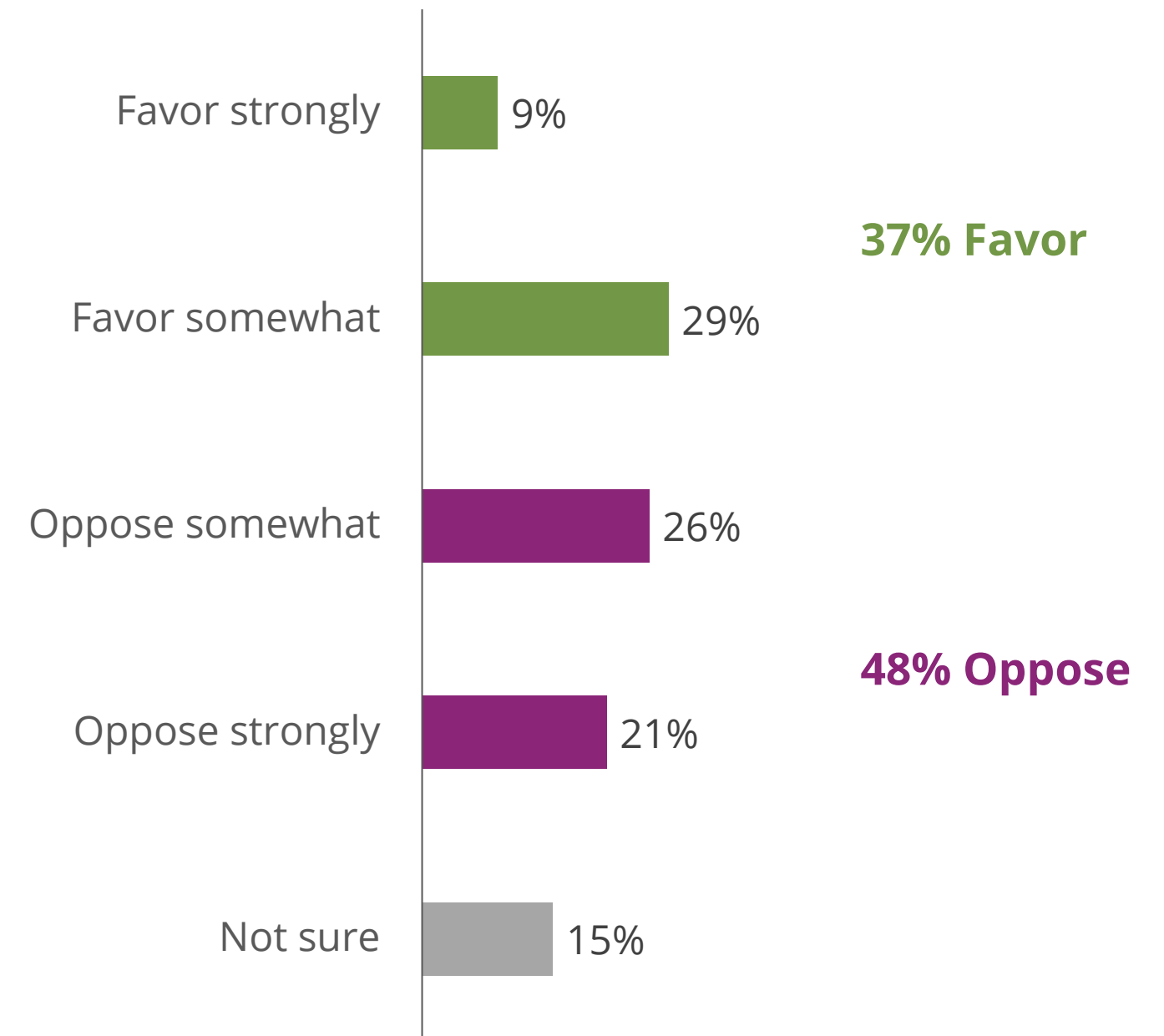


*Views on Benefit  
Reductions*

# Americans do not favor raising the retirement age

- Only 9% strongly favor further raising the retirement age while twice as many are strongly opposed
- Overall, almost half are opposed to this change

