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**AARP National
GROW Accounts Poll
September 8, 2005**

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September 2005



**AARP National GROW Accounts Poll
September 8, 2005**

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AARP National GROW Accounts Poll
September 8, 2005

Executive Summary

In August 2005, AARP conducted a poll to assess the general public's opinion on a proposal for GROW accounts. A national sample of 1,051 adults age 18 and older completed the poll. The poll asked people to consider some positive as well as some negative arguments regarding key components of the GROW accounts proposal.

This report highlights the national polling data. The survey methodology is described at the end of this report. A tabulated questionnaire and a description of the GROW accounts proposal used for the poll is appended.

Key Findings

Two-thirds of respondents (66%) *oppose* the GROW accounts proposal. Slightly less than one-third of respondents (32%) *favor* it. In fact, findings suggest the intensity of opposition to the GROW accounts proposal is much greater than the intensity of support for it.

Change in Support

A majority of respondents would switch their support to opposition for the GROW accounts proposal if it meant the following:

- Does nothing to improve the long term financial situation of Social Security (75% drop support).
- Requires the federal government to borrow large sums of money (69% drop support).
- Money would only be put into their GROW account for 11 years- when the surpluses would end (60% drop support).
- Social Security benefits would be reduced by the amount of money put into their GROW account (60% drop support).

Change in Opposition

Only a minority of respondents would switch their opposition to support for the GROW accounts proposal if it meant the following:

- Did not affect the Social Security benefits of people ages 55 and over (25% drop opposition).
- Used the Social Security surplus money for private accounts instead of other federal spending (24% drop opposition).
- Offered a few low risk stock and bond funds, thus limiting investor risk (20% drop opposition).

Over 4 in 10 respondents (45%) reported they would be less likely to vote for a 2006 congressional candidate who supported the proposal for GROW accounts; 41 percent reported it would not make a difference; and 11 percent reported this would make them more likely to vote for this candidate.

AARP National GROW Accounts Poll
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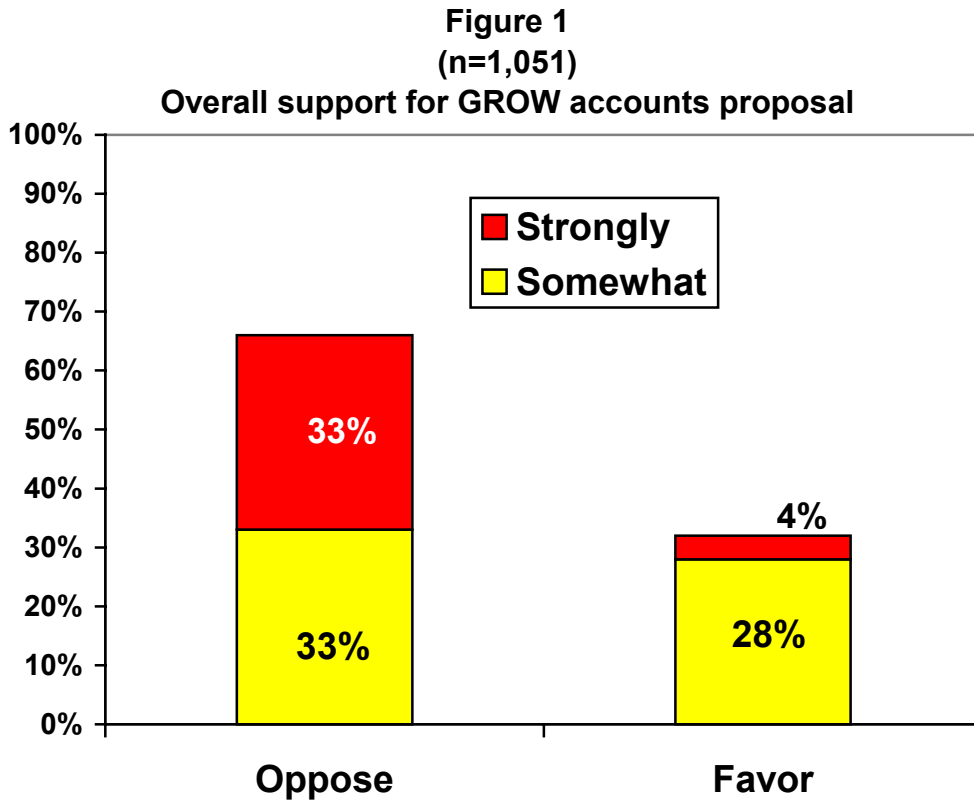
In August 2005, AARP conducted a poll to assess the general public's opinion on a proposal for GROW accounts.¹ A national sample of 1,051 adults age 18 and older completed the poll. The poll asked people to consider some positive as well as some negative arguments regarding key components of the GROW accounts proposal.

