

SUMMARY OF FINDINGS

**SURVEY OF REGISTERED VOTERS 55 AND OLDER
REGARDING SOCIAL SECURITY REFORM**

MARCH 6-8, 2005

Key Finding: Voters age 55 and older think offering personal retirement accounts to younger workers is a good idea by almost a two-to-one margin, so long as nothing changes in their own Social Security benefits, with AARP members slightly more likely to say personal accounts are a good idea than non-AARP members.

This survey of 800 registered voters age 55 and older, conducted by Ayres, McHenry & Associates with a margin of error of ± 3.46 percent, contains a number of interesting findings regarding seniors' attitudes about the current Social Security system and personal retirement accounts. The complete survey is available on-line at www.ayresmchenry.com. Among the highlights are:

- 1. By a three-to-one margin, senior voters think that the current Social Security system is not financially sound, and needs significant changes.** Sixty-six percent of these seniors think that "the Social Security system is not financially sound for our children and grandchildren, and needs significant changes," while 23 percent think "the Social Security system is financially sound for our children and grandchildren, and does not need significant changes." AARP members think the system is unsound by a 65 to 24 percent margin; non-AARP members agree by a 67 to 21 percent margin.
- 2. By a comparable three-to-one margin, senior voters think it would be irresponsible if Congress does not make significant changes to Social Security.** If Congress does not make any significant changes to Social Security, 64 percent think that would be irresponsible and 22 percent think it would be responsible. AARP members think it would be irresponsible by 63 to 24 percent, as do non-AARP members by 65 to 19 percent.
- 3. Overwhelmingly, senior voters think it would cost more to make changes to Social Security later than to make changes now.** By a margin of 60 to 16 percent, senior voters think it would cost more to make changes later. AARP members think it would cost more to make changes later by 61 to 16 percent; non-AARP members agree by 57 to 16 percent.
- 4. If no significant changes are made to Social Security, senior voters are not confident that today's children and grandchildren will get the benefits they have been promised.** Unless significant changes are made, 26 percent of senior voters are "not confident at all," and another 31 percent are "not very confident" that today's children and grandchildren will get the Social Security benefits they have been promised. Twenty-seven percent are "somewhat

confident," and only 12 percent are "very confident" today's children and grandchildren will get their benefits. A majority of both AARP and non-AARP members are not confident that subsequent generations will get their benefits barring significant changes.

5. By a three-to-one margin, senior voters support reforming Social Security so long as nothing changes for them. When asked, "In general, do you support changes to Social Security for our children and grandchildren, as long as nothing changes for you," senior voters support changes by a 60 to 20 percent margin. AARP members are somewhat more likely to support reform—62 to 20 percent—than are non-AARP members—57 to 20 percent.

6. By an almost two-to-one margin, senior voters think offering younger voters personal retirement accounts are a good idea so long as nothing changes for them. Based on the following description, senior voters think personal retirement accounts are a good idea rather than a bad idea by 59 to 33 percent. AARP members think offering the accounts to younger workers is a good idea by 61 to 33 percent, as do non-AARP members by 59 to 32 percent.

People 55 and older will get the same benefits they have been promised, at the same time they have been promised. Workers under 55 would have the choice of staying in the current system, or taking a portion of their Social Security payments and creating a personal retirement account that they would control. They would only be allowed to invest the money in their personal retirement account in a conservative mix of bond and stock funds, and they could not take the money out until retirement. They could pass those savings on to their spouse, children, or a charity if they died before retirement. Do you think offering this type of personal retirement account to workers under the age of 55 would be a good idea or a bad idea?

7. Half of senior voters wish they had had the opportunity to create such a personal retirement account when they were younger. Fifty percent wish they had had the chance to create such an account, while 42 percent do not. AARP members split evenly on this question, with 46 percent wishing they had and 47 percent wishing they had not had the chance to create such an account. Among non-AARP members, 55 percent wish they had and 36 percent wish they had not had the chance to open such an account.

8. A majority of AARP members know that their leadership opposes personal retirement accounts. Among AARP members, 51 percent think the leadership of their organization opposes personal retirement accounts, 40 percent don't know the organization's position, and 9 percent think the leadership supports the accounts.

9. A majority of voters 55 and older have a retirement plan other than Social Security that is invested in bond or stock funds. Fifty-three percent of senior voters have another retirement plan that is invested in bond or stock funds, 11 percent have another plan that is not invested, 10 percent have another plan but they do not know if it is invested, while 24 percent have no other plan. AARP members are somewhat more likely to have another retirement plan invested in bond and stock funds than non-AARP members: 56 percent to 49 percent.

10. Senior voters are paying a lot of attention to the Social Security debate. Forty-two percent are paying "a great deal of attention" to news stories about proposals to reform Social Security, 39 percent are paying "a fair amount of attention," 14 percent "very little attention," and only 4 percent "no attention at all." Little difference exists between AARP and non-AARP members on this question.

11. Senior voters know that money currently paid into the Social Security system is not being saved to pay future benefits. Only 12 percent think Social Security money is being saved to pay future benefits, while 71 percent think the money is being spent on other programs with the promise to repay the money later. Sixty-eight percent of AARP members and 74 percent of non-AARP members know the money is being spent on other programs.

Methodology

The sample for this survey consists of 800 respondents drawn randomly from throughout the 50 states plus the District of Columbia. Respondents were selected from a listed sample of adults age 55 and older. All respondents indicated they are registered to vote, and confirmed that they are 55 years old or older. The margin of error is ± 3.46 percent.

Census Bureau estimates of adults age 55 and older were used to stratify the sample by gender (45 percent male, 55 percent female), by race (83 percent white, 8 percent African-American, 6 percent Hispanic, 1 percent Asian, the remainder other or refused), and by state.

Why does this survey show support among seniors for personal retirement accounts, when so many other surveys show opposition? Four reasons help to explain that result.

First, many other surveys do not explain key aspects of the personal account proposal clearly and definitively, especially that a) people 55 and older will not be affected in any way by the proposal, and b) for people younger than 55, a personal account is purely voluntary. Understanding those points is critical for obtaining valid opinions about the accounts.

Second, many other surveys state that "guaranteed benefits will be lower" with personal retirement accounts, without also indicating that actual benefits will probably be higher based on historical bond and stock returns. Telling respondents that guaranteed returns will be lower without also telling them that actual returns will probably be higher produces a loaded question that is biased against the proposal.

Third, many other surveys include the cost of a transition to personal retirement accounts, without also including the cost of paying current benefits to future retirees. The Social Security system as currently structured does not have the money to pay full benefits to future retirees. Paying those benefits will cost untold billions of dollars. When a question includes the cost of the new system without also including the cost of continuing the old system, it creates a loaded question biased against the proposal.

Fourth, many other surveys suggest that personal accounts involve "risk" but the current system does not. But current benefits for future retirees are at risk as well. Any fairly worded question that addresses "risk" needs to include risks inherent in both the new and old systems.

Our purpose in this survey was not to test arguments that will be made for and against personal retirement accounts. It was rather to describe the proposal fully and fairly, and ask seniors their response to that proposal. Doing so produces surprisingly different results than those produced by many other surveys.