

The Options Game: **Your Guide to the Debate**

POSSIBLE CHANGES	ESTIMATED REDUCTION IN SHORTFALL	WHAT PROPONENTS SAY	WHAT CRITICS SAY
Revenue raisers			
1. Raise the cap to 90% of taxable earnings	Approximately 43%	Affects only 6% of taxpayers. Can be phased in gradually. Not a new tax, restores prior policy.	It's a tax increase for higher earners.
2. Increase payroll tax rate	100%	A gradual increase would maintain 75-year solvency.	Tax increase would adversely affect lower-wage workers.
3. Raise taxes on benefits	10%	It's fair because affluent retirees would contribute more to long-term solvency.	Unfair to higher earners.
4. Preserve tax on estates over \$3.5 million	27%	Improves tax progressivity, affects only 1/2 of 1% of all estates.	Would alter the president's tax-cutting plans.
5. Extend coverage to newly hired state and local government employees	10%	Makes Social Security universal, with all sharing obligations and benefits.	Governments and unions would resist, concerned employees would get less.
6. Invest a portion of the trust funds in indexed funds	15-45%	Would earn higher returns without major risk to the individual.	Government has no place in the stock market.
Cost trimmers			
7. Adjust the COLA	18%	Would save money by using a more accurate consumer price index.	COLA insufficient now. Unjustified benefit cut.
8. Increase normal retirement age to 70	36%	Links retirement more closely to life expectancy.	Reduces benefits. Unfair to those forced to retire early.
9. Index benefits to prices, not wages	100%	Could eliminate shortfall.	Cuts benefits drastically over time.