Teacher Lesson Plan

Time Frame
One to three hours

Curriculum Area(s)
- History/Social Studies
- Civics/Government
- Economics
- Technology

Purpose
To help students understand the history and purpose of the Social Security Act of 1935 and the Federal Insurance Contributions Act (FICA)

Objectives
Students will be able to
- explain the history of the Social Security Act and the FICA tax.
- describe what Social Security is and whom it is intended to help.
- explain the purpose of the FICA tax.

Materials
Online
Student Lesson—The Social Security Act of 1935
Activity 1: All in Favor Say Aye
Activity 2: Calculating Taxes
Activity 3: How are Social Security Numbers Assigned?
Assessment—The Social Security Act of 1935
Assessment Solutions—The Social Security Act of 1935

Print (PDF)
Teacher Lesson Plan
Info Sheet 1—Social Security Timeline
Info Sheet 2—Excerpts from "Why Social Security?" (1937)
Worksheet—History of Social Security and FICA
Worksheet Solutions—History of Social Security and FICA
Assessment—The Social Security Act of 1935
Assessment Solutions—The Social Security Act of 1935
Complete Lesson Pack

Web Links
Social Security Online (poster) *https://www.ssa.gov/history/fdrsign.html*
Social Security Online (text of SSAct) *https://www.ssa.gov/history/35actinx.html*
Social Security Online (numbering) *https://www.ssa.gov/history/ssn/geocard.html*
Social Security Online (popular names) *https://www.ssa.gov/OACT/babynames/*

Background
Social Security
Social Security is a set of government programs that provide a regular income to retired, unemployed, and disabled workers. Social Security is funded by a compulsory payroll tax. This payroll tax is called the Federal Insurance Contributions Act (FICA) tax. This mandatory tax is withheld from workers' paychecks. Withholding means that a set amount of money is deducted each pay period and turned over to the government. This system is known as "pay-as- you-go" or "pay-as-you-earn." Workers' earnings support those who currently receive Social Security benefits. Today, approximately 160 million people work and pay Social Security taxes.

The Social Security Act of 1935
By 1935, the Great Depression had been going on for six years. Millions were unemployed, and few jobs were available. As part of President Franklin D. Roosevelt's New Deal, the federal government created jobs for the unemployed. However, the elderly could not work, and many were living in poverty. Frances Perkins, the first female presidential Cabinet member, was charged with developing an "old-age" insurance program. The result was the Social Security Act of 1935, designed to provide elderly retired workers with pensions. At first, Social Security deductions were considered "contributions," not taxes. The program appeared to be self-funded because only those who contributed would receive credits toward retirement benefits. However, far too many people needed help, so the program was expanded to include the families and survivors of retired and disabled workers, the unemployed, and federal workers.

Key Terms
compulsory payroll tax—An automatic tax collected from employers and employees to finance specific programs.
Federal Insurance Contributions Act (FICA) tax—Provides benefits for retired workers and their dependents as well as for disabled workers and their dependents. Also known as the Social Security tax.
withholding ("pay-as-you-earn" taxation)—Money, for example, that employers withhold from employees' paychecks. This money is deposited for the government. (It will be credited against the employees' tax liability when they file their returns.) Employers withhold money for federal income taxes, Social Security taxes, and state and local income taxes in some states and localities.

Opening the Lesson
Ask students what they already know about Social Security. Students may have personal experiences to share. Present the information from the background section above. Distribute Info Sheet 1: Social Security Timeline to students.

Developing the Lesson

Ask students:

- What do you think about a program that requires you to participate or pay now, even though you will not receive benefits for many years?
- What are the benefits and disadvantages of paying into a program that helps older or disadvantaged citizens?

    Students may suggest that they think that the government is too generous and that people should not be forced by law to contribute to Social Security. For example, wealthy people may not need Social Security when they retire. Others may suggest that Social Security is a necessary safety net because economic situations and life are not predictable. People cannot predict whether they may need help when they are older or if they become disabled.

- How has history influenced the Social Security program?

    Student answers may vary.

Online Activities

Direct students to Student Lesson—The Social Security Act of 1935.

Have students complete one or more of the following activities:

- Activity 1: All in Favor Say Aye—Who favors Social Security? Who opposes Social Security? You decide.
- Activity 2: Calculating Taxes—Calculate FICA/payroll taxes for individuals in 1937 and the present.
- Activity 3: How are Social Security Numbers Assigned?—Take a virtual fieldtrip to learn how Social Security numbers are assigned.

Print Activity

Print Worksheet—History of Social Security and FICA and distribute it to students.
Worksheet Solution—History of Social Security and FICA

Classroom Activity

Have students read Info Sheet 2—Excerpts from "Why Social Security?" (1937).

Ask students:

- Do you think the ideas suggested in the pamphlet still apply today?

    Suggested Answer: Some students may say that because the economy is never certain, the ideas still apply. Others may say that the idea of depending on your neighbors is out-of-date because people don't know their neighbors well anymore.

Enrich the lesson by having students track the arguments for and against Social Security. Or, visit the Social Security Online (poster) to view and analyze an early poster advertising Social Security. Have them create an updated version of the poster.

Concluding the Lesson

Have students list the reasons why the Social Security program and the FICA tax were put in place. Have them make a list of the people who benefit from Social Security.

Suggested Answers: the elderly, the disabled, and all those who cannot work.

Online Assessment

Direct students to complete Assessment—The Social Security Act of 1935 for this lesson.
Assessment Solutions—The Social Security Act of 1935

Print Assessment

Print Assessment—The Social Security Act of 1935 and have students complete it on paper.
Assessment Solutions—The Social Security Act of 1935

Links

See Hows of Taxes: Module 1—Payroll Taxes and Federal Income Tax Withholding for more information on Social Security and FICA.