This report highlights the national polling data. The survey methodology is described at the end of this report. A tabulated questionnaire and a description of the GROW accounts proposal used for the poll is appended.

Findings

Overall View of GROW Accounts A description of the proposed GROW accounts was presented to respondents.² Exactly two-thirds of respondents (66%) *oppose* the GROW accounts proposal (see Figure 1). Slightly less than one-third of respondents (32%) *favor* this proposal.

The percentage of those who *strongly oppose* the GROW accounts proposal (33%) is nearly nine times the percentage of those who *strongly favor* it (4%). These findings suggest that the intensity of opposition to the GROW accounts proposal is much greater than intensity of support for it. This conclusion is reinforced by the findings reported in Tables 1 and 2 showing the change in support or opposition to the proposal when respondents were presented with factors that could influence their views.



¹ This proposal was introduced as HR3304 by representatives Jim McCrery and Clay Shaw. GROW is an acronym for Growing Real Ownership for Workers

² See Appendix "A" for a description of the GROW Accounts proposal presented to respondents.

Exposure to Positive and Negative Arguments In order to test the strength of opinion respondents who favored the GROW accounts proposal (32%) were exposed to negative arguments related to the proposal and respondents who opposed the proposal (66%) were exposed to positive arguments. These findings are presented below in Tables 1 and 2.

Supporters Exposed to Negative Arguments Respondents who reported they *somewhat favor* or *strongly favor* the GROW accounts proposal were presented with some negative arguments related to GROW accounts. This group of respondents was asked if they would maintain or change their support for GROW accounts after reading each negative argument presented in the survey.

Over 7 in 10 respondents (75%) would switch their support to opposition if the GROW accounts proposal does nothing to improve the long term financial situation of Social Security (see Table 1).

Approximately 7 in 10 respondents who initially supported the GROW accounts proposal would switch their support to opposition if the proposal required the federal government to borrow large sums of money (69%).

Six in ten initial supporters (60%) would now oppose the proposal if money would only be put into their GROW account for 11 years- when the surpluses would end.

Similarly, 6 in 10 respondents (60%) who initially supported the GROW accounts proposal would switch their support to opposition if their Social Security benefit would be reduced by the amount of money put into their GROW account.

More than half of initial GROW account supporters (53%) would switch to opposition if the accounts would not be available to people ages 55 and over who are still working and contributing to Social Security.

Furthermore, 46% of respondents who initially supported the proposal for GROW accounts would switch their support to opposition if it required the creation of a new government agency.

In Table 1, all of the negative arguments are presented. Next to each argument is the percentage of respondents who still support the GROW accounts proposal after reading the negative argument and next to that is the percentage of respondents who now oppose the GROW accounts proposal after reading the negative argument.

