



Individual Accounts, Social Security, and the 2000 Election

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I. Background

Introduction

As the 2000 United States Presidential election draws closer, the public will weigh and prioritize issues and concerns affecting their vote. One of these issues is the status of the Social Security system. Long regarded as the “third rail” of politics, past candidates avoided substantive discussions of Social Security, fearing the perception that they intended to threaten an entitlement highly valued by most Americans. In the 2000 election however, Social Security is an issue, with the presidential candidates of the two major parties discussing reform openly and issuing outlines of plans to change it.

The survey data presented in this report *do not* address specific plans proposed by the presidential candidates, but rather seek to measure public opinion about two generic approaches that have been suggested by various people concerned with retirement security. These approaches can best be described as a “carve-out approach” and an “add-on approach.”

The carve-out approach proposes that workers be allowed to invest a portion of the amount they pay into Social Security taxes in the stock market through individual retirement accounts.

The add-on approach proposes that, in addition to what they are paying into Social Security, workers will be encouraged to contribute an additional amount into tax-favored individual accounts and receive matching funds from the government. In a time of overall budget surpluses, various proposals provide for a government match.

By addressing these generic approaches, the data collected can focus on fundamental public perceptions of Social Security reform rather than perceptions of candidates or their policies.

This survey begins with questions about the overall acceptability of carve-out and add-on approaches to retirement savings. It goes further than most surveys of this type by assessing the strength of likely arguments against each approach (mitigating factors). These mitigating factors were posed as *possible* concerns for generic carve-out and add-on plans. They do not reflect policy proposals of any person, political party, or interest group. Because we include these mitigating factors in our assessment of public acceptance of these two approaches, this survey represents a more

comprehensive examination of public opinion regarding two individual account proposals currently part of the public dialogue around Social Security.

Three general observations can be made from the survey data. First, the public considers the Social Security system to be important to how they will vote in November. Not only is Social Security mentioned as a top of mind election issue, substantial majorities among every demographic group consider candidates' positions on Social Security to be influential to how they will vote in November.

Second, public perceptions of the two generic approaches to reforming Social Security are anything but firm. The public is concerned with Social Security as an election issue but their concern is largely abstract, and lacking in information about many of the specifics of Social Security reform plans. This means that the initial public support or opposition to carve-out and add-on approaches to retirement savings are likely to change as the debate evolves. Similarly, the fact that some of the mitigating factors about each approach significantly reduce support for both plans indicates that the public has not "come to judgment" about how best to reform Social Security or provide for a more secure retirement.

Many of these factors represent strong public concerns about each approach. However, as the public debate moves forward, the strength of these factors could change and new considerations could arise. Candidate communications during the remaining months of the campaign and the public dialogue after the November election could serve to firm up public attitudes toward reform plans for Social Security.

Third, despite the current malleability of public opinion about the two generic approaches contained in this survey, it is clear that there are values and beliefs at play that are not malleable. Specifically, the public's desire for control over their economic lives and their preference for security in retirement matters, balanced with an appreciation for risk, inform how they regard suggestions for changing Social Security and will be very important to how public debate on this issue plays out in the next year. Desire for personal control over one's finances, as well as an appreciation for the negative and positive aspects of risk, are part of the American ethos – values and beliefs so ingrained in our culture that they represent standards to which everyone refers in some way when addressing social issues.

The following report provides highlights of a large nationwide survey conducted for AARP by Roper Starch Worldwide. The study primarily

concerns public attitudes toward Social Security as a public issue and assessments of two generic plans to reform Social Security, but it also examines attitudes toward retirement plans and experiences with the stock market.

Methodology

The survey was conducted among a nationally representative cross-section of 2,000 adults age 18 and older. Interviews were conducted by telephone using a random-digit-dial (RDD) methodology between July 10 and July 30, 2000. The findings from this survey have a sampling error of plus or minus 2.6 percentage points.

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II. Executive Summary

Priorities in the 2000 Presidential Election

- Public perceptions of Social Security will play a role in the Presidential election this year. Almost eight in ten (78%) Americans consider presidential candidates' positions on Social Security to be the most important, or one of the most important, issues affecting how they will vote.
- When it comes to how to use the overall budget surplus, Social Security also emerges as a top priority. Almost seven in ten (69%) say the surplus should be used to make Social Security more financially sound.
- Among those aged 50 and over, Social Security (11%) is tied with family values (11%) as the most frequently mentioned issue influencing their presidential election choice.
- Only one-fourth (24%) of Americans are *well informed* about Social Security.
- Only slightly more than four in ten (42%) believe Social Security benefits in the future will be comparable to those available today.

Reactions to Proposed Retirement Savings Approaches

- Overall, the proposed add-on approach garners *initial* support from 70 percent of the public. The carve-out approach is *initially* supported by 54 percent. These levels of initial support are similar to that found in other surveys conducted during the past five months.¹
- Americans' reactions to both the carve-out and the add-on approaches suggest that the public is intrigued by a government-sponsored plan that would allow for a measure of self-direction of investment. However, support for both approaches diminishes when supporters are asked to consider a variety of possible consequences that might emerge.
- Support for carve-outs drops sharply when two potential mitigating factors are introduced. If the approach brings with it a reduction in

¹ Some notable examples are the Newsweek Social Security Poll conducted by PSRA (6/24/00); the CBS NEWS/New York Times Poll (5/10-13/00); and the ABC News/Washington Post Poll (5/7-10/00).

guaranteed Social Security benefits or the possibility of a new government agency, many Americans withdraw their support (55% and 58%, respectively).

- Similarly, support for add-ons drops if it brings with it the possibility of an increase in taxes or the possibility of a new government agency (72% and 57%, respectively).

Retirement Savings Priorities and Preparedness

- Generally speaking, control, access, and information are the most important aspects of any retirement savings approach that Americans will likely embrace.
- Personal control over one's retirement finances does not necessarily mean only being able to choose and manage one's investments. The public seems to be more concerned with ownership of their retirement investments as evidenced by their greater desire to name a beneficiary for their retirement investments and have regular access to account information.
- Many people may not be prepared to direct their retirement savings. Only a little more than half (54%) say they are knowledgeable of the stock market.
- Only half (50%) of Americans feel confident in their ability to select stocks, bonds or mutual funds.

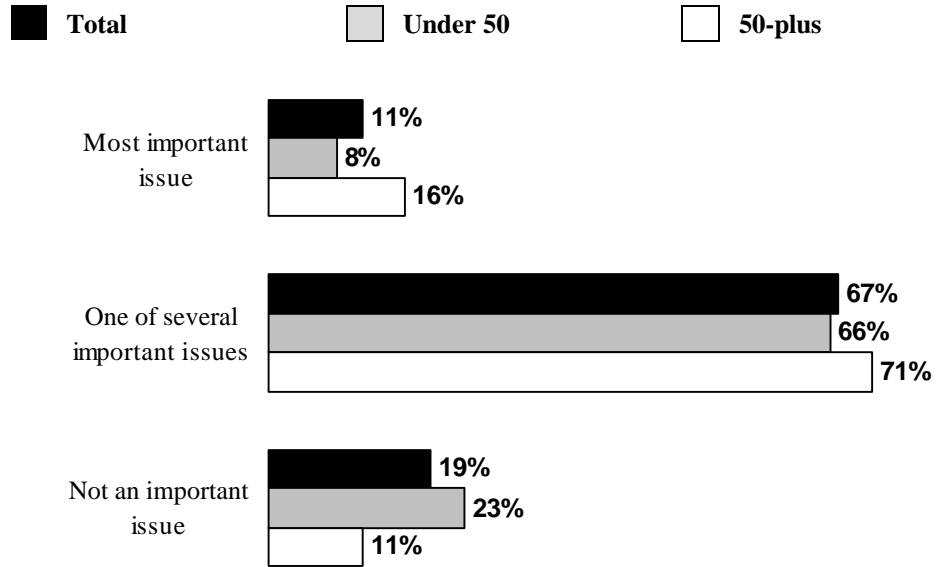
III. The Public's View: How Social Security Will Influence The Upcoming Presidential Election

Social Security a Priority in Election 2000

The future of Social Security is a salient issue for the American electorate. A majority (78%) says that the candidates' positions on Social Security will be one of several important issues (67%), if not *the* most important issue (11%) when casting their vote for President. Less than one in five Americans says it will not be an important issue.

