

Social Security

August 14th marks the 80th anniversary of President Franklin Roosevelt signing into law the Social Security Act in 1935. The program has done much to alleviate poverty among senior citizens. Unfortunately, the system itself is showing its age. The Old Age and Survivors Insurance program (OASI, retirement benefits) is now running cash deficits as the baby boomers are retiring. The Disability Insurance program (DI) has been running deficits for several years, and is about to exhaust its trust fund. The recently released Trustees Report shows that only 93% of current OASI costs are covered by tax revenue, and that when the OASI trust fund runs out in 2034, benefits would have to be cut by more than 20% from projected levels. Longer term, OASI has a funding gap of four percent of payroll, meaning that would require more than a four percentage point rise in the payroll tax to bridge the funding gap over the next 75 years, or benefits would have to be reduced below promised levels by 27% by 2090.

The system's ills have been driven in part by demographics, as the number of workers per retiree has been falling for decades. When the system was young, there were many workers paying into the system for each person drawing benefits. For example, there were 16.5 workers per OASDI beneficiary (retired and disabled workers combined) in 1950, as if each suburban block was supporting one retiree. Today, there are only 2.8 workers per OASDI beneficiary. By 2060, the ratio will be only 2 to 1, as if every two worker couple will be supporting someone's grandmother in their attic.

The demographic challenge would be manageable except for the System's formula for paying benefits. Currently, a worker's lifetime earnings are averaged, after a wage growth adjustment, and a benefit formula is applied. The benefit formula, which sets the benefit a worker gets upon retirement, keeps benefits growing without limit over time in line with average wages (wage indexing). Over time, wages generally rise in real terms, that is, faster than prices. Under the current formula, benefits will rise in real terms too, to ever higher real levels. As workers earn more over the decades, but there are relatively fewer of them, it will impossible for the system to make ends meet. The benefit formula has put benefits on autopilot, with a course set for a collision with the demographic mountain range ahead.

Thus, in 2090, a single average income earner would receive the equivalent of \$47,927 in annual benefits in 2015 dollars, a median income couple with the 50% spousal benefit would receive \$71,668 (the \$47,927 with an extra 50% spousal benefit included), and a two worker median income couple would receive \$95,584 (\$47,927 each). Upper income band couples with two workers could be getting annual benefits equal to \$155,444 (\$77,722 each) in 2015 dollars. Surely, some trimming of benefit growth could be done without injuring future age cohorts.

Adapted from www.forbes.com

Ex. 1 Find the words or expressions in the text which mean the following:

- 1) to make the effects of sth weaker: _____
- 2) politically correct for old people: _____
- 3) sb whose spouse died and he or she didn't: _____
- 4) people born after World War II (1946 - app. 1964): _____
- 5) a person who stopped working due to old age: _____
- 6) not extreme: _____
- 7) the same amount: _____
- 8) a group of people of the same age: _____
- 9) happening every year: _____
- 10) a range of people earning a particular salary: _____
- 11) to put sth in practice: _____
- 12) to receive money from the social security system: _____

Ex. 2 Match the expressions from the two columns into logical collocations:

- | | |
|------------------|-------------------|
| 1) to mark | fund |
| 2) to sign | the funding gap |
| 3) retirement | benefits |
| 4) to run | challenge |
| 5) a trust | an anniversary |
| 6) payroll | benefits |
| 7) to bridge | tax |
| 8) a demographic | growth adjustment |
| 9) wage | cash deficits |
| 10) spousal | sth into law |

Ex. 3 Provide English equivalents of these expressions:

1) przejść na emeryturę	7) oprócz
2) wyczerpać coś	8) indeksacja płac
3) wpływy z podatków	9) związać koniec z końcem
4) punkt procentowy	10) mediana
5) beneficjent	11) względnie
6) możliwe do opanowania	12) wymagać czegoś

Grammar corner...

The text started with this: August 14th marks the 80th anniversary of President Franklin Roosevelt signing into law the Social Security Act in 1935. What it means is that August 14th is the anniversary of the day on which President Roosevelt signed into law the SSA. But in order to avoid writing the whole sentence (by the whole sentence in grammar we mean a NOUN and a VERB, i.e. somebody does something), we may shorten it by using the SB DOING STH structure, e.g. *I remember that he was great at math* turns into *I remember him being great at math*.

Ex. 4 Avoid using whole sentences (in grammatical terms ...).

- 1) I can't imagine a situation in which he gets up early and goes to work. =>
- 2) I saw him when he was stealing the money! =>
- 3) If you find yourself in a situation when you're considering quitting your job, it's probably time to do it. =>
- 4) I couldn't stand the fact that he was singing all the time, so I told him to shut up. =>
- 5) I don't mind the fact that you're asking about my salary. =>

GLOSSARY	
to alleviate sth	ulżyć czemuś
senior citizens	osoby w starszym wieku
a survivor	tu: wdowa / wdowiec
a retiree	emeryt(ka)
baby boomers	osoby urodzone w wyżu demograficznym po drugiej wojnie światowej
average	średni
an equivalent	równowartość
an age cohort	grupa wiekowa
an income band	przedział płacowy
to apply sth	zastosować coś
to draw benefits	pobierać świadczenia
August 14 marks the anniversary	14 sierpnia przypada rocznica
retirement benefits	świadczenia emerytalne
to run cash deficits	cierpieć na brak gotówki
a trust fund	fundusz powierniczy
payroll tax	podatek od dochodów osobistych
to bridge the funding gap	wypełnić lukę w finansowaniu
a demographic challenge	wyzwanie demograficzne
wage growth adjustment	dostosowanie wysokości płac
spousal benefits	świadczenia dla małżonków
to retire	przejsć na emeryturę
to exhaust sth	wyczerpać coś
tax revenue	wpływy z podatków
percentage point	punkt procentowy
a beneficiary	beneficjent
manageable	możliwe do opanowania
to make ends meet	związać koniec z końcem
median	mediana

relatively	względnie
to require sth	wymagać czegoś
the attic	strych
a block	przecznica (w miastach w USA)
due to	z powodu

ANSWER KEY:

Ex. 1

- 1) to alleviate sth
- 2) senior citizens
- 3) a survivor
- 4) baby boomers
- 5) a retiree
- 6) average
- 7) an equivalent
- 8) an age cohort
- 9) annual
- 10) an income band
- 11) to apply sth
- 12) to draw benefits

Ex. 2

- 1) to mark an anniversary
- 2) to sign sth into law
- 3) retirement benefits
- 4) to run cash deficits
- 5) a trust fund
- 6) payroll tax
- 7) to bridge the funding gap
- 8) a demographic challenge
- 9) wage growth adjustment
- 10) spousal benefits

Ex. 3

- 1) to retire
- 2) to exhaust sth
- 3) tax revenue
- 4) percentage point
- 5) a beneficiary
- 6) manageable
- 7) except for
- 8) wage indexing
- 9) to make ends meet
- 10) median
- 11) relatively
- 12) to require sth

Ex. 4

- 1) I can't imagine him getting up early and going to work.
- 2) I saw him stealing the money!
- 3) If you find yourself considering quitting your job, it's probably time to do it.
- 4) I couldn't stand him singing so I told him to shut up.
- 5) I don't mind you asking about my salary.