Table 1 (n= 333) Supporters of GROW accounts were asked: Would you still support or now oppose this proposal if...?	GROW Accounts	
	Still Support	Now Oppose
4_1.) If: This plan does nothing to improve Social Security’s long term financial situation?	25%	75%
4_2.) If: Money could be put into your private account for only 11 years because the annual surpluses end? After 11 years no more money would be put into your account.	40%	60%
4_2a.) If: You knew your Social Security benefit would be reduced by the amount put into your private account?	40%	60%
4_2b.) If: The proposed accounts would not be available to people ages 55 and over who are still working and contributing to Social Security?	47%	53%
4_3.) If: Creating these new private accounts require the federal government to borrow large sums of money (approximately 900 billion dollars)?	31%	69%
4_4.) If: Creating private accounts will require the creation of a new government agency to administer the accounts?	54%	46%

Opponents Exposed to Positive Arguments Respondents who reported they either *somewhat oppose* or *strongly oppose* the GROW accounts proposal were presented with a number of positive arguments related to GROW accounts. This group of respondents was asked if they would maintain or change their opposition to GROW accounts after reading each positive argument presented in the survey.

Regardless of the positive arguments presented to respondents who oppose the GROW accounts proposal no more than one-quarter of respondents (25%) changed from opposition to support GROW accounts (see Table 2).

One-quarter of respondents (25%) who initially opposed the GROW accounts proposal would change their opinion to support the proposal if it would not affect the Social Security benefits of people ages 55 and over.

Additionally, if the GROW accounts proposal used the Social Security surplus money for private accounts instead of other federal spending 24% of respondents who initially opposed GROW accounts would change their opposition to support.

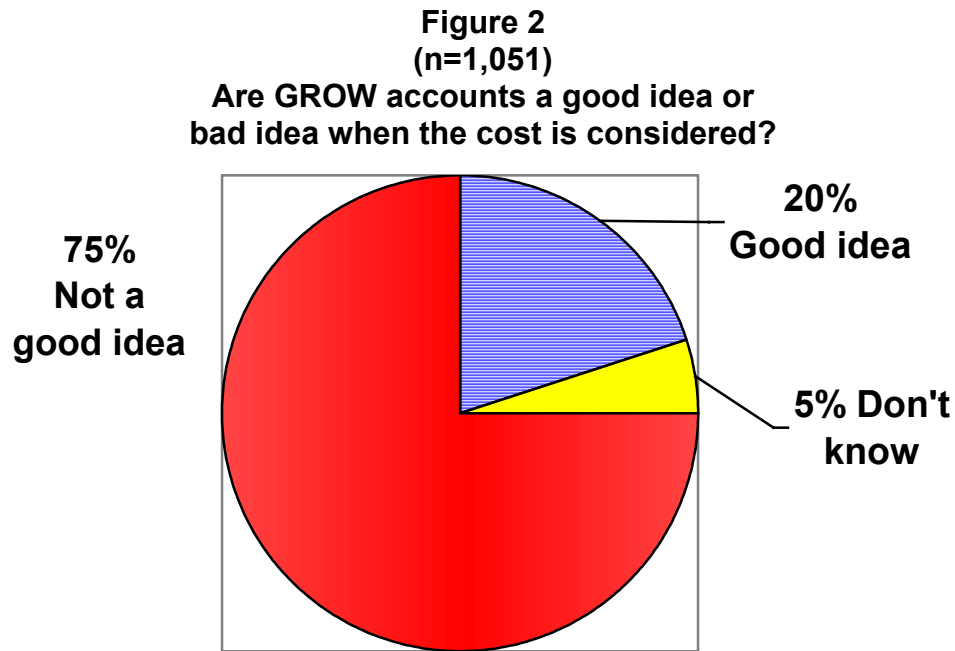
If the GROW accounts proposal offered a few low risk stock and bond funds, thus limiting investor risk, 20% of initial opponents would then support it.

If the proposal offered Treasury bonds for 3 years but thereafter offered mutual fund investments 16% of respondents would switch their opposition to the proposal and instead support it.