## Proposal to Raise the Age to Fully Claim Social Security Benefits



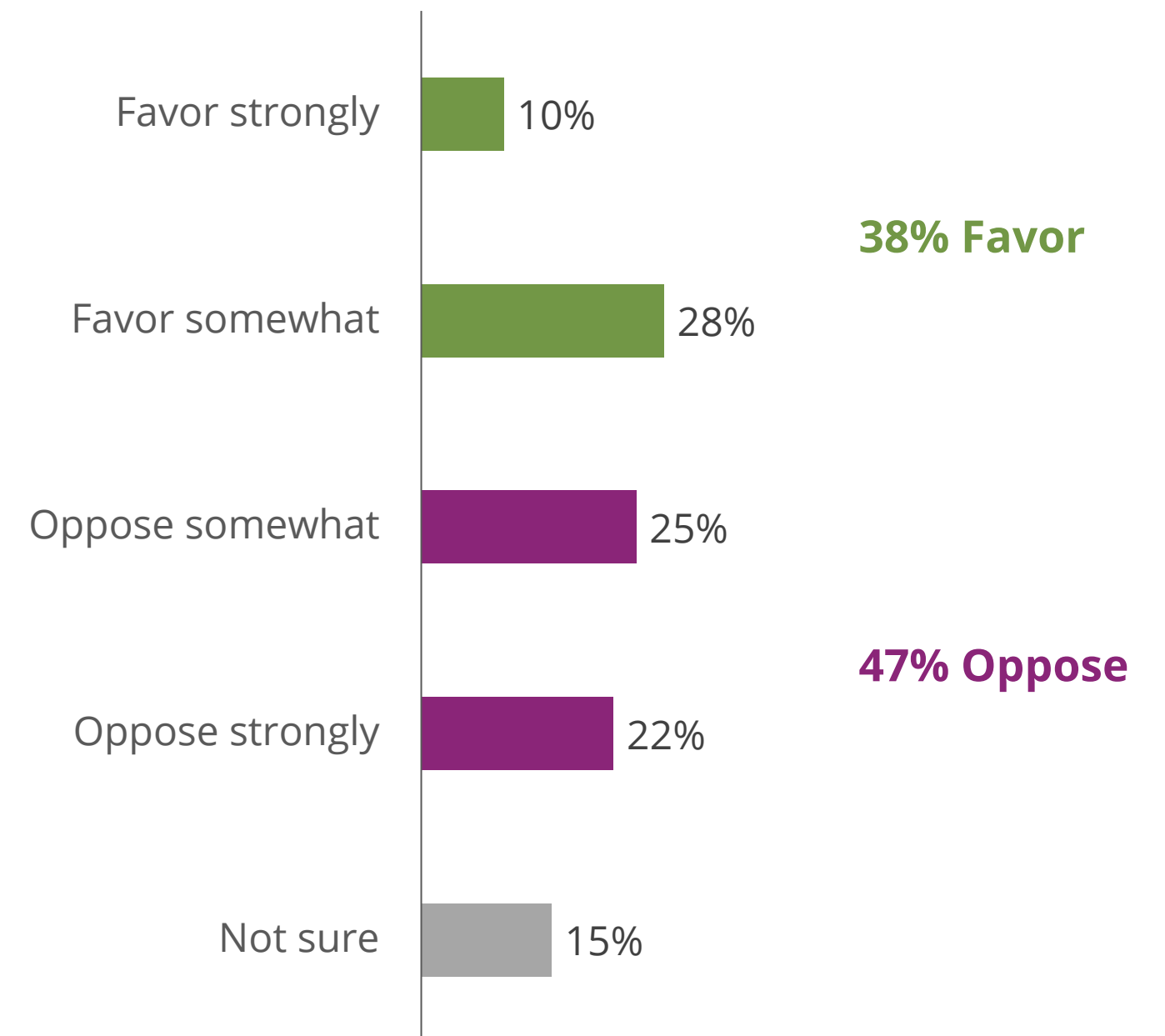
Currently, the age required to get full Social Security retirement benefits is 67. People can claim reduced benefits as early as 62. Under this proposal, the age required to get full Social Security retirement benefits would be increased to 68. People can still claim as early as 62, but their benefits would be reduced from the current level no matter what age they claim benefits because of the higher age required to receive unreduced benefits. To receive the same amount of benefits available today, a person would need to wait an additional year to claim benefits. Do you favor or oppose this change?

