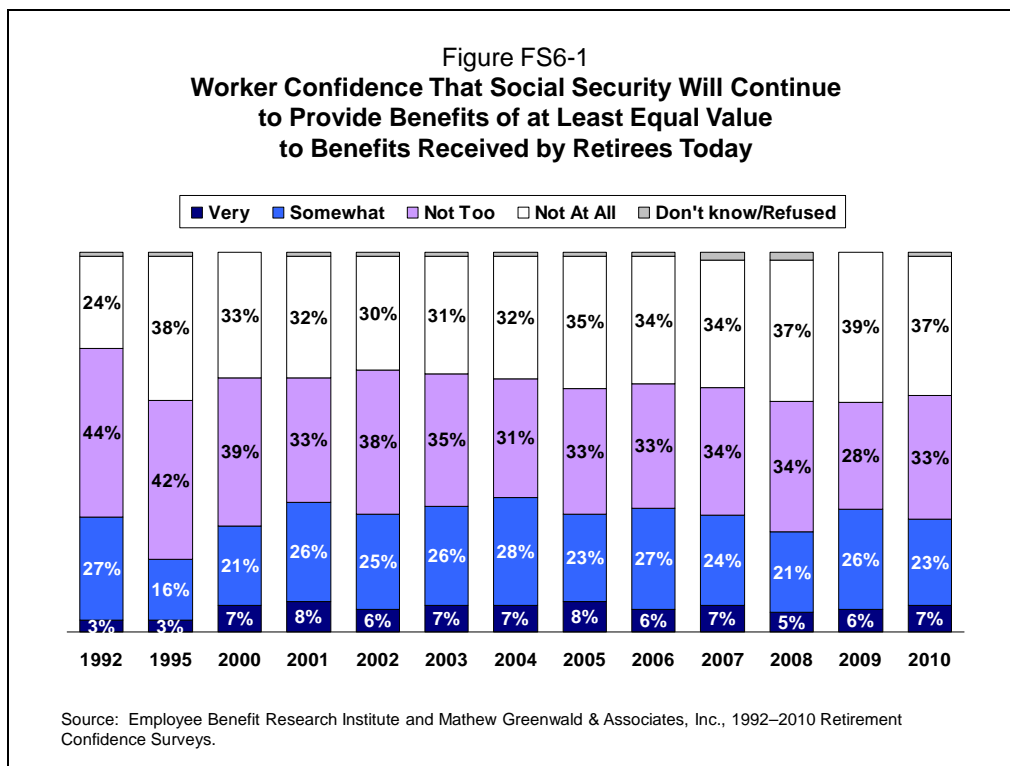


**ATTITUDES ABOUT SOCIAL SECURITY AND MEDICARE**

While worker confidence in the value of future benefits from Social Security and Medicare has remained relatively stable, retiree confidence in the value of future program benefits has gradually eroded over time. Nevertheless, Social Security remains a major source of income for many retirees, and most workers are counting on receiving at least some income from Social Security when they retire.

**Confidence in Social Security**

Seventy percent of workers are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value to the benefits retirees receive today. Skepticism about Social Security has fluctuated slightly, but remained at about the same level for most of the past decade. It remains below the level measured in 1995, when 80 percent of workers were not confident that benefit levels would be preserved (Figure FS6-1).