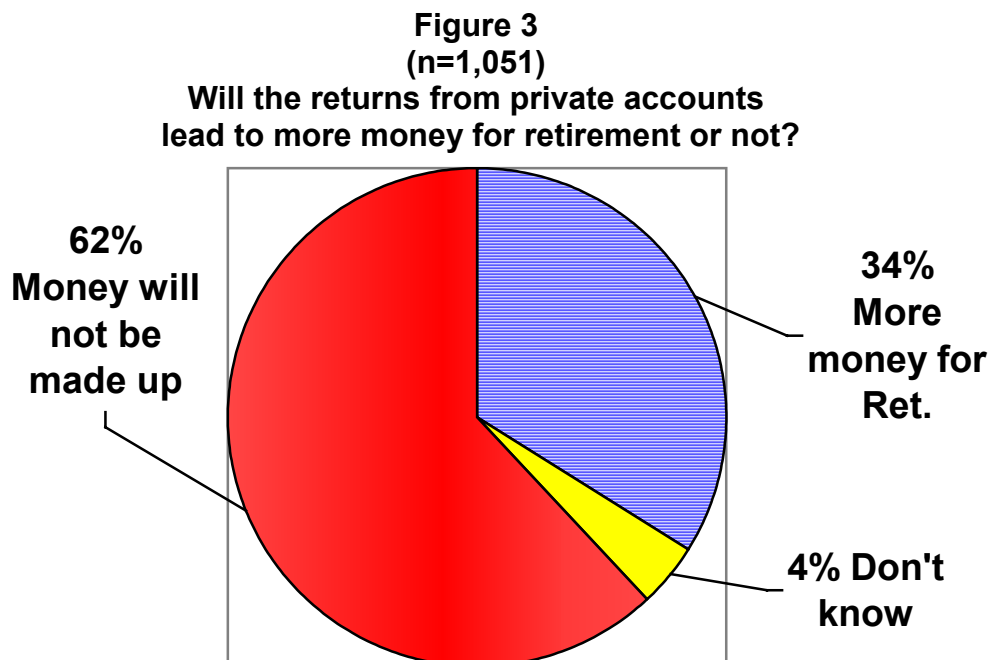
In Table 2, all of the positive arguments are presented. Next to the positive arguments, in each row, is the percentage of respondents who still oppose the GROW accounts proposal even after reading the positive argument and next to that is the percentage of respondents who now support the GROW accounts proposal after reading the positive argument.

Table 2 (n= 685) Opponents of GROW accounts were asked: Would you still oppose or now support this proposal if...?	GROW Accounts	
	Still Oppose	Now Support
3_1.) If: This proposal would use the Social Security surplus money for private accounts instead of other federal spending?	76%	24%
3_2.) If: For the first 3 years workers will have to invest in Treasury bonds but after 3 years workers will be allowed to invest in mutual funds?	84%	16%
3_3.) If: Private account investments are going to be limited to a few lower risk stock and bond funds, thus limiting a person's risk of losing money?	80%	20%
3_4.) If: The proposed accounts would not affect the Social Security benefits of people ages 55 and over?	75%	25%

