

Social Security, 401(k)s, the 20-somethings, and the 50-somethings

Submitted by [lambert](#) on Wed, 02/06/2013 - 7:06pm

Departments:

[Department of Why Can't We Do That?](#) [1]

Tags:

[Social Security](#) [2]

[The Good Doctor Black](#) [3] kicks out the [jamb](#)s [4] of the [Overton Window](#) [5] on the left-hand side:

Over the past few decades, employees fortunate enough to have employer-based retirement benefits have been shifted from defined benefit plans to defined contribution plans. We are now seeing the results of that grand experiment, and they are frightening. Recent and near-retirees, the first major cohort of the 401(k) era, do not have nearly enough in retirement savings to even come close to maintaining their current lifestyles.

Yes, [Riverdaughter comments](#) [6] on 401(k)s here:

When money is tied up in some illiquid 401K that you can't get to without undergoing a hemorrhage, the only people it benefits are some testosterone poisoned fund managers and their bonus loving banks. Funny how the Obama administration and Congress are so willing to cut a break on the payroll tax but not the excise tax for withdrawing 401K benefits. It almost sounds like they were trying to undermine social security while forcing people to stay in a 401K where there is no guarantee of a return and much, much more risk, tying up those funds for decades to come. Now, why would they do that?? I only ask.

Back to Dr. Black:

There are good proposals out there for improving the private aspect of our retirement system. ... But none of these ideas will help people who are nearing retirement. Only the possibility of several decades of compound returns make the personal financing of retirement a realistic idea for most people; those with only a few working years left cannot benefit from this. Absent an unexpected windfall, such as lottery winnings or inheritances, most 60-year-olds lack any capacity to significantly increase their

savings.

Even if we do find ways to improve the framework for self-funding retirement, how, exactly, do we expect younger workers, who might benefit from these improvements, to start saving significantly for their retirement? Soaring tuition and fees at universities, combined with the associated soaring student loan borrowing, have led many people to start their working lives already deeply in debt.

We need an across the board increase in Social Security retirement benefits of 20% or more. We need it to happen right now, even if that means raising taxes on high incomes or removing the salary cap in Social Security taxes.

To which I would add that we should also:

1. **Decrease Social Security eligibility to 60.** Let's free up some jobs for the twenty-somethings!
2. **Make all benefits age neutral.** We should be *ashamed* as a country that the younger you are, the worse your retirement guarantee is. (And, also shamefully, many in my generation bought the Big Lie that this immoral and unjust form of age discrimination was necessary to "save" or "preserve" the Social Security system. We need to atone for this.)

Black's post is also interesting because he proposes an implicit, cross-generational alliance between left 50-somethings and left 20-somethings. This makes a lot of sense to me, since in my limited experience -- readers do feel free to correct me -- the typical The Obama-supporting 40-something (one of "Reagan's children"?) is almost impossible to reach. The initial round of ObamaCare, where dependents and spouses *of those already in the system*, especially those with pre-existing conditions, were also allowed into the system seems to have sold them this particular minimalist electoral sliver on Obama completely; in fact, there's great anger (survivor's guilt, possibly) at even questioning the morality of the arrangement. Such an alliance might work. I don't know the forum for it.

NOTE We'll see an immediate 20% Social Security benefits increase happen under Obama's Rump D's when weasels fly out of my butt. So I'll be interested to see what Dr. Black does when the Democratic higher-ups do nothing, and a political alternative -- an anti-Obama Democratic faction? Populist Republicans?? The Greens??? -- presents his policy as its own.



No votes yet

Source URL (modified on 02/06/2013 - 7:23pm):

http://www.correntewire.com/social_security_401ks_the_20_somethings_and_the_50_somethings

Links

[1] http://www.correntewire.com/departments/departments_of_why_cant_we_do_that

[2] http://www.correntewire.com/tags/social_security

[3] <http://www.usatoday.com/story/opinion/2013/02/05/social-security-retirement-benefits-column/1891155/>

[4] <http://www.youtube.com/watch?v=8XhQRFO4M7A>

[5] http://www.correntewire.com/glossary#Overton_Window

[6] <http://riverdaughter.wordpress.com/2011/09/12/is-the-401k-a-ponzi-scheme-discuss/>