

Social Security and Florida

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Disclaimer

The views I express are mine and not necessarily those of AARP.

OVERVIEW

Social Security brief history

- Social Security Act passed in 1935, monthly payments began in 1940
- Started with retirement and survivor benefits -- disability benefits added in 1957
- Social Security is two programs – OASI and DI
- Currently, close to 70 million Social Security beneficiaries
 - Three-fourths are retired workers
 - **1960:** 1/3 of female beneficiaries were spousal-only;
Today: 16% are spousal-only
 - 6 million survivors
 - Over 8 million disabled beneficiaries

OVERVIEW - FINANCING

Overall Structure

Pay-as-you-go system

- ▶ 184 million workers contributed in 2025
- ▶ 12.4% tax on earnings up to \$184,500 (taxable maximum)
- ▶ 95% of all workers pay these taxes
- ▶ Excess revenues go into trust funds (currently \$2.7 trillion)
- ▶ Reserves started declining in 2021, depletion of combined reserves in 2034

OVERVIEW

What Makes Social Security Unique & Valuable?

- ▶ Near universal coverage
- ▶ Earned benefits based on what is paid in
- ▶ Lifetime benefits
- ▶ Inflation-adjusted benefits
- ▶ Guaranteed benefits free from market volatility
- ▶ Progressive benefit formula
- ▶ Spousal, Survivor, and Disability benefits
- ▶ 90+ year track record of success

SOCIAL SECURITY IN FLORIDA

67 counties from Alachua to Washington

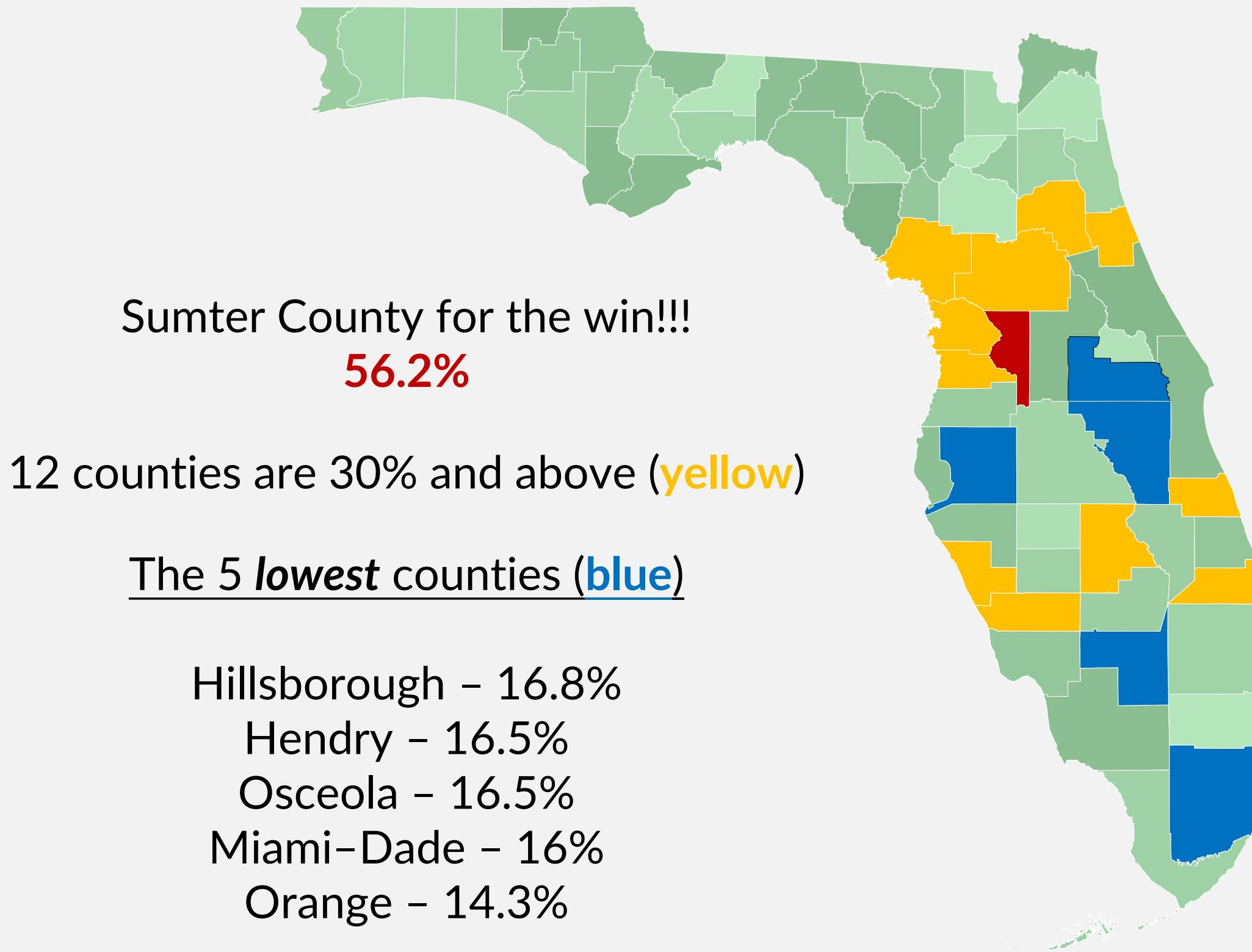
Several factors stand out:

- ▶ 22.1% of Floridians receive OASDI (U.S. average: 19.7%)
- ▶ Tied for 16th with Oregon and Missouri
- ▶ **Fun fact I:** West Virginia is #1 at 27.1%
- ▶ **Fun fact II:** California, Colorado, Alaska, Texas and Utah are the lowest 5 (under 17%)
- ▶ Within any given state, rates vary substantially
- ▶ Let's look at Florida ...



MAP OF FLORIDA COUNTIES

Beneficiaries as a percent of residents, by county



WHAT IF THERE WERE A 19% REDUCTION IN BENEFITS NOW?

► Benefits fall by \$21.7 billion in the state; \$3.7 billion in counties above 30%

County	Decline in annual benefits (\$)	Decline as a % of annual county wages	% decline in county wages in Q2 2020	% decline in county wages in Great Recession
Charlotte	362,659,080	12.0%	8.0%	10.1%
Citrus	285,604,200	16.8%	8.0%	8.3%
Flagler	207,254,280	14.6%	2.0%	5.8%
Hernando	272,206,920	10.6%	2.9%	3.5%
Highlands	154,098,360	11.2%	2.0%	0.1%
Indian River	285,123,120	8.5%	9.6%	22.5%
Levy	55,782,480	14.0%	(1.6%)	9.8%
Marion	564,274,920	9.0%	1.2%	10.8%
Martin	243,934,920	5.4%	5.7%	13.1%
Putnam	87,834,720	9.8%	0.8%	2.4%
Sarasota	761,729,760	6.2%	12.3%	16.6%
Sumter	422,661,840	18.1%	3.2%	21.3%
County average reduction		11.4%	4.5%	10.4%

IMPORTANT FOR CONGRESS TO ACT

The clock is ticking ...

Remember, trust fund depletion in 2034

- ▶ Many options to raise revenues and/or reduce expenditures
- ▶ Two time frames: short-range and long-range
- ▶ Social Security is more than just retired worker benefits
- ▶ Intergenerational impacts
- ▶ Need to keep adequacy impacts in mind
- ▶ Gradual phase-ins are usually better
- ▶ Are there ways to improve the program?

Thanks for your time!