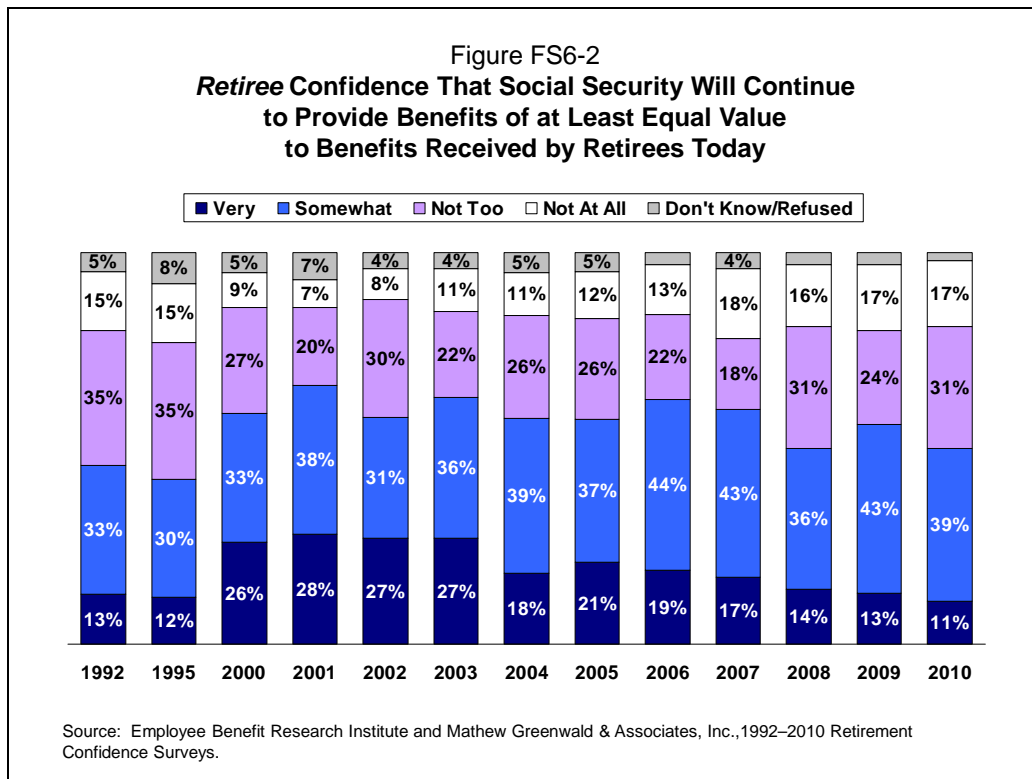


Perhaps because they are already receiving benefits and the Trust Fund depletion date is beyond most current retirees' life expectancy, retirees are more likely than workers to express confidence about the future of Social Security.

However, the share of retirees *very* confident about future benefits from Social Security has gradually decreased from a high of 28 percent in 2001 to the current level of just 11 percent.

((more))

Forty-eight percent of retirees are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value (Figure FS6-2).



### Expected Retirement Income from Social Security

Today’s workers are less likely to expect Social Security income in retirement (77 percent total *major* and *minor* source of income, down from 88 percent in 1991) than today’s retirees are to report having Social Security income (96 percent total).

Workers are also half as likely to expect Social Security to provide a major share of their income in retirement (32 percent) as retirees are to say Social Security makes up a major share of their income (68 percent). However, EBRI research found in 2008 that 60 percent of those 65 or older received at least 75 percent of their income from Social Security (see *EBRI Databook on Employee Benefits*, Chapt. 7, [www.ebri.org/pdf/publications/books/databook/DB.Chapter%2007.pdf](http://www.ebri.org/pdf/publications/books/databook/DB.Chapter%2007.pdf)).

