

2006 RCS FACT SHEET

**ATTITUDES ABOUT
 SOCIAL SECURITY & MEDICARE**

Confidence in Social Security and Medicare appears weak but higher than 10 years ago, and knowledge of Social Security's retirement age is limited.

Confidence in Social Security

- Two-thirds of workers are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value to the benefits retirees receive today (67 percent) (Figure 1). While skepticism about Social Security has remained relatively constant in recent years, it is lower than in 1996, when 78 percent were not too or not all confident.

Figure 1

Worker Confidence That the Social Security System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006

| | 1994 | 1996 | 1998 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------|------|------|------|------|------|------|------|------|------|
| Very confident | 4% | 3% | 6% | 8% | 6% | 7% | 7% | 8% | 6% |
| Somewhat confident | 18 | 17 | 16 | 26 | 25 | 26 | 28 | 23 | 27 |
| Not too confident | 38 | 40 | 31 | 33 | 38 | 35 | 31 | 33 | 33 |
| Not at all confident | 39 | 38 | 44 | 32 | 30 | 31 | 32 | 35 | 34 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

- Perhaps because they are already receiving benefits and the Trust Fund depletion date is beyond most current retirees' life expectancy, retirees are more likely than workers to express confidence about the future of Social Security (Figure 2). A little more than one-third of retirees are *not too* or *not at all* confident that Social Security will continue to provide benefits of at least equal value (35 percent). Retiree uncertainty about Social Security reached a low in 2001 (27 percent), but has remained statistically stable since 2004. Retirees also continue to be less likely than in 1996 (46 percent) to say they are *not* confident.

Figure 2

Retiree Confidence That the Social Security System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006

| | 1994 | 1996 | 1998 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------|------|------|------|------|------|------|------|------|------|
| Very confident | 16% | 7% | 19% | 28% | 27% | 27% | 18% | 21% | 19% |
| Somewhat confident | 35 | 36 | 34 | 38 | 31 | 36 | 39 | 37 | 44 |
| Not too confident | 30 | 36 | 31 | 20 | 30 | 22 | 26 | 26 | 22 |
| Not at all confident | 10 | 11 | 11 | 7 | 8 | 11 | 11 | 12 | 13 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

Knowledge of Social Security Retirement Age

- Many of today's workers will not be eligible to receive Social Security benefits without a reduction for early retirement until they are 67, but most continue to be unaware of the phased increase in the normal retirement age from 65 to 67 (Figure 3).
- Half expect to reach eligibility for unreduced benefits sooner than they actually will (49 percent). Many of these incorrectly expect to be eligible for these retirement benefits at age 65 (31 percent of all workers), but some believe they will be eligible even before age 65 (17 percent).
- Only 19 percent are able to give the correct age at which they will be eligible for unreduced retirement benefits, and 8 percent believe they will be eligible later than they actually will be. More than 2 in 10 workers say they do not know when they will be eligible to receive benefits from Social Security without a reduction for early retirement (22 percent).
- Older workers, especially those age 55 and older, are more likely than younger workers to know when they are eligible for unreduced retirement benefits from Social Security.

Figure 3
**Knowledge of Eligibility Age for Unreduced
 Social Security Retirement Benefits, by Age Group**

| | All Workers | Ages 25–34 | Ages 35–44 | Ages 45–54 | Ages 55+ |
|-------------------------|----------------|---------------|---------------|---------------|-------------|
| 4 or more years earlier | 16% | 17% | 13% | 16% | 18% |
| 1–3 years earlier | 33 | 31 | 38 | 36 | 26 |
| Correct | 19 | 6 | 18 | 20 | 40 |
| Later | 8 | 7 | 9 | 8 | 5 |
| Don't know | 22 | 38 | 20 | 16 | 9 |
| Never/Not eligible | 2 | <0.5 | 2 | 4 | 1 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.

Confidence in Medicare

- Although the financial difficulties threatening Medicare are more imminent than those facing Social Security, workers are just as likely to feel uncertain about its future (Figure 4). Nearly two-thirds of workers are *not too* or *not at all* confident that Medicare will continue to provide benefits of at least equal value to the benefits retirees receive today (64 percent). Again, this proportion has not changed in recent years, and is considerably below the level measured in 1996 (75 percent).

Figure 4
**Worker Confidence That the Medicare System Will Continue to Provide Benefits
 of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006**

| | 1994 | 1996 | 1998 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------|------|------|------|------|------|------|------|------|------|
| Very confident | 3% | 3% | 4% | 7% | 5% | 5% | 6% | 7% | 5% |
| Somewhat confident | 24 | 20 | 24 | 32 | 28 | 34 | 31 | 30 | 29 |
| Not too confident | 32 | 38 | 34 | 31 | 40 | 36 | 35 | 33 | 36 |
| Not at all confident | 37 | 37 | 36 | 26 | 26 | 25 | 26 | 28 | 28 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

- One-third of retirees say they are *not too* or *not at all* confident in the future value of Medicare benefits (36 percent) (Figure 5). While percentages fluctuate from year to year, retirees in recent years have generally been less likely than in 1998 and earlier to express doubts about the ability of Medicare to continue paying benefits of at least equal value to those received by current retirees (50 percent in 1998).

Figure 5
Retiree Confidence That the Medicare System Will Continue to Provide Benefits of at Least Equal Value to the Benefits Received by Retirees Today, 1994–2006

| | 1994 | 1996 | 1998 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------|------|------|------|------|------|------|------|------|------|
| Very confident | 13% | 5% | 12% | 14% | 18% | 19% | 16% | 20% | 12% |
| Somewhat confident | 30 | 35 | 35 | 49 | 38 | 44 | 37 | 42 | 50 |
| Not too confident | 26 | 35 | 39 | 16 | 26 | 26 | 31 | 24 | 26 |
| Not at all confident | 21 | 16 | 11 | 13 | 16 | 8 | 11 | 9 | 10 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1994–2006 Retirement Confidence Surveys.

Knowledge of Medicare

- A majority of Americans know who runs the Medicare system, but some appear to be confused. Two-thirds of workers (67 percent) and three-quarters of retirees (75 percent) correctly name the federal government when asked to identify the organization that runs the Medicare system (Figure 6).
- However, 2 in 10 workers (20 percent) and 8 percent of retirees identify the state government, while smaller percentages specify private health insurance companies (6 percent of workers, 3 percent of retirees). In addition, 10 percent of workers and 14 percent of retirees say they do not know who runs Medicare.

Figure 6
Worker and Retiree Knowledge of Organization Running Medicare
 (multiple responses accepted)

| | Workers | Retirees |
|------------------------------------|---------|----------|
| The federal government | 67% | 75% |
| The state government | 20 | 8 |
| Private health insurance companies | 6 | 3 |
| Other | <0.5 | 1 |
| Don't know | 10 | 14 |

Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2006 Retirement Confidence Survey.