Social Security Essay, Research Paper

For over 60 years, the Social Security program has been one the most successful domestic government program, providing economic protection for US citizens of all ages. The Social Security is a set of programs designed to provide income and services to individuals in the event of retirement, sickness, disability, death, or unemployment. Such programs were originally enacted in 1935. As Americans we know what Social Security is very important for people with disabilities, people with families and for children who have lost a parent. However there is a negative part or disadvantages from the Social Security Program. This program prevents hard working people from becoming rich. If there weren’t such a program, people would have their own savings account and would become millionaires, and eventually for a stable and secure future. Every American worker has to pay Social Security taxes from their paycheck. Taxes that make a difference after the deduction of 7.26 percent from a salary.

As people work, they have to pay taxes that are send to the Internal Revenue Service (IRS). Through this process people earn “credits” that count toward eligibility for future benefits. Nevertheless, there is a maximum of four credits per year that can be earned. Eligibility for benefits depends on the credits required by each category.

The Social Security consists of mainly five categories. Disability, family benefits, survivors, Medicare and retirement are these major categories. This type of division has converted the Social Security in a very successful program providing fair benefits to many Americans. These benefits consist of a monthly check depending on the five categories.

One of the major roles of the Social Security is to help the people with disabilities. For this reason the federal Disability Insurance (DI) is one of the trust funds of the Social Security. This trust fund, that receives .85% of the Social Security tax, has provided with hope to a lot of citizens that are in a misery as a result of a their disabilities or other reasons. According to the one of the policies, the benefits are given to those who have enough credits and have a severe physical or mental impairment that prevents them from working for at least one year or that would result in death. Usually this people would receive earnings of $500 or more per month. More than six million workers and family members get disability benefits and the statistics also show that 3 out of 10 younger Americans will become disabled and 1 out of 6 will die before reaching the retirement age.

Other advantage of the Social Security is that other members of a family can qualify for benefits too. If someone is eligible for retirement or disability benefits, a member of this person’s family might also receive benefits. For example a spouse that is at least 62 years old automatically qualify for family benefits. Such a benefit helps especially to those people who don’t get a high amount of money as a retirement or disability benefit.

The federal Old Age and Survivors Insurance (OASI) is the other trust fund that is used to pay for retirement and survivor benefits. This trust receives 5.35% of the Social Security tax. An example of how the survivor benefits can help is a family of a deceased worker. They might be eligible for survivor benefits, even if not enough credits were earned for retirement. When someone dies, certain members of the family may also be able to get these benefits, such as dependent children. These benefits could continue until the children reach the age 18, which is a good age to start working and earn their own money for their education or other situations.

Medicare is a very important benefit that the Social Security can offer for old people. It is divided into two trust funds, the federal Hospital Insurance (HI) and the federal Supplementary Medical Insurance (SMI) trust funds. The HI is to pay for the services covered under the hospital insurance and the SMI covers services under medical insurance. The Social Security tax gives the 1.45- percent to the Medicare portion. Usually people who are 65 and receiving Social Security or disability benefits automatically qualify for Medicare.

The last and most important section of the Social Security is Retirement. Retirement is essential because every people cannot work anymore at a certain age (old) and they would certainly need help. These benefits give the option to keep getting a check for most of today’s older Americans. The retirement benefits are only for those who get to the age of 65 and have enough credits. People that are 62 years old can also get these benefits but reduced. Since 1929, 40 credits are needed to qualify for the benefits. Such benefits are a percentage of the earnings averaged over the most of a working person’s lifetime. Obviously high wage earners get a check monthly with a higher amount of money than the low wage earners. The average monthly benefit payable to all retired workers is $720.00. This is a really good advantage of the Social Security since it provides benefits payments for more than 9 out of 10 Americans

As the Social Security has many advantages it also has many disadvantages as well. The most notable disadvantage for most Americans is the deduction of their paychecks. A deduction that is the 7.26 percent and that makes a big difference for people that earn high wages. Eventually this prevents people from becoming wealthy.

Even thought the Social Security provides with many benefits as disability, family benefits, survivors, Medicare and retirement, it has specific qualifications that not everybody would be able to meet. This makes it to be a hard, stressing and frustrating process. A really good example of this is that in order to be eligible for certain benefits, enough credits must be earned.

According to the facts only citizens that have a physical or mental impairment and have enough credits can receive disability benefits. However not every disability person would have the required credits and eventually they would not receive support. The number of credits depends on the age a person becomes disabled. The following are examples of credits needed at the corresponding ages:

Disabled At Age Credits Needed

31 through 42 44 46 48 50 52 54 56 58 6062 or older 20 22 24 26 28 30 32 34 36 38 40

There is also another major issue that puts me against the Social Security Program. It’s the fact that in future years the age of retirement will rise. That means people would not be able to retire at 65 years old and receive full benefits. Instead they would have to be older than 65 and would also need more credits. The season for this is that life expectancy has increased in the last years. The following table shows how the credits for retirement have been increasing since 1924:

Year of Birth Credits Needed

1924 1925 1926 1927 1928 1929 to present 35 36 37 38 39 40

Another unfavorable quality is that the government “borrows” part of the Social Security tax, which is supposed to be for our retirement and benefits. Any money not needed to pay benefits is invested daily in US government bonds. Usually is 1 percent that is taken by the government. According to the information I read the government pays back with a good rate of interest. However, sometimes they spend billion of dollars on unneeded purposes.

There’s another drawback about this program. When someone retires the Social Security benefits are not intended to be the only source of income. It is intended to only supplement other income that people have through pension plans, savings, investments, etc. Which means that not only we have to pay for Social Security taxes, but we also have to have our own savings account for a stable economy after retirement. In that case I would say it’s better to have our own savings account and not to have any deductions from our monthly check. Many Americans would become millionaires this way.

Previously I thought that Social Security was useless. However now, after finishing this paper, I have learned that it is essential for those who suffer from a disability or for those children whose parents have died. I think it would be selfish from my part if I proposed that this program should be cut to balance federal, state and city budgets. Probably for most of these people the Social Security benefits are their only hope for a better future.

However when it comes to retirement I think that rising the retirement age is not the best idea. For now the retirement age is 65, but in a near future the Social Security Administration is willing to rise it. Their excuse is that now in days people are growing healthier and living longer. I think some people would die before they reach a higher age than 65 and without enjoying a retirement. This issue is being debated lately.

I would say I’m in favor with the Social Security program. It’s one of the programs that should not be cut. Nevertheless, I would make some changes to it. For example I would not increase the age of retirement. Thanks to the Social Security program approximately 150 million workers are protected and more than 44 million people receive retirement, survivors and disability benefits.