The salience of Social Security as an election issue extends across all socio-demographic groups. Notably, respondents who have received their estimate of benefits from the Social Security Administration are more likely than those who have not received this estimate to say Social Security is an important consideration for how they will vote in November (82% and 73%, respectively). Figures 1, 2, and 3 contain these percentages and illustrate some slight distinctions in attitudes by demographic groups.

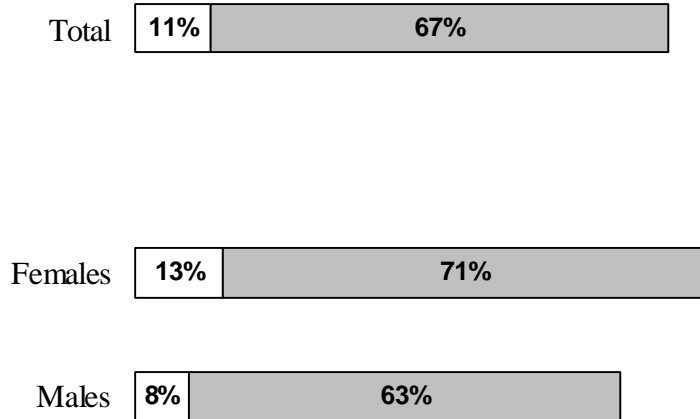
**Figure 1: Importance Of Candidates Positions On Social Security
In Determining Vote For President, by Age**



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*.
September 2000.

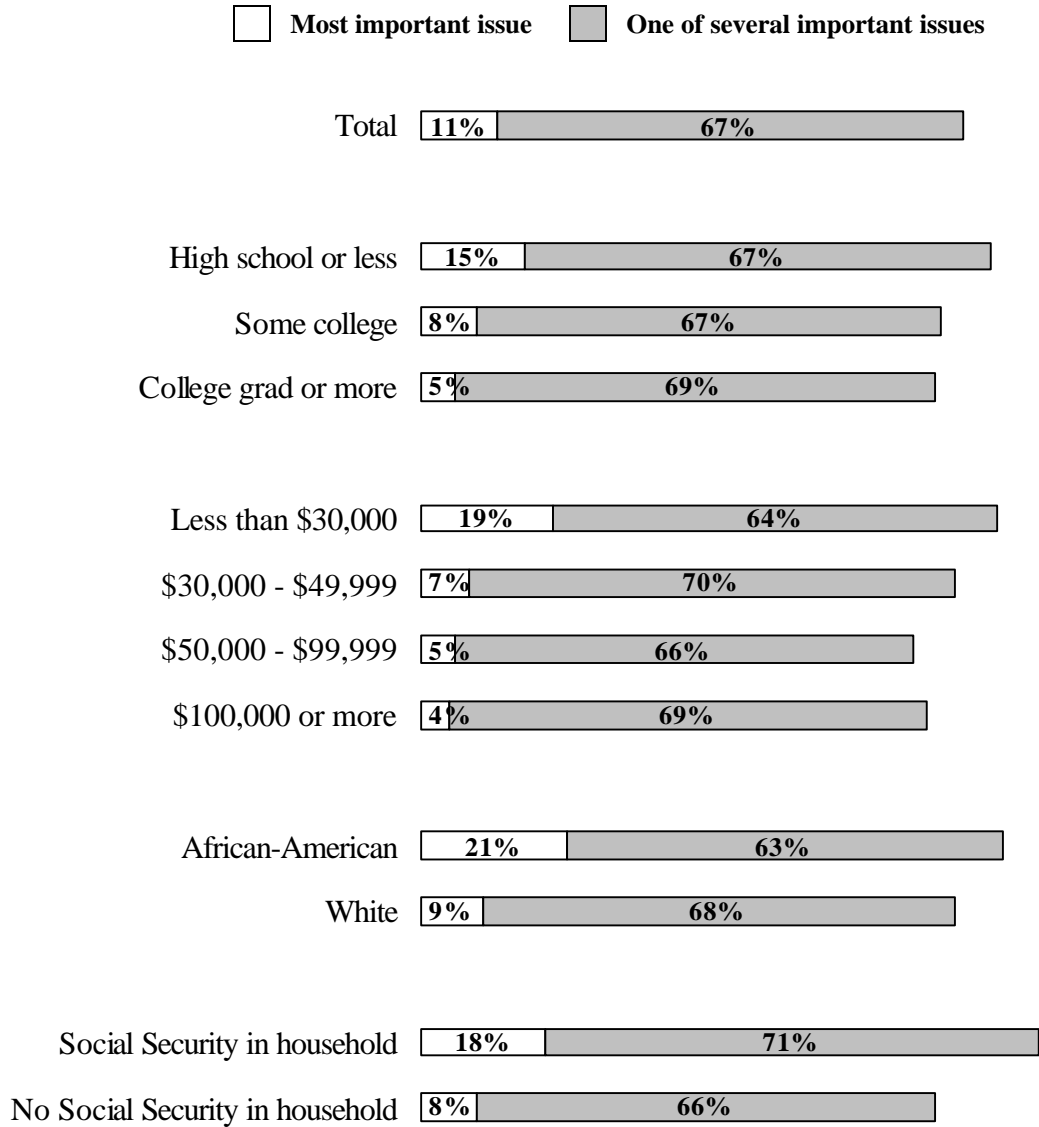
**Figure 2: Importance Of Candidates Positions On Social Security
In Determining Vote For President, by Gender**

Most important issue One of several important issues



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*.
September 2000.

Figure 3: Importance of Candidates Positions on Social Security in Determining Vote for President, by Demographics



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

In response to a top-of-mind question that asked respondents to name the single most important issue in deciding for whom to vote in the 2000 presidential election, Social Security was the fifth most frequently mentioned issue, cited by five percent of the general public. Only family values (11%), taxes (8%), the economy and jobs (7%) and education (6%) were mentioned more often.

Among those aged 50 and over, Social Security (11%) is tied with family values (11%) as the most frequently mentioned issue influencing their presidential election choice.

Public Support for Using the Budget Surplus for Social Security

Seven in ten Americans (69%) think helping to make Social Security more financially sound should be a *high priority* when the federal government is deciding how to spend money from the overall budget surplus.

The only issue that receives more support is education (73% *high priority*). Helping to make Medicare more financially sound follows closely behind Social Security as being a *high priority* in the public's view (65%). Less than a majority think cutting federal taxes (44%), paying off part of the federal debt (39%), or using the surplus money for defense (33%) should be high priorities. Table 1 contains this basic data while Figure 4 shows variances among demographic groups in support for using the overall budget surplus to make Social Security more financially sound.

Table 1: What should be done with the money from the Federal government's budget surplus?