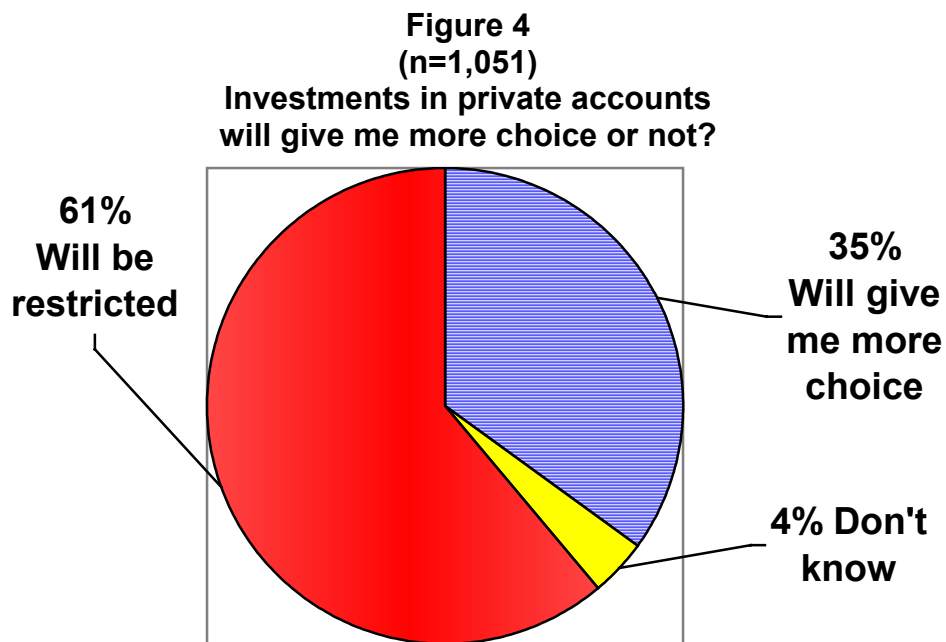
Paired Comparisons Respondents were presented with three pairs of statements about private accounts and asked to choose the statement they agreed with more. Three-quarters of respondents (75%) agreed more with the statement “*even though private accounts let me invest part of the Social Security surplus, I do not think that they are a good idea if it will cost the federal government about 900 billion dollars,*” while one-fifth of respondents (20%) agreed more with the statement “*even though the newly proposed accounts will cost the federal government about 900 billion dollars, I do think it is still a good idea to fund private accounts using the Social Security surpluses*”. Five percent had no opinion (see Figure 2).



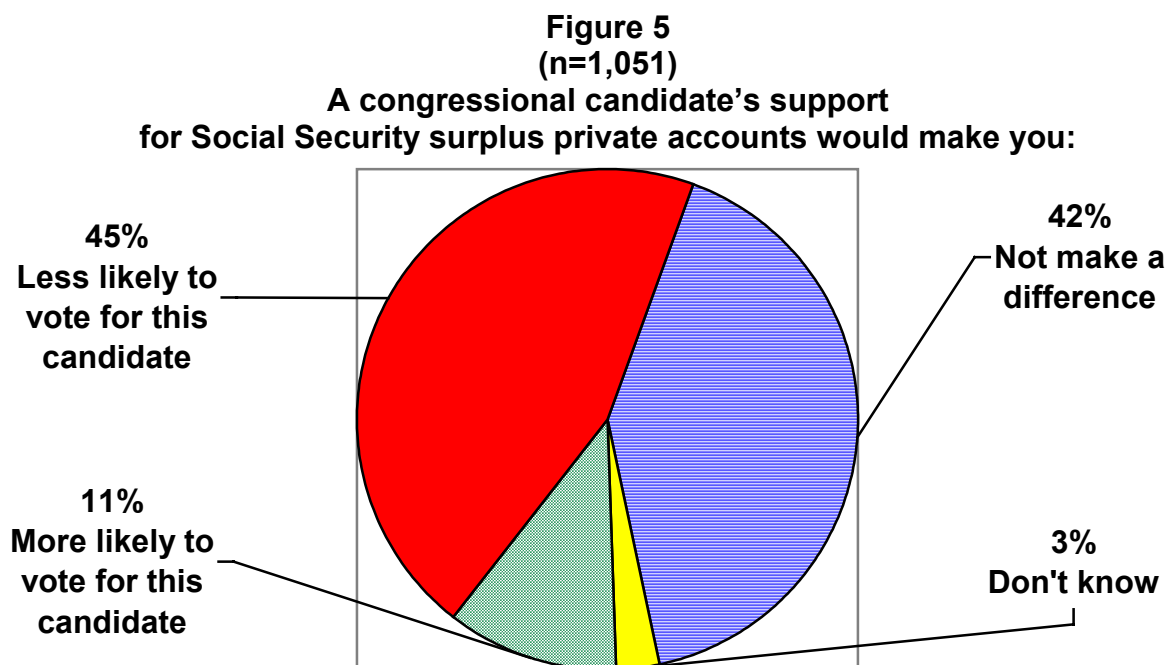
Slightly more than 6 in 10 respondents (62%) agreed more with the statement “*private accounts will mean cuts in guaranteed Social Security benefits so severe that money earned in a private account will not make up the difference,*” while 34 percent agreed more with the statement “*even though private accounts will mean cuts in guaranteed Social Security benefits, they will let me make a lot more money for retirement*” (see Figure 3). Four percent of respondents had no opinion.