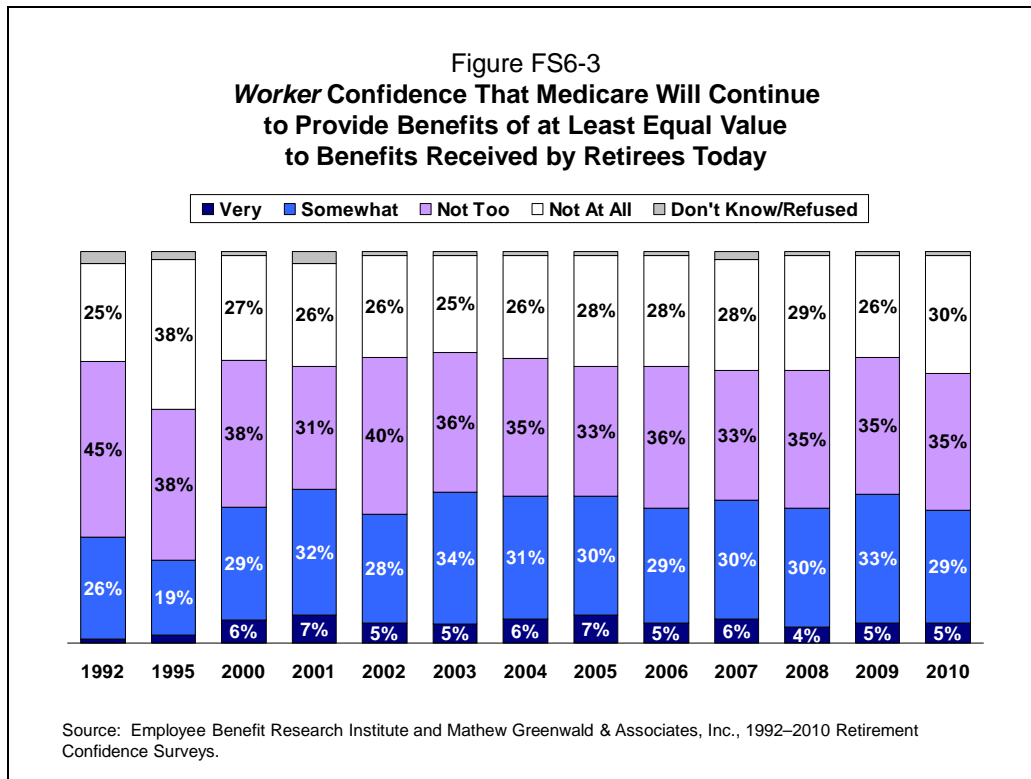
Workers who are closer to retirement are more likely to expect Social Security to be a source of income in retirement than are younger workers (92 percent of workers age 55 and older vs. 67 percent ages 25–34).

Reflecting the graduated nature of Social Security payments, workers currently earning less income correctly expect Social Security to comprise a larger proportion of their income in retirement. Forty-six percent of workers with income under \$35,000 expect Social Security to be a major source of income, compared with 17 percent of those with income of at least \$75,000.

((more))

## Confidence in Medicare

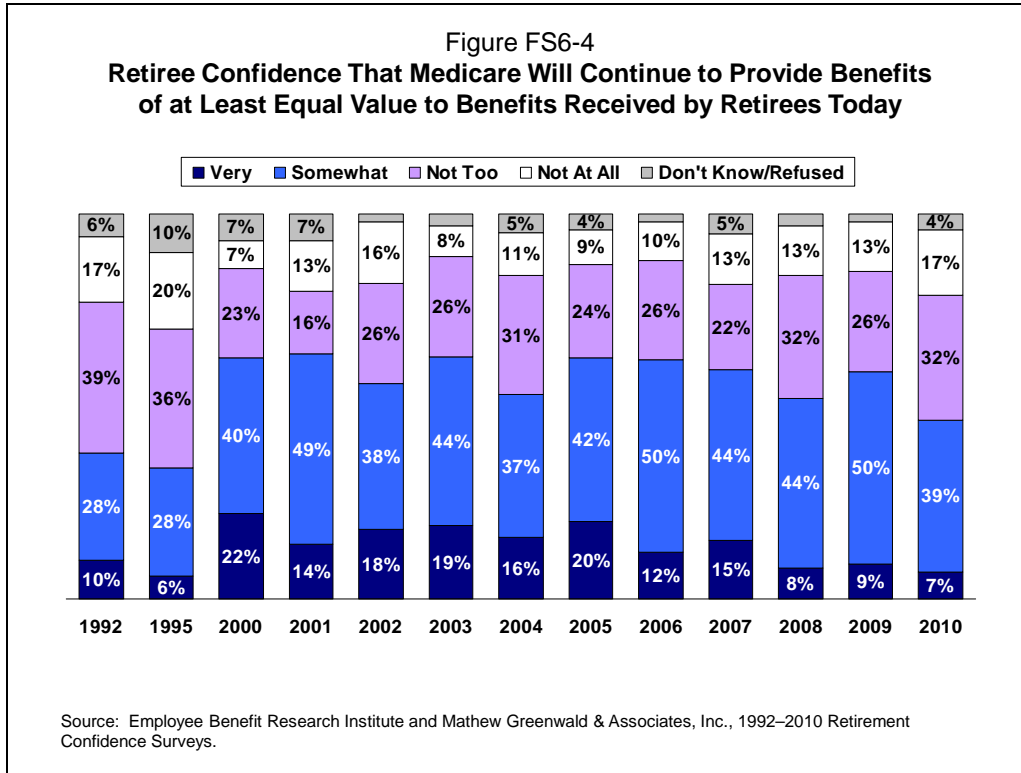
Although the financial difficulties threatening Medicare are more imminent than those facing Social Security, workers are less likely to feel uncertain about Medicare’s future. Nevertheless, 65 percent of workers are *not too* or *not at all* confident that Medicare will continue to provide benefits of at least equal value to the benefits retirees receive today. This proportion has changed little in recent years and is below levels measured in the 1990s (Figure FS6-3).