(n=2230)

# Americans not in favor of slower COLA

- Only 1 in 10 strongly favor slowing COLAs while 2 in 10 strongly oppose this
- Overall, almost half are against this change
- 15% are not sure

## Proposal to Gradually Slow Down the Annual Cost-of-Living Adjustment Increase



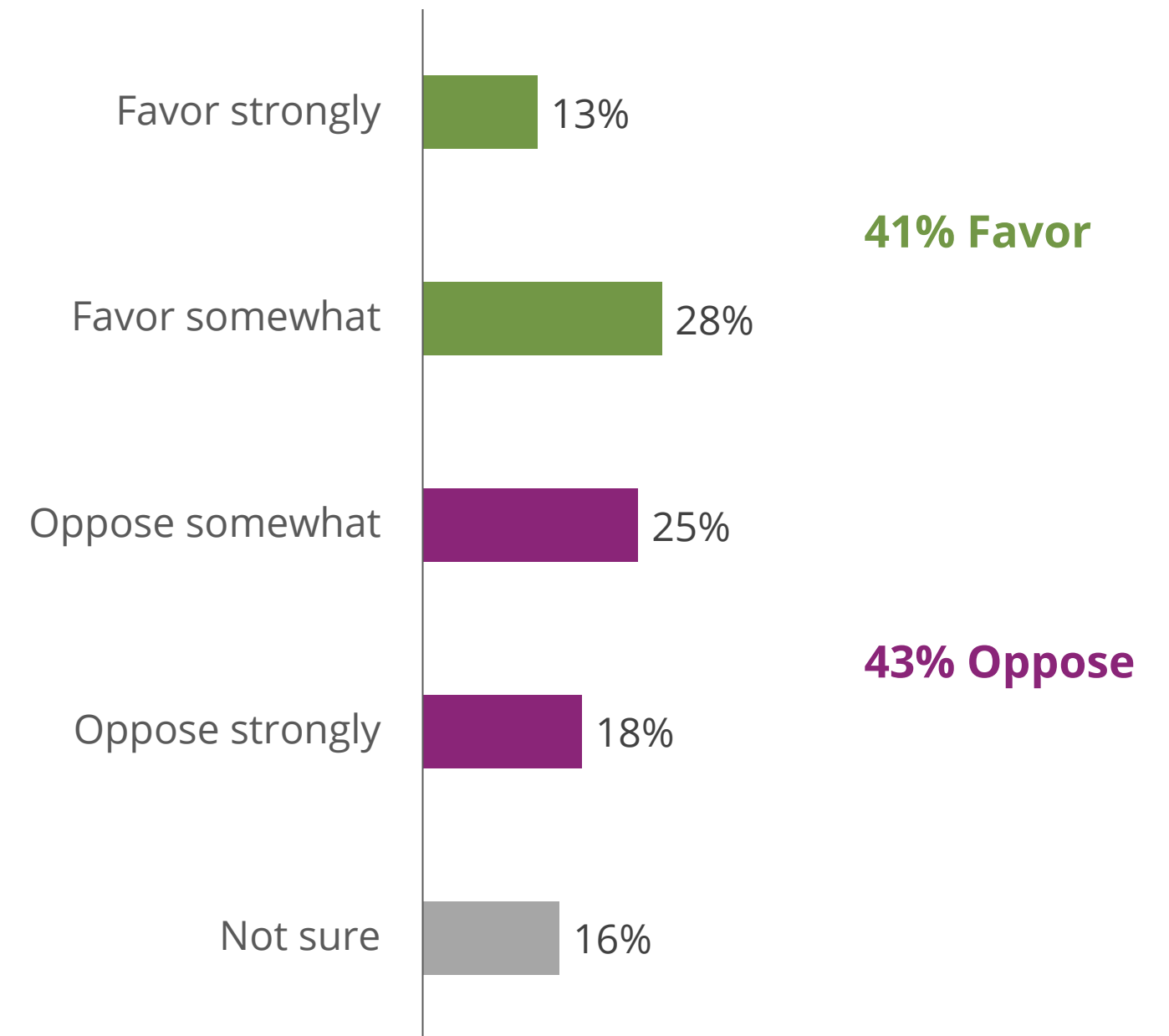
Social Security's annual Cost-of-Living Adjustment (COLA) benefits to keep up with inflation. This proposal would gradually slow down the rate of increase. The impact would grow over time.  
Do you favor or oppose this change?

