



Trump Pick for Management & Budget Talks Raising Retirement Age

Representative Mick Mulvaney (R-S.C.), President Donald Trump's pick to head up the Office of Management and Budget (OMB), [touched the famous "third rail"](#) of American politics during his confirmation hearing on Tuesday. Testifying before the Senate Budget Committee, Mulvaney was pressed hard for his views on Social Security by Senator Lindsay Graham (R-S.C.): "Do you think we need to look at adjusting the [retirement] age yet again because we live longer?"



Replied Mulvaney, "I do, yes sir."

His response was unsettling to Senator Debbie Stabenow (D-Mich.), who declared, "I think folks on Social Security and Medicare ought to be really worried."

The last time enough people got "really worried" was back in 1981 when then-President Ronald Reagan, when informed that Social Security was going to run out of money in two years, asked Alan Greenspan to form a commission to study the matter and come up with recommendations. Those recommendations, which included increased taxes and retirement ages, are keeping the system afloat until 2034, according to the plan's trustees. The 90 million beneficiaries who will then be receiving checks (thanks to retiring Baby Boomers) will take a 21-percent haircut. Only then will the shortfall which the plan's trustees estimate at \$159 trillion begin to catch people's attention.

Marc Goldwein, senior vice president and policy director of the Committee for a Responsible Federal Budget, reviewed four plans last August touted to solve most, if not all, of Social Security's problems. Each in its own way only rearranged the deck chairs on the Titanic, some by removing the cap on income subjected to tax, others by raising the retirement age, some by a combination of the two.

Goldwein looked again the day before the election, this time considering other avenues to bridge the gap between Social Security's promises and the present reality. Eliminating Social Security fraud wouldn't do much, and neither would taxing investment income. Growing the economy sufficiently is out of the question, too, according to the Urban League: even a 75-percent increase in growth (Trump is hoping for between three and four percent) would close only a third of that gap. And subjecting every dollar of income earned to Social Security tax would, according to the Congressional Budget Office (CBO), represent the largest tax increase the country has suffered since 1968, and it still wouldn't be enough.

Goldwein thinks the best answer is the same Reagan provided back in 1981: appoint a commission to study the matter. The timing is wrong. Any plan attempting to solve a problem that won't arrive until 2034 won't even see the light of day in the new Congress.

Ask Goldwein for his recommendations again in about 15 years. Only then will real solutions, such as ending the scheme altogether in favor of private voluntary savings plans, gain traction.



Written by [Bob Adelman](#) on January 25, 2017

Photo: AP Images

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at LightFromTheRight.com, primarily on economics and politics. He can be reached at badelmann@thenewamerican.com.



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