Forty-nine percent of retirees say they are *not too* or *not at all* confident in the future value of Medicare benefits, an increase from 2009 (39 percent) but statistically equivalent to the percentage measured in 2008 (45 percent).

((more))

The percentage of retirees reporting they are *very* confident (7 percent) remains well below the highs observed in 2000 (22 percent) and 2005 (20 percent) (Figure FS6-4).

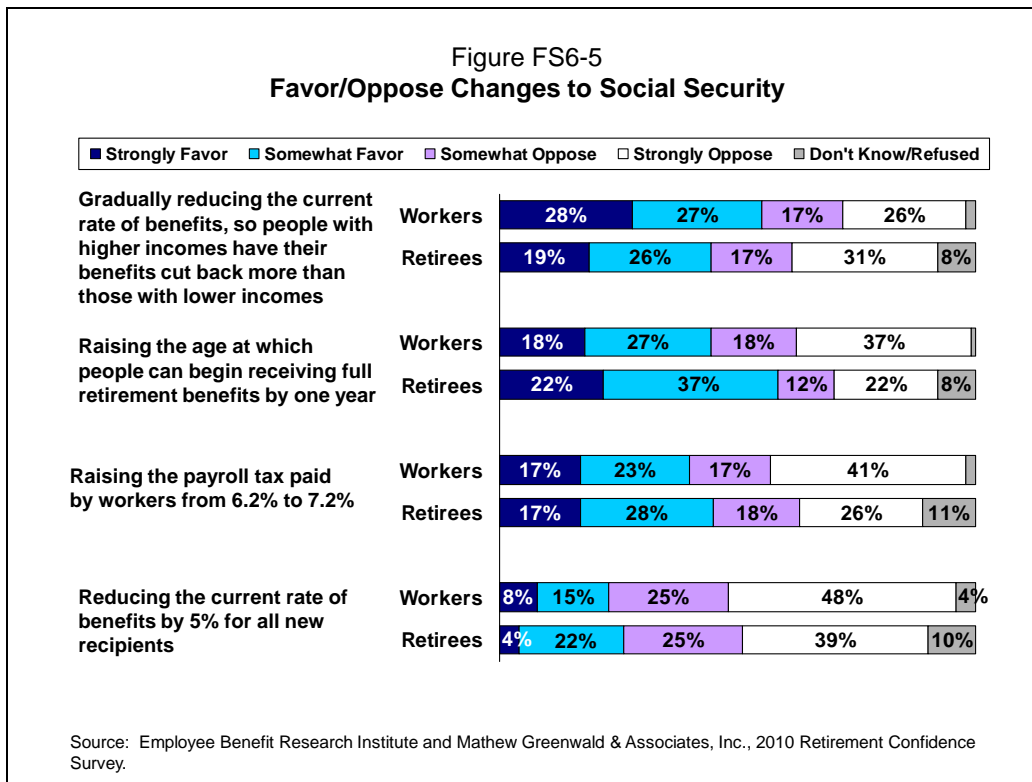


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## Fixing Social Security and Medicare

In order to resolve the financial difficulties facing Social Security, workers are most likely to favor gradually reducing the current rate of benefits, so people with higher incomes have their benefits cut back more than those with lower incomes (55 percent of workers, 45 percent of retirees). Retirees are most likely to favor raising the age at which people can begin receiving full retirement benefits by one year (45 percent of workers, 59 percent of retirees).