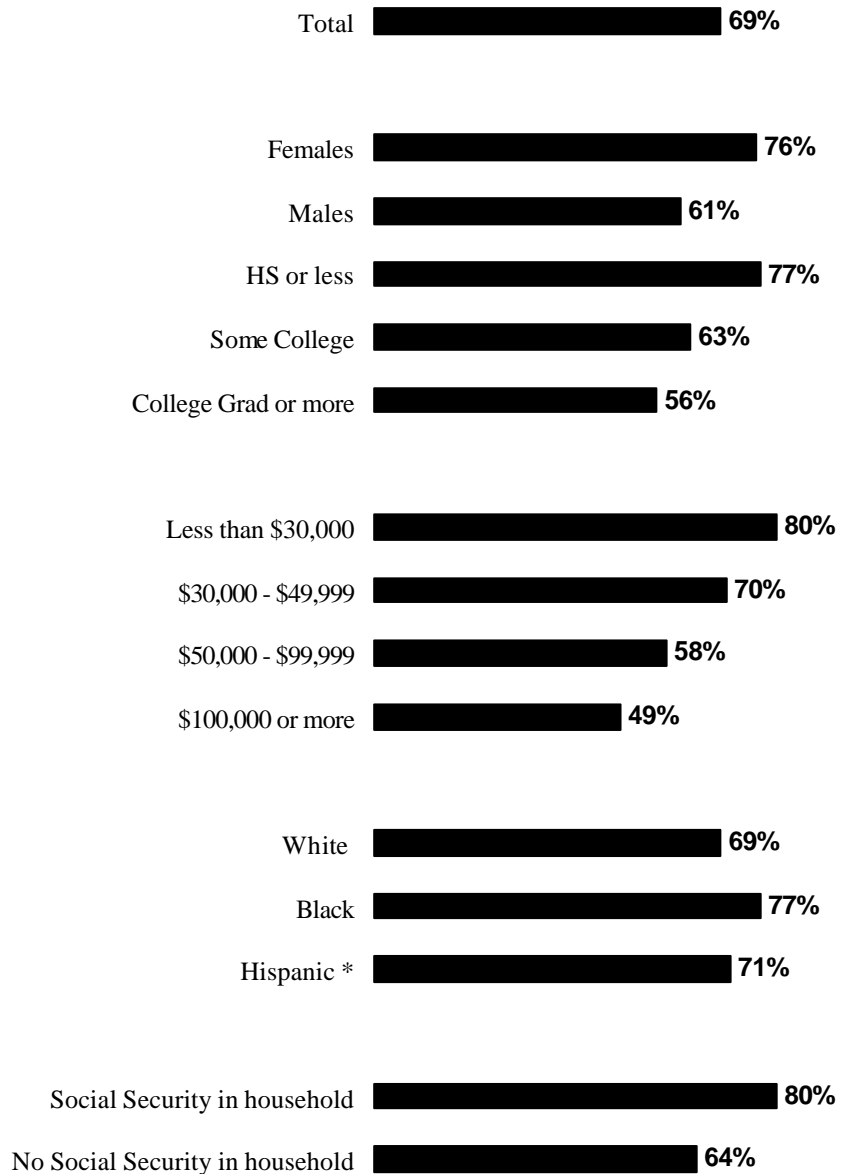
Percent saying each should be a high priority

	<u>Total</u> (n=2000)	<u>Under 50</u> (n=1193)	<u>50-plus</u> (n=764)
For education	73%	79%	61%
To help make Social Security more financially sound	69%	64%	78%
To help make Medicare more financially sound	65%	60%	75%
To cut federal taxes	44%	44%	42%
To pay off part of the federal debt	39%	35%	46%
For defense	33%	28%	41%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

**Figure 4: Support for Using Budget Surplus to Aid Social Security
By Various Groups**

Percent saying using the budget surplus to help make Social Security more financially sound should be a high priority



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*.
September 2000.

Knowledge of, and Confidence in, Social Security

Despite the salience of Social Security as an election issue, only one-fourth (24%) of Americans say that they are actually *very well informed* about the Social Security program. The majority (55%) says they are only *somewhat informed*. Table 2 presents these data along with selected demographic differences in knowledge level about Social Security.

Table 2: Level of knowledge about Social Security system

	<u>Very well informed</u>	<u>Somewhat informed</u>	<u>Not very well informed</u>	<u>Not at all informed</u>
Total	24%	55%	16%	5%
Under 50	16%	59%	20%	5%
50-plus	38%	48%	8%	5%
High school or less	22%	54%	18%	6%
Some College	23%	56%	15%	5%
College Graduate or more	29%	57%	13%	2%
Less than \$30,000	22%	50%	20%	7%
\$30,000 - \$49,999	23%	56%	17%	3%
\$50,000 - \$99,999	23%	61%	12%	4%
\$100,000 +	32%	55%	8%	5%
Social Security in household	39%	45%	11%	4%
No Social Security in household	18%	59%	18%	5%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Trend surveys have shown that confidence in Social Security has remained low throughout much of the last decade. The *Retirement Confidence Survey* conducted annually by the Employee Benefit Research Institute (EBRI) has shown that confidence that “Social Security will continue to provide benefits of equal value” to those provided now has remained low. Fewer than one-third have reported they are *confident* that this will be the case.

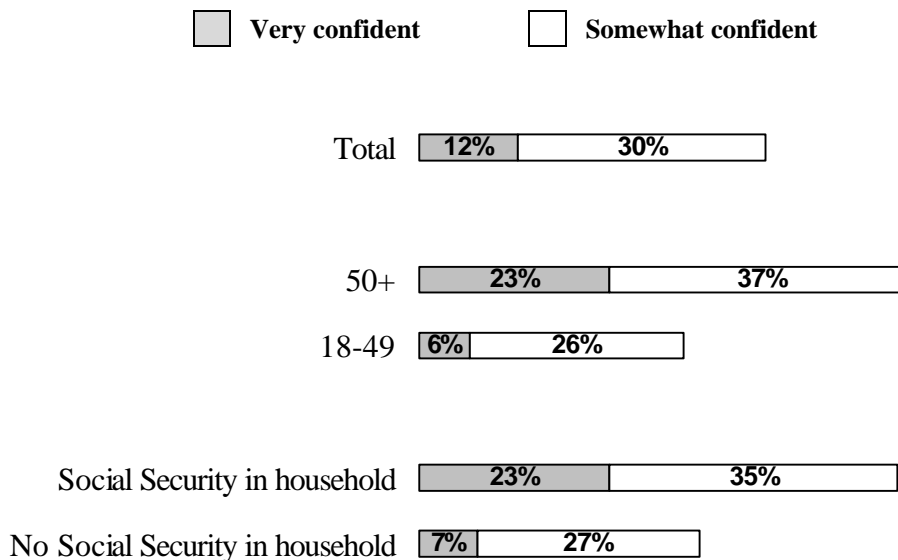
In this survey, 42 percent express confidence that their future Social Security benefits will be comparable to those paid to beneficiaries now

(12% *very confident* with another 30 percent say they are *somewhat confident*). Fifty-two percent of Americans say they are *not* confident that their benefits will be comparable to current levels. (Figure 5)

The majority of those aged 50 or older (60%) express confidence; about one-third of those ages 18 to 49 (32%) are confident. In addition, respondents who have received their estimate of benefits from the Social Security Administration are more likely than those who have not received this estimate to be confident in Social Security (46% and 35%, respectively).

The higher confidence level recorded by this survey could be a reflection of greater consumer confidence prompted by the continued strong economy, or by public recognition that the Social Security trust fund is in better financial shape.

Figure 5: Confidence that Future Benefits Will Be Comparable to Those Being Paid Now



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

IV. Reactions to Two Approaches to Retirement Savings

In this survey we examined two approaches to retirement saving that could affect Social Security.

The first approach, referred to as a “carve-out,” proposes that workers be allowed to invest a portion of the amount they pay into Social Security taxes in the stock market through individual retirement accounts. The second approach, referred to as an “add-on,” proposes that, in addition to what they are paying into Social Security, workers will be allowed to contribute an additional amount into retirement accounts and receive matching funds from the government.

Respondents were asked a series of questions to gauge support and opposition to these two approaches. Supporters of each approach were asked to assess various possible concerns (mitigating factors) about the approach to probe the strength of their support. Neither approach was associated in any way with either a presidential candidate or party throughout the course of the survey. The mitigating factors included in the survey were posed as *possible* concerns for generic carve-out and add-on plans. They do not reflect policy proposals of any person, political party, or interest group.

Some mitigating factors are more powerful concerns than others. Clearly, those concerns that address reductions in Social Security benefit amounts, the possibility of new taxes or new government agencies are the most powerful mitigators to carve-outs and add-on approaches. However, all the mitigators listed in this survey have persuasive power either against carve-outs or add-ons in that each of the possible concerns served to reduce support for the approach they addressed. If one combines the reduction in support for either carve-outs or add-on approaches produced by any mitigator with the percentages of the population who *initially* opposed each plan, support for carve out and add-on approaches among the total population is never more than 50% and usually much less, depending on the concern mentioned.

Support for a Carve-out Approach

When the carve-out approach described above was presented to respondents, slightly more than one-half of the public (54%) say they favor this approach.

Those in favor of this approach tend to be men, those with some college education or more, people ages 18 to 49, whites, and those in households where no one is currently receiving Social Security benefits. (Table 3)

Table 3: Groups that Favor the Carve-out Approach

Percent saying they favor this approach

(Numbers in bold indicate significant difference from all other groups in that demographic category)

Total (n=1079)	54%
Males	59%
Females	50%
18-49	59%
50-plus	45%
High school graduate or less	49%
Some college	61%
College graduate or more	59%
Less than \$30,000	49%
\$30,000 - \$49,999	60%
\$50,000 - \$99,999	61%
\$100,000 +	55%
White	55%
Black	45%
Social Security in household	45%
No Social Security in household	58%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Possible Consequences of the Carve-out Approach Considered

To assess depth of support for carve-outs, Americans who say they support it were introduced to several possible consequences of the approach. After hearing each consequence, supporters of the approach were then asked if they would continue to favor it or now oppose it. (Table 4)

Support for the approach remains largely intact when supporters are told that workers would only be able to invest an average of \$600 per year (82% continue to favor). More than two-thirds also say they would continue to favor the approach even if workers were not allowed to withdraw any of the money until retirement (69% still favor while 29% oppose).

