Plymouth Institute for Free Enterprise

Enact Comprehensive Social Security Reform

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ADVANCING AMERICAN FREEDOM

TOPLINE: Congress should enact comprehensive Social Security Reform to avoid large-scale tax increases, benefit cuts to those most in need, and a painful fiscal crisis.

BACKGROUND: At 12.4% of workers' earnings, Social Security is the biggest tax most Americans pay. This was not the original intent of the program. Social Security started as a 2% tax and promised to never take more than 6%. Maintaining current benefit levels would require a nearly 5 percentage point payroll tax increase, to 17.3%. Paradoxically, a program that was designed to prevent younger workers from bearing the financial burden of providing for the welfare of impoverished older Americans is today requiring younger workers to pay not just for welfare for the elderly, but for golf greens fees and cruises for America's wealthiest generation of retirees to date. Meanwhile, failure to address Social Security and the federal government's unsustainable debt and deficits threaten a fiscal crisis that would make current affordability struggles pale in comparison to the pain that would come. Enacting reform now could stave off a fiscal crisis, prevent massive tax hikes or indiscriminate benefit cuts, and improve Social Security's bang-for-its-buck.

Action Items (Congress):

- Immediately pass legislation to **begin gradual reforms that would keep Social Security solvent for the long run without tax hikes**.
  - This should include gradually shifting toward a **universal benefit structure**, **indexing the retirement age to life expectancy**, using a **more accurate inflation measure**, and **modernizing benefits**.

How It Would Make Life More Affordable:

- By enacting reform now, policymakers can prevent large benefit cuts for lower- and middle-income earners. Without reform, the average Social Security recipient will lose $5,300 per year in benefits beginning in 2032.
- By preventing tax hikes necessary to maintain the current system, policymakers could save a typical household with $84,000 in annual income from having to pay $4,100 more—and $14,500 total—per year in Social Security taxes.

Related Legislation: Social Security Reform Act of 2016 (H.R. 6489 [114th Congr.]); Bipartisan Social Security Commission Act of 2026 (H.R. 9187); Protecting Retirement Opportunities and Maintaining Income Security for Everyone (PROMISE) Act (S. 4979).

BOTTOMLINE: Solving Social Security's shortfalls now would reduce the risks of a painful fiscal crisis, provide certainty for families to plan for the future, prevent massive tax hikes, and prevent scheduled benefit cuts for those most in need.