Additionally, 61% of respondents agreed more with the statement “I will not have more choices because the government will restrict how I invest my Social Security taxes to a few safe mutual funds,” while 35 percent of respondents agreed more with the statement “investing the Social Security surplus in private accounts will give me more choice about how my retirement funds are invested” (see Figure 4). Four percent of respondents had no opinion.



Influence on Voting Intentions Respondents were asked how a congressional candidate’s support for Social Security surplus private accounts would influence their vote in the 2006 congressional elections. Over 4 in 10 respondents (45%) reported they would be less likely to vote for this candidate; 41 percent reported it would not make a difference; and 11 percent reported this would make them more likely to vote for this candidate (see Figure 5). Three percent had no opinion.



Methodology

The data for this study were collected by Knowledge Networks a national survey research firm. The data collected comes from a national sample of adults age 18 and older. The survey was fielded between August 30th and September 5th, 2005 using the Knowledge Networks web-enabled panel, which provides a representative sample of U.S. households.³ In total, 1,051 respondents completed the AARP poll for the study. The final post-stratification weights were produced using benchmarks representative of the U.S. population. This national poll has a sampling error of plus or minus 3 percentage points. This means that in 95 out of 100 samples of this size, the results obtained in the sample would fall in a range of 3 percentage points of what would have been obtained if every adult in the United States had been polled.

For presentation purposes, percentage points have been rounded off to the nearest whole number. As a result, percentages in a given table column may total slightly higher or lower than 100%. For questions that permit multiple responses, columns may total to significantly more than 100%, depending on the number of different responses offered by each respondent. Similarly, when only selected responses are shown, percentages may total less than 100%.

³ *The Knowledge Networks probability panel is designed to be representative of the U.S. population. Initially, participants were chosen scientifically by a random selection of telephone numbers. Persons in selected households were then invited by telephone to participate in the web-enabled panel. Those who agreed to participate were sent an Internet appliance and received an Internet service connection provided by Knowledge Networks. In some cases, people who already had computers and Internet service were permitted to participate using their own equipment. Panelists then received unique log-in information for accessing surveys online, and then were sent emails three-to-four times a month inviting them to participate in research.*

**Annotated Questionnaire
GROW Accounts Proposal Survey
August- September 2005
(n=1,051)**

Q1. Prior to reading the previous paragraphs did you know that the federal government borrows the annual Social Security surplus to spend on other government programs?

		Total
1.	Yes	42%
2.	No	58%

As you may know, some in Congress have recently proposed using money from the Social Security surplus to fund private accounts. This is a new proposal to create private accounts that differs from President Bush's proposal for private accounts. President Bush's proposal diverts money directly from Social Security taxes to private accounts. This new proposal borrows an amount equal to the annual Social Security surplus to fund private accounts.

This new proposal for private accounts includes the following:

- Borrows an amount equal to the annual surplus money from the Social Security Trust Fund to fund the accounts
- Creates private accounts for all workers less than 55 unless they choose not to participate
- Establishes a new federal agency to manage and administer the private accounts
- Invests money in private accounts for 11 years. After this time the annual Social Security surpluses will be gone.
- Private accounts are inheritable - they can be passed on after death.

