

Retirement Security

Fast Facts

Social Security

- Social Security provides a guaranteed income each year for more than 48 million retirees, family members of workers who died and people with disabilities. About 31 percent of Social Security beneficiaries receive survivor or disability benefits.
- Nearly two-thirds of retirees count on Social Security for most of their retirement incomes.
- Social Security is a safety net that keeps retirees out of poverty. Between 1959 and 2003, Social Security helped cut the poverty rate among seniors by more than two-thirds, from 35 percent to 10 percent.
- Social Security beneficiaries earned their benefits by paying into the system throughout their time at work.
- Social Security is a sound system that can meet 100 percent of its obligations until 2041 (some projections say 2052). After 2041, if no changes are made, funds from Social Security payroll taxes will be sufficient to finance 74 percent of the payments to beneficiaries.
- Administrative costs for Social Security are less than 1 cent per dollar paid out in benefits. This is much lower than the average administrative costs of 12 percent to 14 percent for private insurers.

Pensions

- Since 1978, the number of defined-benefit plans plummeted from 128,041 plans covering some 41 percent of private-sector workers to only 26,000 today.
- Only 21 percent of workers in the private sector have defined-benefit pensions.
- Since 1978, the number of defined-contribution plans has more than doubled from 314,592 to 840,301, now covering some 42 million workers.
- A 2004 survey of corporate financial officers found that fully one-third of chief financial officers intend to close their defined-pension benefit plans to new plan participants within the next year.