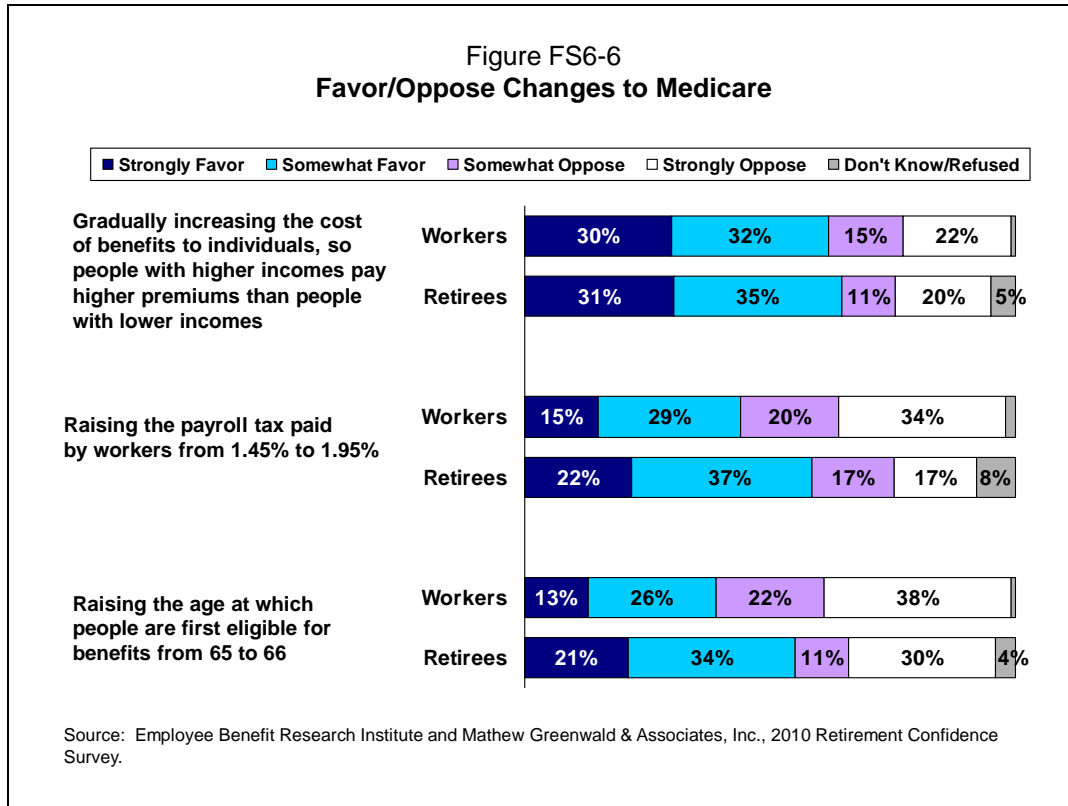
Smaller proportions would favor raising the payroll tax paid by workers from 6.2 percent to 7.2 percent (40 percent of workers, 45 percent of retirees) or reducing the current rate of benefits by 5 percent for all new recipients (23 percent of workers, 26 percent of retirees) (Figure FS6-5).



Both workers (62 percent) and retirees (66 percent) are most likely to favor resolving Medicare's financial difficulties by gradually increasing the cost of benefits to individuals, so people with higher incomes pay higher premiums than people with lower incomes.

((more))

Sizable proportions also support raising the payroll tax paid by workers from 1.45 percent to 1.95 percent (44 percent of workers, 59 percent of retirees) and raising the age at which people are first eligible for benefits from 65 to 66 (39 percent of workers, 55 percent of retirees) (Figure FS6-6).



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