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NEWS RELEASE

Immediate Release

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Actuaries to Policymakers: Fix Social Security, Start by Increasing Retirement Age

WASHINGTON – 4 Aug. 2008 – The **American Academy of Actuaries** is calling on public policymakers to immediately address Social Security’s long-term financial issues by increasing the retirement age to reflect increased longevity.

“The program is facing a demographic problem that demands a demographic solution,” said **Tom Terry**, the Academy’s vice president for pension issues. “Long after all the baby boomers have departed, Social Security’s income will cover only about three-fourths of its costs.”

In a statement released earlier today on behalf of the U.S. actuarial profession, the actuaries said this permanent imbalance is partially attributable to increased longevity. The Social Security legislation of 1983, which increased the normal retirement age from 65 to 67, was the only change in normal retirement age in the history of the program despite continued increases in average life expectancy. According to the Social Security Administration (SSA) actuaries, in 1940, 65-year-old males lived on average 11.9 additional years and 65-year-old females lived on average 13.4 additional years. By 2007 those figures increased to an estimated 16.7 and 19.2 years. The SSA actuaries’ intermediate projections show that life expectancy at age 65 could increase even further— with males living on average 18.8 additional years by 2040, and females living on average 20.9 more years.

The actuaries also said increasing the retirement age may be only part of the solution, but that by acting now, policymakers would have a fuller range of policy options to choose from and be able to apply those options to more of the population.

“Tax increases could be phased in more gradually, and reductions in benefit growth could be spread across a much larger population of beneficiaries, making individual reductions relatively smaller and less precipitous,” Terry said.

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Citing the program's trustees report released in March, the actuaries said Social Security's "cash flow will be moving into the red in 2017" and that "Social Security needs a course correction to continue fulfilling its mission."

The statement, developed by the Academy's Board of Directors, was released today at a press briefing at the National Press Club in Washington. Joining Tom Terry to present the statement was **Bruce Schobel**, the chairperson of the Academy's Retirement Security Principles Task Force. The statement is available online at www.actuary.org. For more information or to discuss this issue with Tom Terry and/or Bruce Schobel, please contact Andrew Simonelli, assistant director of communications for the American Academy of Actuaries, at 202.785.7872.

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The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.