

# Social policy issue

Sociology



Social Security System in the United s of America Social Security System in the United s of America In the United s of America, social security system is classified amongst the government most successful programs. Its vibrant existence has been put in place as an alternative provider of benefits to the retired, disabled people, and the unemployed. In the United States, it is a compulsory requirement for all the employees to pay social security taxes, which is apprehended to this scheme primarily to benefit those who have attained the retirement age or those who are considered to be disadvantaged by the disability (Organization de cooperation, 1998). The amount paid as premium to social security is purely dependent on an individual's level of income. For instance, employees who get more pay are expected to make a higher contribution as compared to their lower paid colleagues. Social security system is contrastingly different with commercial banks in a way that the amount of contributions deposited into the scheme is given out to the beneficiaries. The current contributors, therefore, will have to wait till their duration shall have matured to start their earnings. Despite a number of financial challenges, the U. S social security system has put sufficient measures to ensure sustainability and prolonged earnings to their beneficiaries (Shoven, 2000). For instance, the system has been implemented in such a way that when workers divert what is meant to be their contributions into their personal accounts. The government ensures that they take the responsibility of transferring some funds from the general revenue to the social security trust fund as a way of replacing the missing contributions. This bridges up the gap and makes a consistent flow of funds to the beneficiaries. The system is considered to be financially stable since it generates its income based on an annual income structure. Therefore, social

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security fund investment is considerably cheaper because the retirees earn their benefits based on formula which is applied throughout the whole Nation (Shoven, 2000). However, it is considered a disadvantage to those employees who work beyond the retirement age. The financial stability of the system is based on the background of the working population, which ensures intergenerational continuous flow of funds. This enables possible evaluation of a young person on the chances of receiving the benefit when one retires (Ferrara, 1980). However the scheme relies on today's workers contributions which are described as non taxing power schemes. Such schemes which tend to rely on the future earnings of the workers are preserved as fraud to the society with no adequate sense. Privatization of social security system will bring more harm to American women and weaken its ability to insure against the losses associated with income, disability or occurrence of death (Baker, 2001). First, it may create a sense of diversion of amounts meant for contribution into individual accounts, and this would render the scheme to be in deficient of fund. Insufficient funds will, therefore, lead to the reduction in the payments concerning the disability and retirement (Baker, 2001). Privatization always leads to shortfall in income which results into the reduction of disability and retirement benefits which are considered beneficial to low-income workers and women. This is so because individual accounts have got the capability to cover only very small portions of lost benefits (Baker, 2001). Since women earnings' within their life span is less compared to men, privatization of the security scheme leads to a wage gap, part time jobs , and leaving workforce to take care of the siblings since individual contributions to their accounts would not be enough (Baker, 2001). Considering the earnings of current African Americans,

privatization of the security scheme would lead to a cut off in their payment benefits. This means, the benefits of African Americans would be much lower compared to indigenous Americans because the social security makes up a bigger portion of their retirement benefit. Moreover, reductions in the survivors' benefits would pose more problems to African Americans due to the fact that most of their parents do not poses private life insurance as compared to the whites, and this could have been their only source of benefit. With privatization, there is a possibility of negative experiences in the rate of returns especially for the younger generation. They will fill the pinch of paying almost three times the current contribution while at the same time will be expected to meet the cost of disability and survivors from their own accounts. Due to the current inflation rates, the amount of benefits received by older Americans requires a review; therefore, the government should take the responsibility of revising the contribution to suit the economic variance (Feldstein & Campbell, 2001). Besides, the original system was set in place in a way that the current work force contribution was meant as benefits to the survivors. However, this has proven a challenge since the beneficiaries outnumber the reliable workforce posing a threat to the deficit (Feldstein & Campbell, 2001). Considerable state donations should be put in place to bridge this gap. Finally, the contributions to the security scheme should be put into other private investments such as stocks where they can yield greater returns for the citizens (Feldstein & Campbell, 2001). References Baker, D. (2001). Social security: The phony crisis. Chicago: University of Chicago Press. Feldstein, M., & Campbell, J. (2001). Risk aspects of investment-based social security reform. Chicago: University of Chicago Press. Ferrara, P. (1980). Social security the inherent <https://assignbuster.com/social-policy-issue/>

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