A much smaller majority (57%) would continue to favor the carve-out approach when told that workers might receive less money due to the ups and downs of the stock market than if they had left all of their money in the Social Security system. Just over half say they would still support the approach if it meant that workers would have to pay the management fees associated with their accounts (51%).

Fewer than half of supporters say they would continue to favor the approach if it would lead to a lower guaranteed Social Security benefit (42%) or to the creation of a new government agency to administer the program (38%).

Because only 54 percent of the total survey sample initially favored the carve-out approach, one important observation is that *any* of the mitigating factors serves to reduce support among the entire sample to less than a majority. For example, after hearing that you might not be able to withdraw money invested through a carve-out approach, 69 percent of those who initially favor the carve-out approach continue to support it. However, the 29 percent who changed their minds after hearing this possibility, added to those who initially opposed carve-outs, means that this mitigating factor reduces support among the entire public (*the entire survey sample*) to 37 percent.

Table 4: Change in Support When Possible Concerns of the Carve-out Approach are Introduced *
(Based on the 54 percent (1079 respondents) who say they favor the carve-out approach)

<i>Would you still favor the Carve-out approach, if:</i>	<u>Percentage of Initial Supporters Who Now Oppose</u>	<u>Percentage of Initial Supporters Who Still Favor</u>
Could only invest about \$600 per year	17%	82%
Not permitted to withdraw any money until retirement	29%	69%
Ups and downs of the stock market might result in less retirement money than if all were kept in Social Security	40%	57%
Each worker would have to pay the management fees associated with these accounts	46%	51%
Would mean a lower guaranteed Social security benefit	55%	42%
Creating a new government agency to administer the program	58%	38%

* Percentages are not cumulative. Each concern was posed separately.

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 5: Support for Carve-out Approach When Possible Concerns are Introduced, by Demographics

Percent of initial supporters (1079 respondents) saying they would still favor the carve-out approach after hearing each possible concern

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Could only invest \$600 per year</u>	<u>Cannot withdraw until retirement</u>	<u>Might receive less money if unstable stock market</u>	<u>Must pay management fees</u>	<u>Lower guarantee benefit</u>	<u>Creating a new gov't agency</u>
Total	82%	69%	57%	51%	42%	38%
Male	84%	72%	66%	56%	49%	36%
Female	80%	66%	47%	44%	33%	40%
18-49	81%	68%	56%	53%	40%	42%
50-plus	86%	72%	60%	46%	45%	29%
High school or less	77%	63%	48%	43%	32%	42%
Some college	84%	72%	60%	51%	43%	31%
College graduate or more	91%	78%	71%	65%	59%	38%
Less than \$30,000	75%	59%	42%	40%	33%	41%
\$30,000 - \$49,999	86%	72%	59%	48%	35%	39%
\$50,000 - \$99,999	84%	73%	65%	62%	51%	36%
\$100,000 +	95%	84%	76%	67%	66%	32%
White	83%	71%	60%	52%	43%	36%
Black	77%	54%	37%	36%	35%	50%
Hispanic *	74%	56%	56%	51%	42%	47%
Social Security in household	82%	68%	50%	45%	38%	37%
No Social Security in household	82%	69%	60%	52%	43%	38%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 5A: Opposition to Carve-out Approach When Possible Concerns Are Introduced, by Demographics

Percent of initial supporters saying they would oppose the carve-out approach after hearing each possible concern

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Could only invest \$600 per year</u>	<u>Cannot withdraw until retirement</u>	<u>Might receive less money if unstable stock market</u>	<u>Must pay management fees</u>	<u>Lower guarantee benefit</u>	<u>Creating a new gov't agency</u>
Total	17%	29%	40%	46%	55%	58%
Male	15%	27%	31%	41%	48%	61%
Female	18%	31%	49%	51%	62%	55%
18-49	18%	31%	42%	45%	57%	55%
50-plus	12%	24%	33%	48%	48%	65%
High school or less	22%	35%	48%	53%	64%	53%
Some college	16%	27%	37%	47%	55%	66%
College graduate or more	8%	21%	26%	32%	37%	59%
Less than \$30,000	24%	39%	53%	57%	65%	54%
\$30,000 - \$49,999	13%	27%	39%	49%	62%	57%
\$50,000 - \$99,999	16%	26%	33%	34%	47%	60%
\$100,000 +	5%	16%	24%	31%	30%	68%
White	15%	27%	37%	44%	53%	60%
Black	23%	43%	57%	63%	62%	47%
Hispanic *	23%	44%	44%	42%	56%	47%
Social Security in household	16%	28%	43%	48%	56%	59%
No Social Security in household	17%	29%	38%	45%	54%	58%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 5B: Opposition for Carve-out Approach When Possible Concerns Are Introduced, by Demographics

*Percent of **general public** (total sample) saying they would oppose the carve-out approach after hearing each possible concern*

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Could only invest \$600 per year</u>	<u>Cannot withdraw until retirement</u>	<u>Might receive less money if unstable stock market</u>	<u>Must pay manage- ment fees</u>	<u>Lower guarantee benefit</u>	<u>Creating a new gov't agency</u>
Total	45%	51%	57%	60%	65%	67%
Male	42%	49%	51%	57%	61%	69%
Female	47%	53%	62%	63%	69%	65%
18-49	42%	49%	56%	57%	65%	63%
50-plus	50%	55%	59%	66%	66%	73%
High school or less	49%	55%	62%	64%	69%	64%
Some college	40%	47%	52%	59%	64%	70%
College graduate or more	39%	47%	50%	53%	57%	69%
Less than \$30,000	53%	60%	67%	69%	73%	68%
\$30, 000-\$49,999	39%	48%	55%	61%	69%	66%
\$50, 000-\$99,999	39%	46%	50%	51%	58%	66%
\$100,000+	39%	45%	49%	53%	53%	74%
White	43%	49%	55%	59%	64%	68%
Black	52%	61%	67%	70%	69%	63%
Hispanic*	48%	58%	58%	57%	64%	60%
Social Security in household	52%	58%	64%	67%	70%	72%
No Social Security in household	41%	48%	54%	57%	63%	65%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 5B presents the level of opposition to the carve-out approach in the *general public*. Because 36% of all survey respondents (the entire sample) opposed the carve-out approach before being presented with the six possible concerns, one can calculate a total opposition figure consisting of the original opponents and those initial supporters of carve-outs who changed their minds after hearing the possible concerns.

At least one consequence proves to be a mitigating factor for 9 out of 10 respondents who initially supported the carve-out approach (971 of the original 1079 who initially supported the carve-out approach considered at least one of the mitigating factors to be a reason for dropping their support). However, 10% of original supporters did not alter their favorable impression of the carve-out approach in response to any of the six mitigating factors.

Men more so than women, those who graduated from college more so than those who did not, those with a household income of \$50,000 or more are likely to be among the 10% who continued to favor the carve-out approach despite all six mitigating factors. (Table 6)

Those that support the carve-out approach despite the six mitigating factors also tend to be *less* inclined to be concerned with Social Security. They are less likely to say that the overall budget surplus should be applied to Social Security and less likely to say that Social Security will be among the most important issues driving their vote for President this fall.

Table 6: Groups that Consistently Favor the Carve-out Approach

Percent of initial supporters saying they favor this approach in response to all factors offered

(Numbers in bold indicate significant difference from all other groups in that demographic category)

Total (n=108)	10%
Males	12%
Females	7%
18-49	9%
50-plus	10%
High school graduate or less	6%
Some college	10%
College graduate or more	16%
Less than \$30,000	7%
\$30,000 - \$49,999	7%
\$50,000 - \$99,999	12%
\$100,000 +	15%
White	10%
Black	10%
Hispanic *	12%
Social Security in household	7%
No Social Security in household	10%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*.
September 2000.

