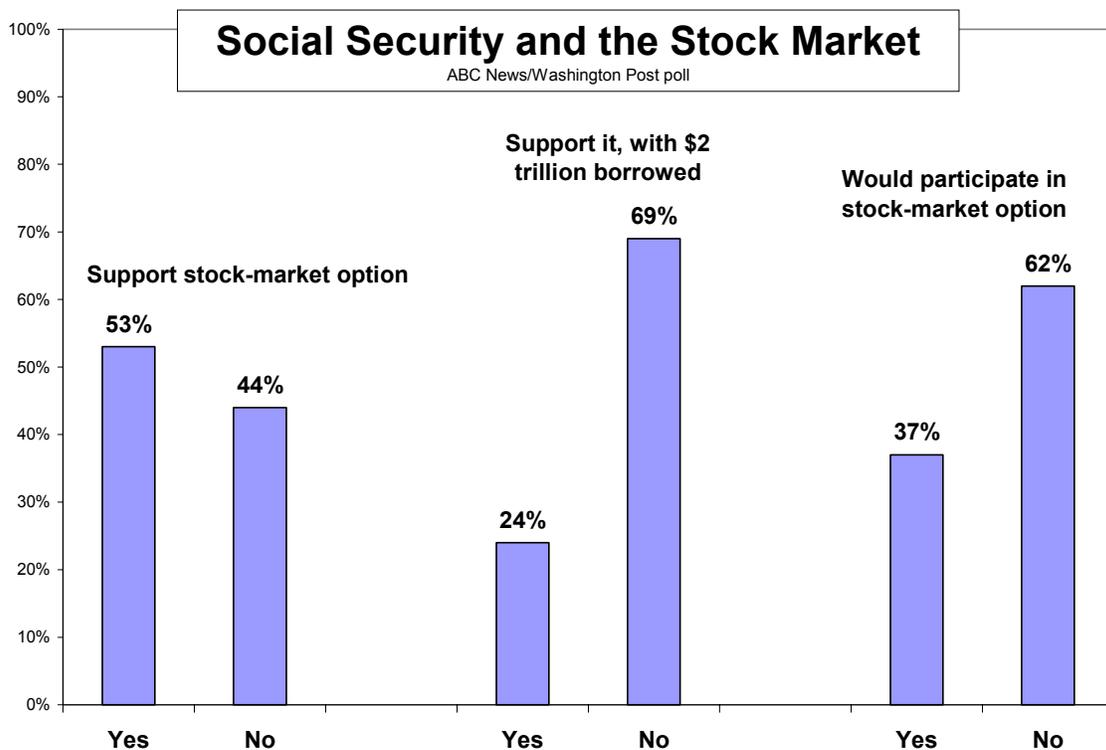


Few See Crisis in Social Security; Most Would Eschew a Market Option

Americans show less interest than planners have predicted in participating in a stock-market option for Social Security investments, raising questions about whether the program would work as effectively as its proponents suggest.

The option also faces other, earlier, hurdles: Support for the plan drops sharply if it means the government would have to borrow up to \$2 trillion to finance the changeover, as authorities have estimated. And just a quarter of Americans agree with George W. Bush's portrayal of the Social Security system as in crisis – making it more difficult to raise support for fundamental change.

Fifty-three percent of Americans in this ABC News/Washington Post poll do support a voluntary stock-market option for Social Security, a number that's held steady since 2001 after slipping when the market bubble burst. But if it means \$2 trillion in borrowing, support drops by more than half, to 24 percent.



Moreover, 62 percent say that if such a program did exist, they wouldn't participate in it. That leaves 37 percent who say they would put some of their Social Security money into the stock market – far below the 67 percent participation planners have anticipated.

Among the minority who say they would participate, eight in 10 say they'd invest “some” or a “just a little” of their Social Security funds in the market. Just 19 percent say they'd put in all or most of their available assets.

PARTICIPATION – Intended participation in a stock-market option is highest among wealthier and better-educated adults, and peaks in particular among Republican men; 64 percent say they'd put some Social Security money in the market, compared with 46 percent of Republican women and just about a quarter of Democrats, men or women.

Even among younger Americans, who are least confident in receiving their full Social Security benefits, fewer than half say they'd participate in a stock-market option.

One likely reason for the low intended participation is that in the past most Americans have viewed the stock market as a “risky” investment – from a low of 52 percent during the last market bubble, to a high of 80 percent after that bubble burst.