(n=2228)

# Split reaction to reducing benefits for those with higher incomes in retirement

- 41% favor reducing benefits to those with retirement incomes > \$60K/\$120K outside of Social Security benefits
- Nearly identical share of respondents opposed
- 1 in 6 are not sure

## Proposal to Reduce Benefits to Those Earning Higher Earnings Other Than Social Security



The next proposal would reduce Social Security benefits for new recipients. Individuals who earn over \$60,000 a year and married couples earning over \$120,000 a year (other than Social Security benefits) would have their benefits reduced. The higher their earnings, the more their benefits would be reduced. The highest reduction would be a 50% reduction in Social Security benefits for individuals earning more than \$180,000 and married couples earning more than \$360,000.

Do you favor or oppose this change?

(n=2235)

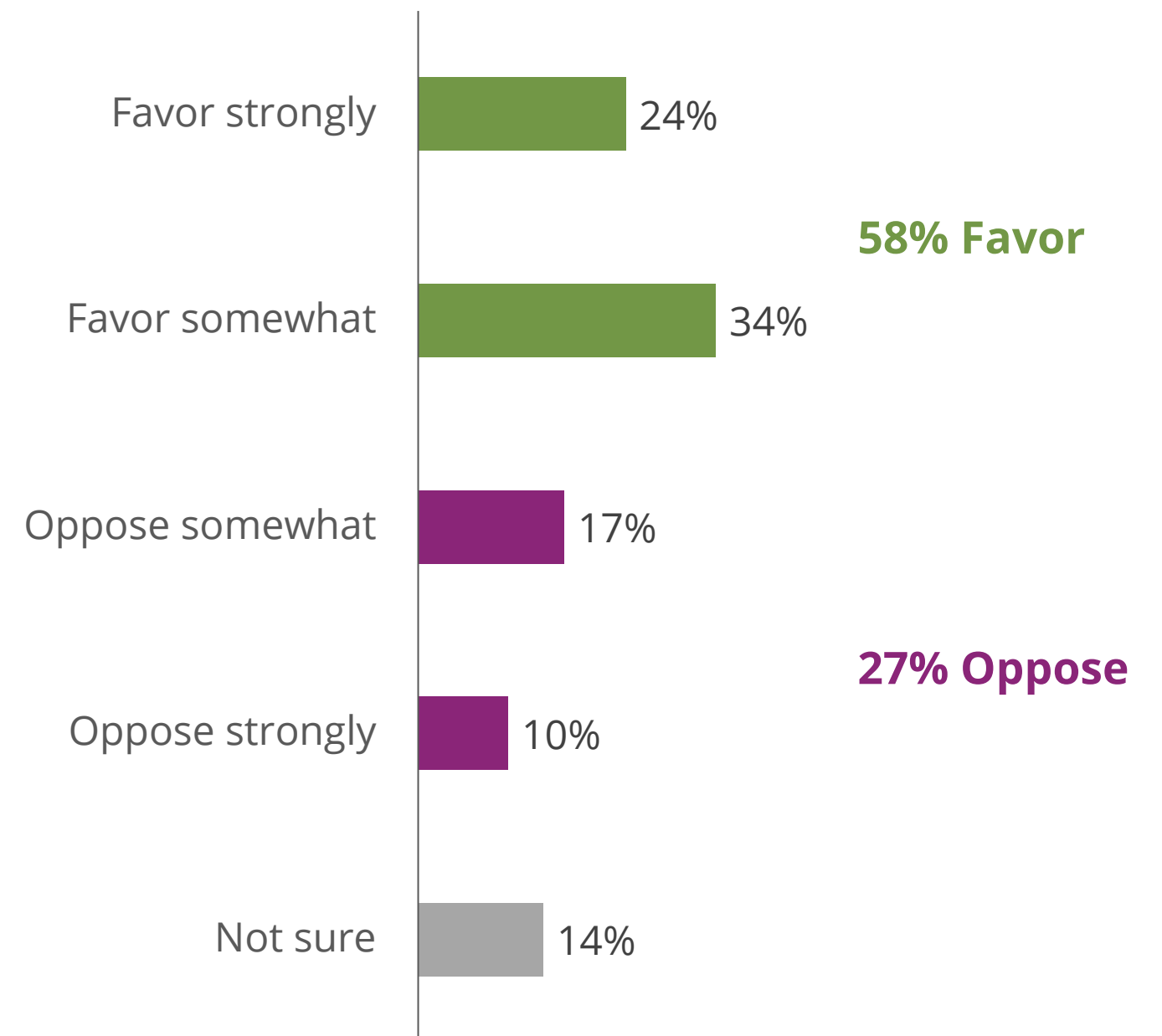


*Views on Benefit  
Improvements*

# Most support caregiver credit

- 3 in 5 favor work credit for those taking care of children
- 1 in 4 oppose this
- More than two times as many favor strongly as oppose strongly