Support for an Add-on Approach

The add-on approach was described as a supplemental program in which workers would be allowed to contribute up to \$2,000 per year into retirement accounts, in addition to what they pay into Social Security. They would receive matching funds from the government.

Support for the add-on approach is fairly consistent across all demographic subgroups, but is higher among younger Americans and those living in households where no one receives Social Security. (Table 7)

Table 7: Groups that Favor Add-on Approach

Percent saying they favor this approach

(Numbers in bold indicate significant difference from all other groups in that demographic category)

Total (n=1399)	70%
Males	69%
Females	71%
18-49	75%
50-plus	62%
High school graduate or less	68%
Some college	74%
College graduate or more	71%
Less than \$30,000	67%
\$30,000 - \$49,999	75%
\$50,000 - \$99,999	75%
\$100,000 +	71%
White	70%
Black	70%
Social Security in household	60%
No Social Security in household	75%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Possible Consequences of the Add-on Approach Considered

As with the carve-out approach, Americans who favor the add-on approach were introduced to several possible consequences to gauge their depth of support. After hearing each consequence, supporters were then asked if they would continue to favor the approach or if that consequence would cause them to oppose it. (Table 8)

Over two-thirds of supporters (68%) would continue to favor the add-on approach if the government match were based on income so that those with *lower* incomes got more matching funds. Supporters were also not deterred by restrictions placed on access to their money. Sixty-three percent would continue to favor the approach even it meant not being permitted to withdraw any money until retirement.

Slightly less than half of supporters (46%) would continue to support the approach if it meant that each worker would have to pay the management fees associated with these accounts.

Only one-quarter of initial supporters (25%) say they would continue to support the add-on approach if it meant that income taxes would need to be raised to pay for government matching funds. Similarly, only 40 percent of initial supporters say they would continue to support an add-on approach if implementing the approach required creating a new government agency to administer the program.

Even though 70 percent of the total survey sample initially favored the add-on approach, again *any* of the mitigating factors serves to reduce support among the entire sample to below a majority. For example, after hearing that government matching funds would be a progressive match based on income 68 percent of those who initially favor the add-on approach continue to support it. However, the 29 percent who changed their minds after hearing this possibility, added to those who initially opposed add-ons, means that this mitigating factor reduces support among the entire public (*the entire survey sample*) to 48 percent.

Table 8: Change in Support When Possible Concerns of the Add-on Approach are Introduced *
(Based on the 70 percent (1399 respondents) who say they favor the add-on approach)

<i>Would you still favor the Add-on approach, if:</i>	<u>Percentage of Initial Supporters Who Now Oppose</u>	<u>Percentage of Initial Supporters Who Still Favor</u>
Match would be based on income so those with lower incomes got more matching funds	29%	68%
Not permitted to withdraw any money until retirement	34%	63%
Each worker would have to pay the management fees associated with these accounts	50%	46%
Creating a new government agency to administer the program	57%	40%
Income taxes would be raised to pay for government matching	72%	25%

* Percentages are not cumulative. Each concern was posed separately.

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

No specific groups emerge as consistent supporters of the add-on approach when all mitigating factors are introduced. However, small differences emerge by gender.

Men are slightly more likely than women to continue to support the approach in light of several consequences: if matching funds were based on income, if workers had to pay management fees on their accounts, and if income taxes were raised to pay for matching funds. Women, by contrast, are more likely to continue to support the approach even if a new government agency had to be created to administer the program. (Table 9)

Table 9: Support for Add-on Approach When Possible Concerns are Introduced, by Demographics

Percent saying they would still favor the add-on approach after hearing possible concerns

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Matching funds based on income</u>	<u>Higher income taxes to fund match</u>	<u>Cannot withdraw until retirement</u>	<u>Creating a new gov't agency</u>	<u>Must pay management fees</u>
Total	68%	25%	63%	40%	46%
Male	71%	30%	65%	37%	50%
Female	65%	21%	62%	43%	42%
18-49	70%	26%	64%	45%	48%
50-plus	64%	22%	64%	30%	42%
High school or less	70%	23%	57%	41%	38%
Some college	67%	25%	67%	34%	48%
College graduate or more	63%	30%	74%	43%	61%
Less than \$30,000	76%	24%	56%	42%	39%
\$30,000 - \$49,999	66%	28%	67%	43%	42%
\$50,000 - \$99,999	65%	28%	68%	38%	57%
\$100,000 +	59%	22%	79%	34%	67%
White	66%	25%	67%	37%	47%
Black	79%	30%	42%	59%	42%
Hispanic *	73%	18%	53%	47%	40%
Social Security in household	70%	24%	60%	36%	41%
No Social Security in household	67%	26%	65%	41%	48%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 9A: Opposition to Add-on Approach When Possible Concerns are Introduced, by Demographics

Percent of initial supporters saying they would oppose the add-on approach after hearing each possible concern

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Matching funds based on income</u>	<u>Higher income taxes to fund match</u>	<u>Cannot withdraw until retirement</u>	<u>Creating a new gov't agency</u>	<u>Must pay management fees</u>
Total	29%	72%	34%	57%	50%
Male	27%	67%	33%	61%	47%
Female	31%	76%	35%	52%	53%
18-49	28%	71%	34%	53%	48%
50-plus	31%	73%	32%	65%	53%
High school or less	26%	74%	40%	54%	58%
Some college	31%	72%	30%	63%	47%
College graduate or more	34%	67%	25%	55%	36%
Less than \$30,000	22%	72%	42%	53%	57%
\$30,000 - \$49,999	30%	70%	30%	56%	54%
\$50,000 - \$99,999	33%	70%	31%	60%	40%
\$100,000 +	40%	77%	19%	64%	31%
White	30%	72%	30%	60%	49%
Black	21%	68%	56%	35%	57%
Hispanic *	27%	81%	47%	53%	59%
Social Security in household	25%	72%	35%	58%	54%
No Social Security in household	30%	72%	34%	56%	49%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 9B presents the level of opposition to the add-on approach in the *general public*. Because 20% of all survey respondents (the entire sample) opposed the add-on approach before being presented with the five possible concerns one can calculate a total opposition figure consisting of

the original opponents and those initial supporters of add-ons who changed their minds after hearing the possible concerns.

Table 9B: Opposition for Add-on Approach When Possible Concerns Are Introduced, by Demographics

Percent of general public (total sample) saying they would oppose the add-on approach after hearing each possible concern

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Matching funds based on income</u>	<u>Higher income taxes to fund match</u>	<u>Cannot withdraw until retirement</u>	<u>Creating a new gov't agency</u>	<u>Must pay management fees</u>
Total	40%	70%	44%	59%	55%
Male	41%	69%	45%	65%	55%
Female	39%	71%	42%	54%	55%
18-49	37%	70%	42%	56%	53%
50-plus	44%	70%	45%	65%	58%
High school or less	38%	71%	48%	57%	60%
Some college	41%	71%	40%	64%	53%
College graduate or more	44%	68%	38%	59%	46%
Less than \$30,000	36%	70%	50%	57%	60%
\$30,000-\$49,999	40%	70%	40%	59%	58%
\$50,000-\$99,999	43%	70%	41%	63%	48%
\$100,000+	49%	75%	34%	66%	42%
White	41%	70%	41%	62%	54%
Black	36%	69%	60%	46%	61%
Hispanic	32%	68%	45%	49%	53%
Social Security in household	40%	68%	46%	60%	58%
No Social Security in household	40%	71%	42%	59%	53%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

At least one consequence proves to be a mitigating factor for more than 9 out of 10 respondents who initially supported the add-on approach (1301 of the original 1399 who initially supported the add-on approach found at least one mitigating factor to be a reason to drop their support). However, 7% of original supporters did not alter their favorable impression of the carve-out approach in response to any of the six mitigating factors. (Table 10)

Table 10: Groups Who Consistently Favor the Add-on Approach

Percent saying they favor this approach in response to all factors offered

(Numbers in bold indicate significant difference from all other groups in that demographic category)

Total (n=98)	7%
Males	8%
Females	5%
18-49	7%
50-plus	6%
High school graduate or less	5%
Some college	8%
College graduate or more	8%
Less than \$30,000	8%
\$30,000 - \$49,999	5%
\$50,000 - \$99,999	8%
\$100,000 +	9%
White	7%
Black	7%
Hispanic *	4%
Social Security in household	5%
No Social Security in household	7%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Comparison of Initial Support for Both Approaches

A comparison of groups that *initially* supported both carve-out and add-on approaches reveals substantial overlap. This is not unusual considering that these approaches are not exclusive to one another. In fact, 80 percent of those who favor the carve-out approach also favor the add-on approach. Conversely, 62 percent of those who favor the add-on approach also favor the carve-out approach. (Table 11)

Table 11: Comparison of Initial Support for Add-on vs. Carve-out Approaches

Percent saying they favor each approach

	Carve-out approach		Add-on approach	
	<u>Favor</u>	<u>Oppose</u>	<u>Favor</u>	<u>Oppose</u>
Total	54%	36%	70%	20%
Favor carve-out approach	100%	--	62%	39%
Favor add-on approach	80%	60%	100%	--

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Perceived Affect of Each Approach on Social Security

An important distinction exists between the add-on approach and the carve-out approach. A majority of Americans (54%) believe that the add-on approach will serve to *strengthen* the Social Security system, while only 28 percent think that the approach would *weaken* it.

