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Week 21

Social Security Solvency and Benefit Reform

"The cap was never justified. Remove it. And pay what you promised."

1. The Problem

The 2026 Social Security Trustees Report — released June 9, 2026 — projects the OASI trust fund will be depleted in Q4 2032, one quarter earlier than the 2025 projection. At depletion, ongoing payroll tax revenue will cover only 78% of scheduled benefits — an automatic 22% cut for every Social Security recipient.

The cause is structural. In 2026 the payroll tax cap is \$184,500. A teacher pays 6.2% Social Security tax on every dollar she earns. A hedge fund manager pays 6.2% on his first \$184,500 and nothing on the rest. A billionaire who earns \$10 million in wages pays the same Social Security tax as someone earning \$184,500. That is not an economic necessity. It is a political choice — and it is costing the trust fund hundreds of billions of dollars per year.

At the same time, current benefits are inadequate. The average Social Security retirement benefit in 2026 is \$2,071 per month after the 2026 COLA adjustment — below what a full-career worker who paid in for 40 years should receive. The Risinger \$2,500 floor is \$429 above that average, meaning most full-career retirees would see an increase. Spousal benefits leave non-working partners in a household on inadequate combined income. SSI — the program for disabled and elderly Americans who could not build a full work record — leaves recipients at \$994 per month (2026 federal rate), a figure that has not kept pace with actual living costs.

The solvency problem and the adequacy problem are the same problem. The system is underfunded because high earners do not pay their share. The solution funds both the long-term solvency and the floor increase at the same time.

2. The Governing Principle

The cap was never justified. Remove it. No benefit cuts. No retirement age increase. No means-testing.

Remove the payroll cap, include investment income above \$400,000, and pay what you promised. A full-career worker — someone who paid into Social Security for 40 years — receives a minimum of \$2,500 per month at full retirement age. No exceptions. No earnings test. No clawback for working after retirement. The people who paid in collect what they were promised.

3. The Specific Policy

Part I — Funding Reform: Remove the Payroll Cap

- **Remove the payroll tax cap entirely:** all earned income — wages, salaries, self-employment income — subject to the 6.2% Social Security payroll tax without a ceiling. The same rule that applies to a teacher applies to a CEO. No carveouts. No phase-ins. No donut holes.
- **Investment income subject to Social Security tax above \$400,000:** dividends, capital gains, interest, and passive income above \$400,000 per year subject to the Social Security tax. A billionaire who pays himself \$1 in salary and takes the rest in dividends pays the same Social Security tax as his gardener under the current system. The \$400,000 threshold protects ordinary retirees and small investors.
- **2026 baseline:** payroll cap is \$184,500. A worker earning \$184,500 pays \$11,439 in Social Security tax. A worker earning \$10 million pays the same \$11,439 — on 1.84% of their income. Every dollar above \$184,500 is completely exempt. There is no economic or actuarial basis for this exemption. It was a political compromise in 1977.
- **What One Big Beautiful Bill did:** the 2026 Trustees Report explicitly identifies the One Big Beautiful Bill Act signed July 4, 2025 as a contributing factor to accelerated insolvency — it reduced tax revenues flowing into Social Security. The Risinger plan does the opposite: it closes the cap that has been subsidizing high earners at the expense of solvency for decades.

Part II — Benefit Reform: Pay What You Promised

- **Full-career worker minimum — \$2,500 per month at full retirement age:** any worker who reaches full retirement age with a full work record receives a minimum Social Security benefit of \$2,500 per month. COLA continues annually on top of that baseline. This is not a welfare payment — it is what a full-career worker who paid in for 40 years is owed.
- **Spousal benefit — up to \$1,250 per month:** the non-working or lower-earning spouse of a full-career worker receives up to \$1,250 per month (50% of the worker minimum). A one-worker household receives up to \$3,750 per month combined. No household where one person worked a full career lives on less than \$3,750 per month from Social Security.
- **SSI minimum — \$2,000 per month:** Supplemental Security Income for disabled and elderly Americans who could not build a full work record is raised to a target floor of \$2,000 per month. The current SSI federal payment standard is \$994 per month (2026), leaving approximately 7.5 million recipients below the poverty line. \$2,000 per month is the floor, not the ceiling.
- **Earnings test eliminated:** Social Security recipients who work do not face benefit reductions. Earning more always produces a net positive outcome. There is no penalty for staying in the workforce, no clawback, no earnings threshold that reduces benefits. Working retirees continue paying into Social Security through payroll taxes — contributing to the system they helped build. Eliminating the earnings test requires an act of Congress; legislation to do so will be introduced within 30 days of inauguration.
- **Early retirement at 62 — no lifetime penalty:** a worker who begins collecting Social Security at age 62 receives a reduced benefit. At full retirement age (currently 67), that worker's benefit is automatically reevaluated to the full benefit they would have received at FRA. The early retirement reduction ends at FRA. No one who reaches full retirement age is penalized for life for a decision they made at 62.
- **COLA continues:** annual cost-of-living adjustments continue after the new baseline is established. The \$2,500 floor is the 2028 starting point; it increases every year with COLA from that

point forward.

4. Estimated Cost

Revenue from funding reform and cost of benefit increases:

Item	Estimate	Source
Full payroll cap removal (all earned income)	+\$150–200B/yr	CEPR / SSA actuarial analyses
Investment income inclusion above \$400K	+\$20–40B/yr	IRS passive income data
Total new annual revenue	+\$170–240B/yr	
Cost of \$2,500/month floor (full-career minimum)	Requires SSA scoring	Most retirees below floor; total cost significant
Cost of SSI increase to \$2,000/month	~\$90B/yr	7.5M recipients x \$1,006/mo increase x 12
Net solvency gain after benefit increases	Requires SSA scoring	Revenue gain less benefit cost increase
Trust fund solvency extension	75 years (comparable proposals)	SSA actuarial analysis — independent scoring of Risinger proposal required

Note: Independent SSA scoring of the specific Risinger proposal parameters required before finalizing revenue and cost estimates. Figures above are consistent with CBO and SSA actuarial estimates of comparable proposals.

5. Year 1 Implementation and Measurable Result

- **Within 30 days of inauguration:** payroll cap removal and investment income inclusion legislation introduced in Congress.
- **Within 90 days:** SSA actuarial scoring of the full Risinger proposal — both the funding changes and the benefit floor changes — completed and published publicly.
- **Legislation passed and signed before Q4 2032:** the OASI trust fund depletion date. Every recipient currently receiving Social Security benefits receives their full scheduled benefit. No automatic cuts.
- **\$2,500/month floor effective January 1, 2029:** every full-career retiree at or past full retirement age on that date has their benefit reevaluated to the \$2,500 minimum if their current benefit is below that floor. COLA applies from 2029 forward.
- **Earnings test elimination legislation introduced within 30 days:** the earnings test is written into the Social Security Act and requires an act of Congress to remove. Legislation eliminating it will be introduced within 30 days of inauguration and passed as part of the broader Social Security reform package.
- **Early retirement reevaluation process implemented within 180 days of legislation:** SSA establishes the administrative process to automatically reevaluate early retirees at FRA to the full

benefit they would have received at FRA. Full cost requires independent SSA actuarial scoring before legislation is finalized.

Source for baseline: SSA 2026 Trustees Report, released June 9, 2026, ssa.gov.

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