

Extension of Remarks
U.S. Rep. Ron Lewis (KY-02)
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Madam Speaker,

I rise to inform my colleagues about legislation I have introduced today to preserve Social Security and pay full promised benefits to future retirees without raising payroll taxes or further depleting the trust funds.

The facts are undeniable: demographics are driving Social Security's looming insolvency. Modern medicine is helping people live longer, and families are having fewer children. As a result, the number of seniors is growing faster than the number of workers supporting Social Security.

According to the 2006 report of the Social Security Board of Trustees, the number of retirees receiving Social Security benefits will grow five times faster than the working population over the next ten years. Social Security tax revenue will fall short of benefit costs beginning in 2017. By 2040, Social Security revenues will be sufficient enough to finance only 74 percent of promised benefits. At that time, according to trustee estimates, benefits will have to be cut 25%, or the payroll tax will have to be increased by 34% to pay full promised benefits.

We must refocus our concern and reinvigorate our efforts to address the serious challenges Social Security programs face. This is not a Republican or Democrat issue, it's an American issue. The choices without reform are stark: massive benefit cuts, enormous deficits, or huge tax increases. We should not leave these problems for our children and grandchildren to solve.

The legislation that I have proposed, the *Social Security Guarantee Plus Act*, initially proposed by former Congressman Clay Shaw and former Chairman Bill Archer in previous Congresses, would keep the Social Security safety net intact, ensuring full receipt of Social Security benefits for all current and future American workers.

The Guarantee Plus plan establishes a voluntary program that would allow workers to receive a refundable income tax credit equal to 4% of their annual earnings, up to \$1000, to invest in a tax-free retirement account. Instead of restructuring existing payroll taxes, general treasury revenues would be used to fund retirement accounts. Individual workers, not the government, would control how their account assets are invested to create growth. Real assets, not IOU's, would fund promised benefits.

At retirement or when otherwise eligible, a 5% tax free lump sum payment would be paid directly to the worker. The balance would be used to help pay full guaranteed Social Security benefits. In order to preserve funds for retirement, account withdrawals would be prohibited until a worker becomes eligible for traditional Social Security benefits. Accounts would be inheritable and tax-free if a worker dies before reaching retirement.

The Guarantee Plus plan incorporates three core principles: all workers are treated fairly; individuals own and control their own retirement funds; Social Security benefits are guaranteed in full to all Americans through the next 75 years and beyond without increasing taxes, lowering benefits or raising the retirement age.

Because Social Security benefits are based on earnings, women are disadvantaged when they choose to stay home to raise their children. Longer life expectancies also make woman more likely to struggle with poverty in old age. The Guarantee Plus plan addresses this iniquity by enhancing benefits for widows, divorced spouses, and working mothers. These benefits would become immediately available.

The plan would also eliminate the retirement earnings penalty for all workers age 62 and older and reduce the current Government Pension Offset that limits spouse and survivor benefits for certain government employees.

The Social Security Administration's Office of the Actuary estimates that every borrowed dollar necessary to begin the program, in addition to accrued interest, would be repaid with seventy five years, achieving permanent solvency. In sum, we would pay off the mortgage on Social Security while leaving workers with substantial account balances and generating surplus revenues for the federal government.

Everyone agrees that the Social Security program is integral to the financial stability of millions of Americans who have left the workforce due to retirement or disability as well as those who are dependent upon survivor benefits following the death of a parent or spouse. We must put partisan politics aside and do what is best for today's seniors and tomorrow's retirees.

Our recent success at passing sweeping measures to modernize welfare and worker pensions shows that effective reform is possible. In similar spirit, Congress needs to work together to explore every possible option to restore confidence in Social Security and ensure program solvency for generations to come.

I believe the *Social Security Guarantee Plus* plan accomplishes this goal in the most comprehensive, fair, and cost-effective manner. I encourage my colleagues to consider their support for this bill as a step toward permanent preservation of the Social Security program.