## Proposal to Provide Credit for Parents Who Earned Little to Nothing Raising a Child Under 6



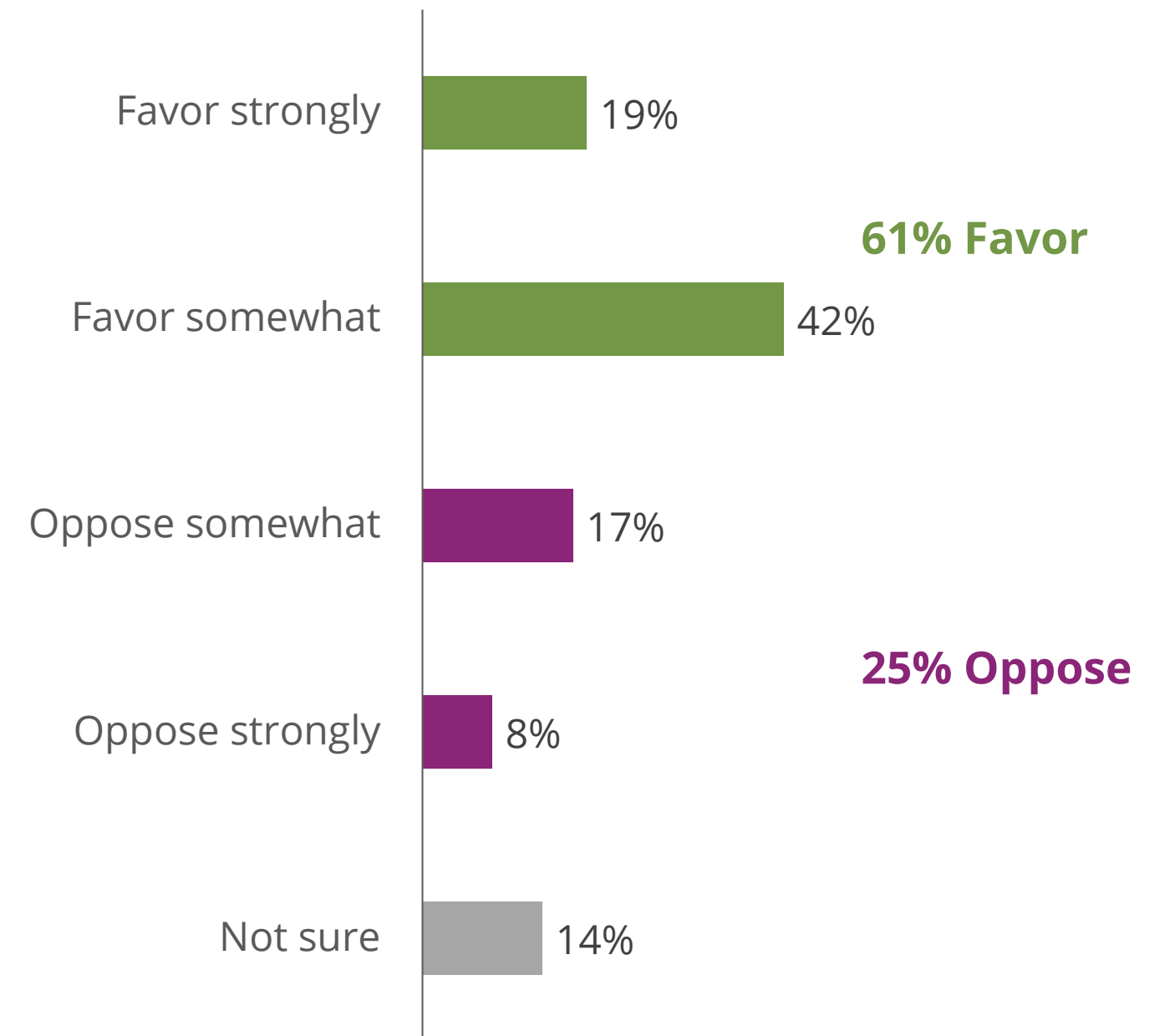
Some parents of young children take time out of the workforce to take care of their children. As a result, they could face a smaller Social Security benefit in retirement. This proposal would provide a credit to increase Social Security benefits for parents who earned little or nothing while raising a child under age 6. Do you favor or oppose this change?

(n=2234)

# Most favor bridge benefit for those in physically demanding jobs

- More than twice as many favor than oppose this proposal
- Only 1 in 4 oppose including only 1 in 12 who strongly oppose