Q1a. How familiar were you with this new proposal for private accounts prior to taking this survey?

		Total
1.	Very familiar	3%
2.	Somewhat familiar	16%
3.	Not too familiar	28%
4.	Not at all familiar	53%

Q2. How much do you favor or oppose this new proposal that uses the Social Security surplus to fund private accounts?

		Total
1.	Strongly favor	4%
2.	Somewhat favor	28%
3.	Somewhat oppose	33%
4.	Strongly oppose	33%
5.	Refused	3%

Q3_1. Would you still oppose or would you now support this proposal if...

...this proposal would use the Social Security surplus money for private accounts instead of other federal spending?

		Of those who oppose private accounts (685 of 1051 cases)
1.	Still oppose proposal	76%
2.	Now support proposal	24%

Q3_2 Would you still oppose or would you now support this proposal if...

...for the first 3 years workers will have to invest in Treasury bonds but after 3 years workers will be allowed to invest in mutual funds?

		Of those who oppose private accounts (685 of 1051 cases)
1.	Still oppose proposal	84%
2.	Now support proposal	16%

Q3_3 Would you still oppose or would you now support this proposal if...

...private account investments are going to be limited to a few lower risk stock and bond funds, thus limiting a person's risk of losing money?

		Of those who oppose private accounts (685 of 1051 cases)
1.	Still oppose proposal	80%
2.	Now support proposal	20%

Q3_4. Would you still oppose or would you now support this proposal if...

... the proposed accounts would not affect the Social Security benefits of people ages 55 and over?

		Of those who oppose private accounts (685 of 1051 cases)
1.	Still oppose proposal	75%
2.	Now support proposal	25%

Q4_1. Would you still support or would you now oppose this proposal if...

...this plan does nothing to improve Social Security's long term financial situation?

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	25%
2.	Now oppose proposal	75%

Q4_2 Would you still support or would you now oppose this proposal if...

...money could be put into your private account for only 11 years because the annual surpluses end. After 11 years no more money would be put into your private account.

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	40%
2.	Now oppose proposal	60%

Q4_2a Would you still support or would you now oppose this proposal if...

you knew your Social Security benefit would be reduced by the amount put into your private account?

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	40%
2.	Now oppose proposal	60%

Q4_2b Would you still support or would you now oppose this proposal if...

... the proposed accounts would not be available to people ages 55 and over who are working and still contributing to Social Security?

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	47%
2.	Now oppose proposal	53%

Q4_3 Would you still support or would you now oppose this proposal if...

...creating these new private accounts require the federal government to borrow large sums of money (approximately 900 billion dollars)?

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	31%
2.	Now oppose proposal	69%

Q4_4 Would you still support or would you now oppose this proposal if...

...creating private accounts will require the creation of a new government agency to administer the accounts.

		Of those who support private accounts (333 of 1051 cases)
1.	Still support proposal	54%
2.	Now oppose proposal	46%

General

Q5. If Congress did not pass any Social Security legislation before the 2006 Congressional elections, how upset or not upset would you be?

		Total
1.	Very upset	13%
2.	Somewhat upset	39%
3.	Not upset at all	48%

Q7. Please select the statement you agree with more.

		Total
1.	Even though private accounts will mean cuts in guaranteed Social Security benefits, they will let me make a lot more money for retirement.	34%
2.	Private accounts will mean cuts in guaranteed Social Security benefits so severe that money earned in a private account will not make up the difference.	62%
	Refused	4%

Q8. Please select the statement you agree with more.

		Total
1.	Investing the Social Security surplus in private accounts will give me more choice about how my retirement funds are invested.	35%
2.	I will not have more choices because the government will restrict how I invest my Social Security taxes to a few safe mutual funds.	61%
	Refused	4%

Q9. Please select the statement you agree with more.