Analysts have suggested that one means of encouraging participation would be to include a stick along with the carrot: Effectively cutting benefits for those who remain with the current system by tying future benefit increases to inflation, rather than to wages. But this poll raises questions as to whether even that would work, since people who do not expect to receive their full benefits from Social Security are no more likely to say they'd invest in the market than those who do expect a full payout of their benefits.

Participation rates are hypothetical because the specifics of the plan are far from set; George W. Bush on Monday said he'd detail his proposal “at the appropriate time.” But the results of this survey suggest substantial tasks for the administration: One, getting most people to support its plan in the face of its price tag; another, then getting more than a minority actually to participate, and to do so to a significant extent.

Bush thus far shows little traction on the issue: Americans disapprove of his handling of Social Security by 52-38 percent, very close to his career worst, 55-38 percent disapproval last March.

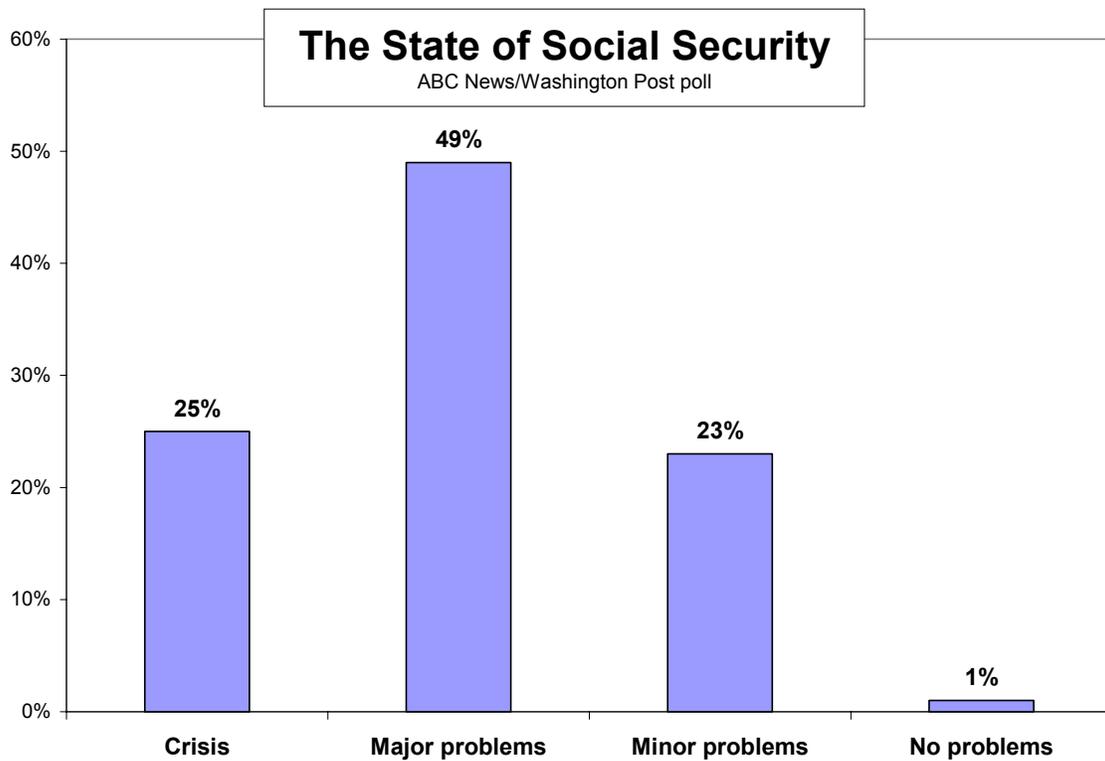
CRISIS? – As noted, the administration also faces a challenge in simply getting the public to share its sense of urgency about Social Security. Bush declared last week, “The crisis is now.” In this poll, however, just 25 percent say Social Security is in crisis, actually down from 34 percent in an ABC/Post poll in 1998.

Another 49 percent, though, do say the system has “major problems,” adding up to a net negative diagnosis from 74 percent of the public.

BENEFITS – Crisis or not, there is broad agreement about a coming shortfall: Americans by 2-1, 63 to 32 percent, don't think Social Security will have enough money to pay the full benefits to which they're entitled when they retire. This skepticism, which has fluctuated, has been even higher, 73 percent in the mid-1990s.

Doubts about the system, unsurprisingly, are age-based; young people are vastly less likely than their elders to think Social Security will last long enough to pay their full benefits. Just seven percent of those under 30 expect their full benefits, compared with 59 percent of those 65 and older.