When asked how the carve-out approach would affect Social Security, a plurality of 43 percent thinks that the approach will *weaken* the system. Almost as many think the system would be *strengthened* by the carve-out approach (40%). (Table 12)

Table 12: Whether Approaches Will Strengthen/Weaken Social Security System

Carve-out approach (n=2000)

Allowing workers to invest some Social Security payroll taxes in the stock market would STRENGTHEN Social Security 40%

Allowing workers to invest some Social Security payroll taxes in the stock market would WEAKEN Social Security 43%

Add-on approach (n=2000)

Allowing workers to contribute \$2,000 per year in individual retirement accounts with government matching funds will STRENGTHEN Social Security 54%

Allowing workers to contribute \$2,000 per year in individual retirement accounts with government matching funds will WEAKEN Social Security 28%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Although less than a majority of any group feel that carve-outs will strengthen Social Security, some demographic subgroups are more likely to feel that the carve-out approach would strengthen the system. These include men, younger Americans ages 18 to 49, those with some college education or more, and those living in households where no one is currently receiving Social Security benefits. (Table 13)

However, even among the demographic segments more likely to think carve-outs will strengthen Social Security, support for this position is always held by less than a majority. Younger men are the most likely group to think that a carve-out approach would strengthen Social Security but less than half of them feel this way.

There is a lot of similarity among most demographic subgroups regarding the question of whether an add-on approach would strengthen Social

Security. With the exception of younger people and those living in households not receiving Social Security benefits, slight majorities of most demographic subgroups believe that an add-on approach will strengthen Social Security.

Table 13: Effect of approaches on Social Security System

Percent saying each approach would affect the Social Security system

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	Strengthens Social Security		Weakens Social Security	
	Carve- Out	Add- On	Carve- Out	Add- On
Total	40%	54%	43%	28%
Males	46%	55%	42%	30%
Females	35%	52%	45%	26%
18-49	45%	58%	39%	28%
50-plus	31%	46%	51%	30%
High school graduate or less	37%	51%	44%	30%
Some college	43%	57%	42%	25%
College graduate or more	45%	57%	41%	28%
Less than \$30,000	37%	53%	46%	31%
\$30,000 - \$49,999	42%	58%	44%	27%
\$50,000 - \$99,999	46%	56%	40%	27%
\$100,000 +	49%	58%	42%	25%
White	40%	53%	44%	28%
Black	40%	54%	42%	31%
Hispanic *	44%	49%	40%	32%
Social Security in household	30%	48%	50%	29%
No Social Security in household	44%	56%	41%	28%

* Hispanics may be of any race

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

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V. Preparation for Retirement

Participation in Retirement Accounts

Two-thirds (67%) of American households ² are currently saving for retirement through either a contributory plan, such as a 401K, or another type of retirement savings plan—with 28 percent contributing to a 401K-type plan only, 10 percent contributing to another type of retirement savings plan only and 29 percent contributing to both. (Figure 6)

One-third (33%) of Americans are not currently contributing to any type of retirement savings plan. Those demographic subgroups who are less likely to be participating in a retirement savings plan—women (37%), those with a high school education or less (43%) and those in households with an annual income of less than \$30,000 (58%)—are also those who are more likely to say that Social Security will be an important factor in the Presidential election.

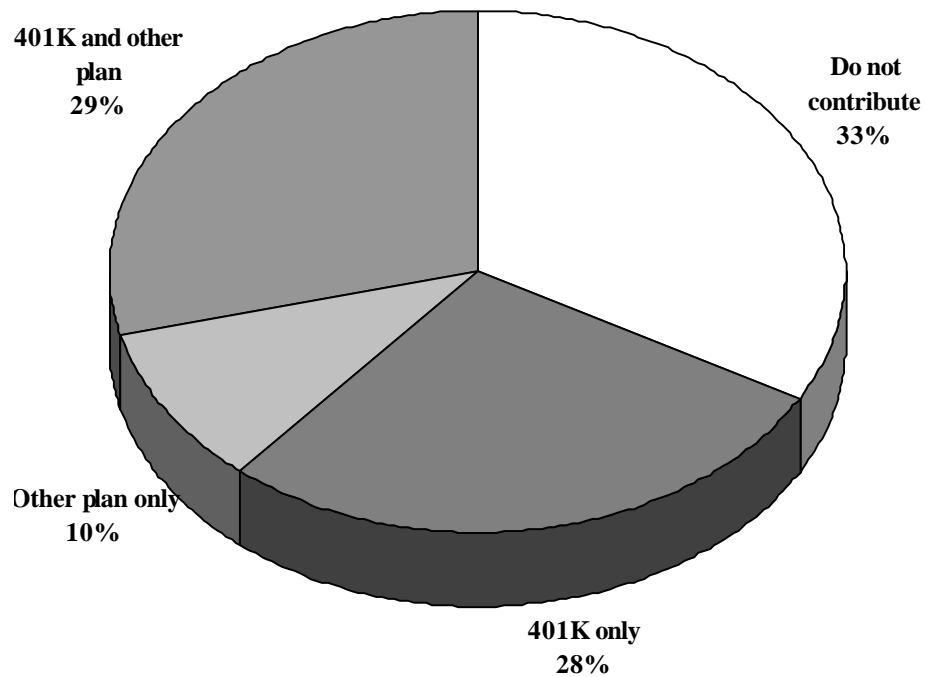
One-half (52%) of those who say that Social Security is the *most important* issue in deciding for whom to vote in the upcoming election are not currently contributing to *any* type of retirement savings plan.

During 2000, the Social Security Administration will send to all Social Security participants a statement of their estimated Social Security benefits. Nearly six in ten (57%) of survey respondents recall having received such a statement. As noted above, respondents who have received these statements of benefits are more likely than those who have not received them to have confidence in the future of the Social Security system and to consider Social Security an important election issue.

² These percentages based on a crosstabulation two questions in the survey. Household participation rates can reflect retirement plan participation by either or both partners or by a single individual.

Figure 6: Participation in Retirement Savings Plans

*Retirement Plan that you contribute to such as
401K/any other retirement savings plan:*



Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*.
September 2000.

Stock Market Knowledge and Experience

A slight majority of the public (54%) considers themselves to be knowledgeable about the stock market, although just nine percent say they are *very knowledgeable*. Nearly half of Americans (46%) say they are not knowledgeable about the stock market. (Table 14)

Not surprisingly, those who have a college degree (73%) and those in households with an income of \$100,000 or more (78%) are more likely than those with lower education and lower household income levels to be knowledgeable about the stock market. (Table 15)

Those with little knowledge of the stock market are more likely than those very or somewhat knowledgeable about the stock market to consider Social Security important to how they will vote in November (83% and 73%, respectively).

While level of knowledge of the stock market does not influence how respondents regard the add-on approach, individuals who say they are knowledgeable about the stock market are more likely than those who are not knowledgeable to express initial support for the carve-out approach (60% and 47%, respectively). These differences, could, however, be due to income and education differences and not variances in knowledge about the stock market.