		Total
1.	Even though the newly proposed accounts will cost the federal government about 900 billion dollars, I <u>do</u> think it is still a good idea to fund private accounts using Social Security surpluses.	20%
2.	Even though private accounts let me invest part of the Social Security surplus, I <u>do not</u> think that they are a good idea if it will cost the federal government about 900 billion dollars.	75%
	Refused	5%

Q15. If a candidate for Congress from your Congressional district supported legislation that would use Social Security surplus money to create private accounts, would you be more likely to vote for that candidate in the 2006 election, less likely, or wouldn't it make any difference?

		Total
1.	more likely to vote for that candidate in the 2006 election	11%
2.	less likely to vote for that candidate in the 2006 election	45%
3.	it would not make any difference	41%
	Refused	3%

Demographics

Party ID

1.	Republican	36%
2.	Independent/Other	24%
3.	Democrat	40%

Political Ideology

1.	Extremely liberal	3%
2.	Liberal	12%
3.	Slightly liberal	10%
4.	Moderate, middle of the road	41%
5.	Slightly conservative	13%
6.	Conservative	18%
7.	Extremely conservative	3%

Who did you vote for in 2004 Presidential election

1.	Bush	41%
2.	Kerry	38%
3.	Nader	2%
4.	Other candidate / did not vote	14%
5.	Refused	7%

AARP Membership

1.	Yes, AARP member	20%
2.	No, not AARP member	80%

Age Group

1.	18 – 24	12%
2.	25 – 34	18%
3.	35 – 44	23%
4.	45 – 54	16%
5.	55 – 64	16%
6.	65 – 74	10%
7.	75 +	6%

Education Categories

1.	Less than high school	16%
2.	High school	32%
3.	Some college	27%
4.	Bachelor's degree or higher	26%

Gender

1.	Male	48%
2.	Female	52%

Employment status

1.	I work as a paid employee	53%
2.	I am self-employed	6%
3.	I am owner/partner in small business or firm	2%
4.	I work at least 15 hours a week w/out pay in family business or farm	0%
5.	I am unemployed, temporarily laid off, but looking for work	7%
6.	I am retired	15%
7.	I am a homemaker	9%
8.	Other	3%

Race/Ethnicity

White	70%
Black	11%
Hispanic	12%
Other, non-Hispanic	3%
2 + races	3%

Religion

1.	Baptist	18%
2.	Protestant	25%
3.	Catholic	21%
4.	Mormon	1%
5.	Jewish	1%
6.	Muslim	0%
7.	Hindu	1%
8.	Buddist	0%
9.	Pentecostal	4%
10.	Eastern Orthodox	0%
11.	Other Christian	11%
12.	Other non-Christian	4%
13.	None	14%

Church Attendance

1.	More than once a week	12%
2.	Once a week	22%
3.	Once or twice a month	11%
4.	A few times a year	20%
5.	Once a year	14%
6.	Never	22%

Financial Planner

1.	Primary financial planner	38%
2.	Another household member and I share decisions	50%
3.	Another household member makes most financial decisions	12%

Marital Status

1.	Married	56%
2.	Single (never married)	27%
3.	Divorced	10%
4.	Widowed	6%
5.	Separated	2%

Metropolitan Area

1.	Non-metro	17%
2.	Metro	83%

APPENDIX A
Description of the GROW Accounts Proposal
Presented to Respondents

As you may know, some in Congress have recently proposed using money from the Social Security surplus to fund private accounts. This is a new proposal to create private accounts that differs from President Bush's proposal for private accounts. President Bush's proposal diverts money directly from Social Security taxes to private accounts. This new proposal borrows an amount equal to the annual Social Security surplus to fund private accounts.

This new proposal for private accounts includes the following:

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- Creates private accounts for all workers less than 55 unless they choose not to participate
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- Invests money in private accounts for 11 years. After this time the annual Social Security surpluses will be gone.
- Private accounts are inheritable - they can be passed on after death.