Expect to receive full benefits	Age				
	18-29	30-39	40-49	50-64	65+
	7%	15	28	51	59



It follows that a voluntary stock-market option wins the most support from young adults, at 67 percent, along with nearly six in 10 people age 30 to 49. That falls to 46 percent support among late middle-agers, and drops further, to 30 percent, among seniors.

This support falls sharply across age groups, however, if it means as much as \$2 trillion in borrowing, to be paid back in time through cost savings from the current system.

In one conundrum, while young adults are least confident in obtaining full benefits, they're also much less apt than those age 30 to 64 to say the system is in crisis. That

suggests they're making other plans for retirement, hoping for a solution before they get there – or, most likely, just not yet focusing on their retirement years.

	Age				
	18-29	30-39	40-49	50-64	65+
Think the system is in crisis	19%	34	32	26	15
Support stock-market option	67%	60	58	46	30
Support stock-market option funded by \$2 trillion in borrowing	30%	30	30	20	12
Would invest in stock market option	45%	46	40	33	20

In addition to being more likely to participate in a stock- market option, Republicans (and independents who lean toward the Republican Party) are more apt to support the plan: Seventy-one percent do so, compared with 41 percent of Democrats. Again, though, if it means borrowing \$2 trillion, support drops sharply in both groups – to 39 percent of Republicans, and 15 percent of Democrats.

METHODOLOGY – This ABC News/Washington Post poll was conducted by telephone Dec. 16-19, 2004, among a random national sample of 1,004 adults. The results have a three-point error margin. Sampling, data collection and tabulation by TNS of Horsham, Pa.

Analysis by Gary Langer.

ABC News polls can be found at ABCNEWS.com at <http://abcnews.com/pollvault.html>.

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Full results follow (*= less than 0.5 percent).

2. Do you approve or disapprove of the way Bush is handling (ITEM)?

d. Social Security

	Approve	Disapprove	No opinion
12/19/04	38	52	9
4/18/04	41	51	8
3/7/04	38	55	7
10/29/03	40	46	14
9/13/03	43	46	11
4/30/03	49	38	13
12/15/02	49	38	13
9/26/02	42	43	15
7/15/02	54	35	11
1/27/02	54	28	18
9/9/01	41	50	9
7/30/01	46	48	6
6/3/01	46	40	14

13. On another subject, what do you think of the nation's Social Security system? Do you think that by the time you retire there will be enough money in the system to pay you the benefits you are entitled to, or do you think there will not be enough money left to pay you benefits?

Enough	Not enough	Not covered (vol.)	No opin.
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12/19/04	32	63	1	4
5/10/00	38	51	3	7
5/4/97	27	66	3	4
8/22/95	23	73	0	4
11/19/84	29	59	2	9

14. Which of the following four statements comes closest to your own view of the Social Security program - would you say the program is in crisis, the program has major problems but is not in crisis, the program has minor problems or the program has no problems?

	Crisis	Major probs.	Minor probs.	No probs.	No opin.
12/19/04	25	49	23	1	1
1/19/98	34	46	17	2	2

15. Would you support or oppose a plan in which people who chose to could invest some of their Social Security contributions in the stock market?

	Support	Oppose	No opin.
12/19/04	53	44	3
7/15/02	52	45	3
4/22/01	53	46	2
3/25/01	52	45	3
10/30/00 LV	58	35	8
9/6/00 RV	59	37	4
5/10/00	64	31	5

16. (IF SUPPORT) What if setting up a stock-market option for Social Security means the government has to borrow as much as two trillion dollars to set it up, with that money to be paid back over time through cost savings from the current system? Would you support or oppose the stock-market option for Social Security if this borrowing was necessary to set it up?

	Support	Oppose	No opin.
12/19/04	46	47	7

15-16 NET

	Support, if borrowing	NET	-----Oppose----- If borrowing	In general	No opin.
12/19/04	24	69	25	44	7

17. People in a plan like this would get (higher Social Security benefits if the stock market went up), but (lower Social Security benefits if the stock market went down). Knowing that, would you personally put some of your Social Security money in the stock market, or not?

	Yes	No	No opin.
12/19/04	37	62	1

18. (IF YES) How much of your Social Security money would you put in the stock market - all of it, most of it, some of it or just a little of it?

	All	Most	Some	Just a little	No opinion
12/19/04	7	11	57	23	1

END