Table 14: Knowledge About the Stock Market

Knowledgeable (net)	54%
Very knowledgeable	9%
Somewhat knowledgeable	45%
Not Knowledgeable (net)	46%
Not too knowledgeable	28%
Not at all knowledgeable	18%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Table 15: Knowledge About the Stock Market by Demographic Group

(Numbers in bold indicate significant difference from all other groups in that demographic category)

	<u>Knowledgeable</u> <i>(net)</i>	<u>Very</u> Knowledgeable	<u>Somewhat</u> Knowledgeable
Total	54%	9%	45%
Males	65%	14%	51%
Females	44%	5%	39%
18-49	55%	9%	46%
50-plus	52%	10%	42%
High school graduate or less	44%	6%	38%
Some college	60%	10%	50%
College graduate or more	73%	18%	55%
Less than \$30,000	41%	7%	35%
\$30,000 - \$49,999	55%	6%	49%
\$50,000 - \$99,999	65%	13%	52%
\$100,000 +	78%	23%	55%
White	55%	10%	45%
Black	47%	7%	40%
Hispanic *	65%	16%	49%
Social Security in household	45%	10%	35%
No Social Security in household	58%	9%	49%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Half of the public (50%) feels that the average person has no influence on what happens in the stock market and four in ten (40%) believe the performance of the stock market depends on the actions of a few insiders.

A majority (60%) of Americans say they have purchased stocks, bonds, or mutual funds, but only half of the public (50%) expresses confidence in their ability to choose stocks, bonds or mutual funds. Only 14 percent are *very confident* in their ability to make such selections. Nearly half are not confident in their investment ability, with one in five (21%) saying they are *not at all confident*. (Table 16)

Confidence in ability to choose stocks, bonds, and mutual funds is only slightly higher than confidence in the future of the Social Security system (42%).

Table 16: Confidence in Ability to Select Stocks, Bonds, and Mutual Funds

Confident (net)	50%
Very confident	14%
Somewhat confident	36%
Not Confident (net)	49%
Not too confident	28%
Not at all confident	21%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

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VI. Important Aspects of Retirement Savings Plans

Many analyses of public opinion on Social Security reform plans have stressed the public's desire to control assets as a strong reason for why some prefer reforms that include private accounts. In this survey, we investigated this desire for control and found that the need for direct control of investments is not as strong as the need for reassurance that money they place in retirement accounts will be there for them and their heirs.

Of the six possible features of retirement savings plans tested the most preferred is the ability to name a beneficiary of unspent retirement funds. Ninety-six percent of Americans say that this aspect of a retirement savings plan is either *very* (88%) or *somewhat* (8%) important. (Table 17)

Access to regular account information is almost as important to the public. Ninety-three percent say that receiving a regular account balance statement is *very* (71%) or *somewhat important* (22%) to a retirement savings plan.

Personally controlling one's specific investments is important, but to a slightly lesser extent than the top two priorities. About 8 in 10 (79%) say that "managing your retirement investments yourself" is either *very* (48%) or *somewhat* (31%) important, but almost as many (72%) think having one's investments managed by a financial professional is important (38% *very important*, 35% *somewhat important*).

Being able to invest for a high rate of return, even though it may entail higher risk, is an important priority to three-quarters of the public, with 35 percent of the public saying this is a *very important* aspect of a retirement savings plan.

Access to one's funds prior to retirement, while still important to a majority, is a less important aspect of a retirement savings plan than one might expect. Of the six features measured, being able to use their retirement savings before retirement to pay for major expenses is viewed as *very important* by the fewest respondents -- 38 percent say it is *very important* while 28 percent consider it *somewhat important*.

Table 17: Important Aspects of a Retirement Savings Plans

	<u>Total:</u> <u>Very or</u> <u>Somewhat</u> <u>Important</u>	<u>Very</u> <u>Important</u>	<u>Somewhat</u> <u>Important</u>	<u>Not too</u> <u>Important</u>	<u>Not at all</u> <u>Important</u>
Being able to name who inherits your unspent retirement funds after your death	96%	88%	8%	2%	2%
Receiving regular account balance statement in your name	93%	71%	22%	3%	2%
Managing your retirement investments yourself	79%	48%	31%	11%	8%
Seeking the greatest return on your investment even though it may mean higher risk	75%	35%	40%	11%	10%
Having your retirement investments managed by a financial professional	72%	38%	35%	12%	14%
Being able to use retirement money before you retire to pay for major expenses such as college tuition, medical expenses, or purchasing a home	66%	38%	28%	15%	17%

Source: AARP. *Individual Accounts, Social Security, and the 2000 Election*. September 2000.

Appendix: Annotated Questionnaire

Percents are based on 2,000 weighted respondents
 * indicates less than 1% of respondents gave this answer
 -- indicates no respondents gave this answer

Roper Starch Worldwide, Inc.
 August 2000

1. What is the single most important issue to you in deciding whom to vote for in the 2000 Presidential election? [**DO NOT READ LIST. RECORD FIRST MENTION ONLY.**]

Family Values/Ethics and Morals	11%
Taxes	8%
Economy/Jobs	7%
Education	6%
Social Security	5%
Health Care	5%
Medicare or prescription drugs in Medicare	2%
Crime	2%
Gun Control	2%
Environment	2%
Other Health	1%
Campaign Finance reform	1%
Patient rights/protections	1%
Long Term Care	*
Other	20%
Do not plan to vote (vol.)	5%
Don't know/refused	23%

2. As you may know, the federal government is running a budget surplus this year. In your opinion, what should be done with the money from the surplus. I'm going to read you a list of options, please tell me if each item I mention should be a high, medium or low priority for using this surplus. First/next, [**INSERT STATEMENT**]...should this be a high, medium or low priority?

	<u>High</u>	<u>Medi- um</u>	<u>Low</u>	<u>DK</u>	<u>Refus- ed</u>
a. To cut federal taxes	44%	35%	20%	1%	*
b. To help make Social Security more financially sound	69%	23%	7%	1%	*
c. To pay off part of the federal debt	39%	40%	19%	2%	*
d. For education	73%	20%	7%	*	*
e. To help make Medicare more financially sound	65%	27%	7%	*	*
f. For defense	33%	44%	22%	1%	*

Percents are based on 2,000 weighted respondents

* indicates less than 1% of respondents gave this answer

-- indicates no respondents gave this answer

3. How important will the candidates' positions on Social Security be in determining your vote for president this fall? Will Social Security be the single most important issue, one of several important issues, or not an important issue in determining your vote for president?

Most important issue	11%
One of several important issues	67%
Not an important issue	19%
Don't know/refused	3%

4. How well informed are you about the Social Security Program. Would you say you are...(READ LIST)

Very well informed	24%
Somewhat informed	55%
Not very well informed	16%
Not at all informed	5%
Don't know/refused [DO NOT READ]	*

5. How confident are you that your future Social Security benefits will be comparable to those paid to beneficiaries now? Are you...(READ LIST)

Very Confident	12%
Somewhat Confident	30%
Not too Confident	30%
Not at all Confident	22%
Don't know/ refused [DO NOT READ]	3%
Currently receive Social Security benefits [DO NOT READ]	3%

ROTATE BLOCKS A AND B – ½ SHOULD BE ASKED BLOCK A FIRST, ½ SHOULD BE ASKED BLOCK B FIRST

Percents are based on 2,000 weighted respondents
* indicates less than 1% of respondents gave this answer
-- indicates no respondents gave this answer

BLOCK A (Q6-13)

INTERVIEWER READ TO ALL:

These next questions are about the idea of individuals investing a portion of their Social Security payroll taxes in the stock market. As you may know, these taxes are used to pay current benefits and remaining funds are invested in United States Treasury Bonds.

6. Some propose allowing workers to invest some of their Social Security payroll taxes in the stock market through individual retirement accounts. For the average worker, this portion would amount to about \$600 per year that they could invest. In general, do you favor or oppose this approach?

Favor (Go to intro before Q7)	54%
Oppose (skip to Q13)	36%
Don't Know (skip to Q13)	9%
No Answer/Refused (skip to Q13)	2%

READ INTRO AND RANDOMIZE Q. 7 through 12

I am going to read you some concerns that some people have about allowing workers to invest a portion of their Social Security taxes in the stock market through individual retirement accounts. After I read each concern, please tell me if you still favor or would oppose this approach.