**Proposal to Reduce Penalty of Claiming Early for Those in Physically Demanding Jobs**



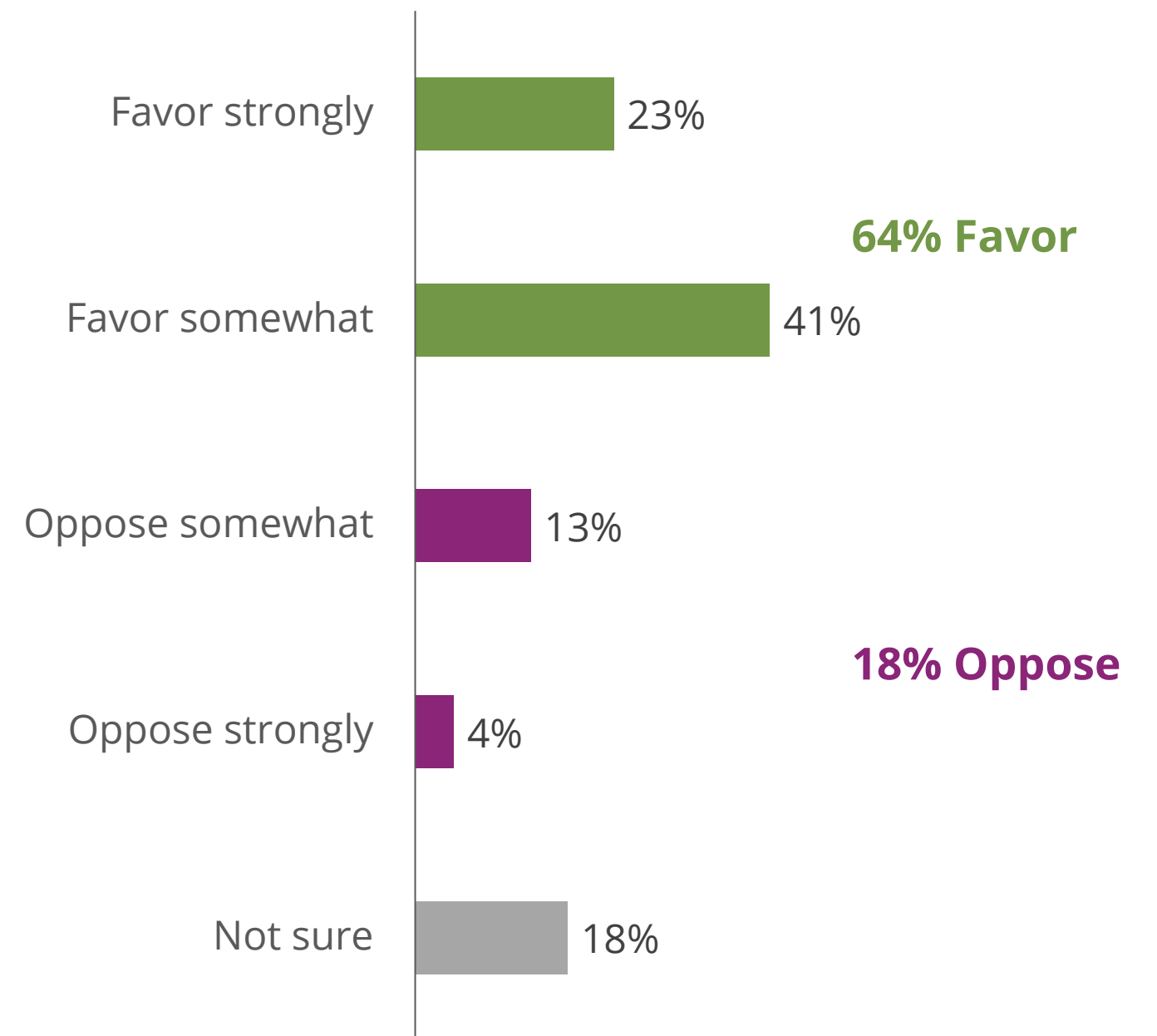
Currently, the age required to get full Social Security retirement benefits is 67. People can claim benefits as early as 62 but will receive reduced benefits if they do so. This proposal would create an exception for people with a history of physically demanding work or who are no longer able to do their current jobs due to declining health. These workers would still face reduced benefits if they claimed before age 67, but the reduction would not be as large. Do you favor or oppose this change?

(n=2233)

# Strong support for increasing COLAs

- 2 in 3 favor increasing COLAs
- Only 1 in 5 oppose this, including 1 in 25 who oppose strongly

## Proposal to Increase Cost-of-Living Adjustment Based on Spending Patterns of Older Americans



Social Security's annual Cost-of-Living Adjustment (COLA) increases benefits to keep up with inflation. This proposal would gradually increase the Social Security cost of living adjustment (COLA) by basing it on the spending patterns of older Americans, which differs from the spending patterns of those younger. For example, older Americans tend to spend more of their income on medical care, which tends to increase in cost more than average costs.

Do you favor or oppose this change?

(n=2225)