

Comparison on Social Security

President Bush Said	The Reality is...
<p>“We must pass reforms that solve the financial problems of Social Security once and for all.”</p>	<p>The fact is that Bush’s privatization plan makes the solvency problems of Social Security worse. It will cost \$2 trillion over just the next 10 years just to establish the accounts, and hasten the insolvency by 21 years.</p>
<p>“If steps are not taken to avert that outcome [Social Security going bankrupt], the only solutions would be drastically higher taxes, massive new borrowing, or sudden and severe cuts in Social Security benefits or other government programs.”</p>	<p>Democrats want to address the challenge facing Social Security, and we want to take the time to get it right. But the Republican Social Security privatization plan would only make the problem worse – adding \$2 trillion to the deficit and leading to tax increases and slashing guaranteed benefits by 46 percent.</p>
<p>“we also have the responsibility to make the system a better deal for younger workers... Here is why personal accounts are a better deal. Your money will grow, over time, at a greater rate than anything the current system can deliver - and your account will provide money for retirement over and above the check you will receive from Social Security.”</p>	<p>Any earnings on private accounts will be swallowed up by the increased taxes that the American people will have to pay to cover the cost of borrowing the \$2 trillion the Bush Administration will need to establish these accounts. Under the Republican plan, the way benefits are calculated will mean dramatic cuts; younger workers will be left with a Social Security benefit that is more than 40 percent lower than what they were promised – amounting to a \$152,000 cut for younger workers.</p>
<p>“The goal here is greater security in retirement, so we will set careful guidelines for personal accounts. We will make sure the money can only go into a conservative mix of bonds and stock funds... We will make sure there are good options to protect your investments from sudden market swings on the eve of your retirement.”</p>	<p>Instead of security, the fact is private accounts will drain Social Security of \$2 trillion over the next 10 years making them a grave risk to our country. Such massive government borrowing will not only make it harder to save Social Security, it will also endanger our economy, and increase our debt to foreign nations.</p>

<p>“I have a message for every American who is 55 or older: Do not let anyone mislead you. For you, the Social Security system will not change in any way.”</p>	<p>Private accounts that will drain \$2 trillion out of Social Security over just the next 10 years are a big risk for current retirees who have paid into Social Security for years. Seniors will end up paying more because of cuts in Medicare and Medicaid, and will face a higher tax burden resulting from this massive increase in the deficit.</p>
<p>“We must ensure that lower income Americans get the help they need to have dignity and peace of mind in their retirement.”</p>	<p>Whatever protections the President proposes, the fact remains that his plan will be bad for all Americans. That is because it will slash Social Security benefits that Americans have earned. Private accounts will also require massive government borrowing, which will endanger our economy, and increase our debt to foreign nations.</p>
<p>“Social Security... on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security.”</p>	<p>The Congressional Budget Office has stated that Social Security is in surplus, and will have enough money for nearly another 50 years. And ever after that, the tax dollars from workers cover about 80 percent of the cost of the benefits retirees were promised. The GOP plan to fix the "crisis" would guarantee a 46 percent cut in benefits! The cure is worse than the disease.</p>
<p>“And best of all, the money in the account is yours, and the government can never take it away.”</p>	<p>The Republican plan puts hard-earned retirement savings at the mercy of the political process. Politicians will pick which firms get to invest our hard earned Social Security funds - a process that will inevitably be corrupted given the political process or given the instances of corruption in the financial services industries.</p>