7. If you would not be permitted to withdraw any of the money you invested until you retire, would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	69%
Oppose	29%
Don't Know	1%
No Answer/Refused	1%

8. If it meant you would receive a lower guaranteed Social Security benefit when you retire, would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	42%
Oppose	55%
Don't Know	3%
No Answer/Refused	1%

Percents are based on 2,000 weighted respondents
* indicates less than 1% of respondents gave this answer
-- indicates no respondents gave this answer

9. If the ups and downs of the stock market meant you might receive less money throughout your retirement than if you had kept all your money in Social Security, would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	57%
Oppose	40%
Don't Know	3%
No Answer/Refused	1%

10. If it meant the amount an average worker could invest was about \$600 per year would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	82%
Oppose	17%
Don't Know	1%
No Answer/Refused	*

11. If it meant each worker would have to pay the management fees associated with these accounts, would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	51%
Oppose	46%
Don't Know	3%
No Answer/Refused	1%

12. If it meant creating a new government agency to administer the program would you still favor or would you oppose allowing workers to invest some Social Security payroll taxes in the stock market?

Base: Favor Plan (Q6)

Still Favor	38%
Oppose	58%
Don't Know	4%
No Answer/Refused	*

Percents are based on 2,000 weighted respondents

* indicates less than 1% of respondents gave this answer

-- indicates no respondents gave this answer

ASK ALL

13. Do you think allowing workers to invest some Social Security payroll taxes in the stock market will strengthen or weaken the Social Security system?

Strengthen	40%
Weaken	43%
DK	15%
NA/Refused	1%

|

Percents are based on 2,000 weighted respondents
 * indicates less than 1% of respondents gave this answer
 -- indicates no respondents gave this answer

BLOCK B (Q14-20)

14. Some have proposed (**another/a**) way to fund individual retirement accounts. This approach would create a new savings program similar to a 401(k) that would allow workers to contribute \$2,000 per year in retirement accounts in addition to what they pay into Social Security. The government would offer matching funds. In general, do you favor or oppose this approach?

Favor (go to intro before Q15)	70%
Oppose (skip to 20)	20%
Don't Know (skip to 20)	9%
No Answer/Refused (skip to 20)	1%

READ INTRO AND RAMDOMIZE Q15 THROUGH 19

I am going to read you some concerns that some people have about allow workers to put up to \$2,000 per year in retirement accounts in addition to what they pay into Social Security. After I read each concern, please tell me if you still favor or would oppose this plan.

15. If the government matching funds were based on income so that those with lower incomes got more matching funds, would you still favor or would you oppose allowing workers to contribute up to \$2,000 per year in retirement accounts?

Base: Favor Plan (Q14)

Still Favor	68%
Oppose	29%
Don't Know	3%
No Answer/Refused	*

16. If income taxes would have to be raised in the future to pay for the government matching of the funds in these accounts, would you still favor or would you oppose allowing workers to contribute up to \$2,000 per year in retirement accounts?

Base: Favor Plan (Q14)

Still Favor	25%
Oppose	72%
Don't Know	3%
No Answer/Refused	*

Percents are based on 2,000 weighted respondents
 * indicates less than 1% of respondents gave this answer
 -- indicates no respondents gave this answer

17. If you would not be permitted to withdraw any of your money until you retire, would you still favor or would you oppose allowing workers to contribute up to \$2,000 per year in retirement accounts?

Base: Favor Plan (Q14)

Still Favor	63%
Oppose	34%
Don't Know	2%
No Answer/Refused	1%

18. If it meant creating a new government agency to administer the program, would you still favor or would you oppose allowing workers to contribute up to \$2,000 per year in retirement accounts?

Base: Favor Plan (Q14)

Still Favor	40%
Oppose	57%
Don't Know	3%
No Answer/Refused	*

19. If it meant each worker would have to pay the management fees associated with these accounts, would you still favor or would you oppose allowing workers to contribute up to \$2,000 per year in retirement accounts?

Base: Favor Plan (Q14)

Still Favor	46%
Oppose	50%
Don't Know	3%
No Answer/Refused	1%

ASK ALL:

20. Do you think allowing workers to contribute \$2,000 per year in individual retirement accounts with government matching funds will strengthen or weaken the Social Security system?

Strengthen	54%
Weaken	28%
Don't Know	18%

Percents are based on 2,000 weighted respondents
 * indicates less than 1% of respondents gave this answer
 -- indicates no respondents gave this answer

21. I'm going to read you a list of possible features of retirement accounts. Please tell me how important each is to you. (INSERT STATEMENT) Is this very important, somewhat important, not too important, or not at all important?

RANDOMIZE a THRU f

	<u>Very</u> <u>import</u> <u>-ant</u>	<u>Some-</u> <u>what</u> <u>import</u> <u>-ant</u>	<u>Not</u> <u>too</u> <u>import</u> <u>-ant</u>	<u>Not at</u> <u>all</u> <u>import</u> <u>-ant</u>	<u>DK</u>
a) Being able to use your retirement money before you retire for major expenses such as college tuition, medical expenses, or purchasing a home.	38%	28%	15%	17%	2%
b) Being able to name who inherits your unspent retirement funds after your death.	88%	8%	2%	2%	1%
c) Receiving regular account balance statements in your name.	71%	22%	3%	2%	1%
d) Managing your retirement investments yourself.	48%	31%	11%	8%	2%
e) Having your retirement investments managed by a financial professional.	38%	35%	12%	14%	2%
f) Seeking the greatest return on your investment even though it may mean higher risk.	35%	40%	11%	10%	4%

22. How knowledgeable are you about the stock market? (**READ LIST**)

Very knowledgeable	9%
Somewhat knowledgeable	45%
Not too knowledgeable	28%
Not at all knowledgeable	18%

23. Have you ever purchased stocks, bonds or mutual funds?

Yes	60%
No	39%
Don't know (vol.)	*

Percents are based on 2,000 weighted respondents

* indicates less than 1% of respondents gave this answer

-- indicates no respondents gave this answer

24. Do you or your spouse participate in a retirement savings plan to which you contribute such as a 401(k)?

Yes	56%
No	42%
Don't know (vol.)	1%

25. Do you or your spouse participate in any other retirement savings plan?

Yes	39%
No	60%
Don't know (vol.)	1%

26. How confident are you in your ability to select stocks, bonds or mutual funds? (**READ LIST**)

Very confident	14%
Somewhat confident	36%
Not too confident	28%
Not at all confident	21%
Don't know (DO NOT READ)	1%

27. Have you received a statement from the Social Security Administration explaining how much you can expect to receive from Social Security when you retire?

Yes	57%
No	41%
Don't know (vol.)	3%

Percents are based on 2,000 weighted respondents

* indicates less than 1% of respondents gave this answer

-- indicates no respondents gave this answer

28. For each of the following statements, please tell me how strongly you agree or disagree with it. The first/next statement is... **[INSERT STATEMENT]** Do you agree or disagree, or neither? **[WAIT FOR RESPONSE. ASK:]** Is that a strongly, moderately, or slightly?

(ROTATE)

	<u>Agree</u>			<u>Disagree</u>			Neither	DK
	Strongly	Moderately	Slightly	Strongly	Moderately	Slightly		
a. Success is largely a matter of chance	12%	13%	6%	39%	18%	7%	3%	1%
b. I need to be kept informed about news events.	71%	18%	3%	2%	3%	2%	*	--
c. I usually get what I want in life.	22%	30%	5%	17%	13%	7%	5%	1%
d. I do not really believe in luck or chance.	27%	18%	7%	17%	18%	6%	4%	2%
e. I never try anything that I am not sure of.	23%	16%	4%	21%	26%	7%	3%	1%
f. People must be the masters of their own fates.	63%	20%	3%	4%	4%	2%	3%	2%
g. It is not important for me to vote.	7%	3%	2%	78%	6%	3%	2%	1%
h. A person can get rich by taking risks.	33%	30%	10%	10%	7%	4%	3%	2%
i. Leaders are successful when they work hard.	58%	24%	3%	4%	4%	2%	3%	1%
j. Persistence and hard work usually lead to success.	73%	17%	3%	2%	3%	1%	2%	*
k. One should not take too much risk when investing for retirement	38%	27%	5%	8%	11%	4%	4%	2%
l. The average person has no influence on what happens to the stock market	25%	19%	6%	16%	19%	6%	4%	5%
m. The performance of the stock market depends on the actions of a few insiders.	18%	17%	5%	19%	17%	7%	7%	9%