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We Can All Agree on the Problem

By Congressman Joe Pitts

America must keep its promise to those who have worked hard, played by the rules, and earned the right to a secure retirement that cannot be taken away. However, Social Security, as it is currently set up, will not be able to keep this promise.

Times have changed significantly since 1935, when Social Security started.

Those changes present serious challenges to Social Security as we know it and if we do nothing the only choice facing future generations will be huge tax increases or benefits cuts. Social Security has to be fixed. It's not a matter of "I want it to be fixed" or "I think it should be fixed"— it has to be fixed.

The problem is really one of numbers. In 1937, forty-two workers supported one retiree on Social Security. Today three workers support each retiree. By the year 2040 there will be two workers paying for each retiree. By 2042, at the current rate of spending, Social Security runs out of money. We have to face the fact that a system created in 1935 will not be able to sustain the needs of 2035. The bottom line is we need to modernize the system. If we don't, adequate Social Security benefits will not be there for the next generation. And with the baby boomers starting to retire in 2008, the time is now.

It's a stretch to use the word "crisis," but the experts tell us that the earlier we act, the less painful the transition will be. Some of these experts serve on the independent and bi-partisan Social Security Advisory Board, whose members are appointed by the President and by Congress. The Advisory Board's July 2001 report stated, "As time goes by, the size of the Social Security problem grows, and the choices available to fix it become more limited."

I hope you will join me in the campaign to update and save Social Security. This campaign will not solve every problem, but without action benefits will certainly be cut dramatically, long before today's high school graduates are ready to retire. To illustrate the problem, let's look at three people in one family: Arnold, his son, Bob, and his granddaughter, Cheryl.

Arnold retired in 1995, after working more than 40 years. He has a pension and some savings, and he also gets Social Security benefits. It's a fairly comfortable retirement. Arnold paid into Social Security during all those decades he was working, secure in the knowledge that the benefits would be there to supplement his income when he retired.

Arnold's son, Bob, and his granddaughter, Cheryl, are working right now, and paying Social Security taxes. Bob hopes to retire in 20 years, and hopes that he will get some Social Security benefits. He fears that he will get less than he has been promised. A quick look at the web site for the Social Security Administration shows that his fears are justified—they talk about cutting benefits substantially during Bob's retirement.

Cheryl is currently working her way through college. She is absolutely certain that she will get nothing from Social Security when she retires 50 years from now. The opinion polls show that Cheryl's attitude is widely shared by her generation—among Americans below the age of 35, four out of five are not confident in the future financial health of Social Security.

Bob and Cheryl have a problem. But we know that if Bob could put aside some money now, that money would grow over the next 20 years and help him to have a comfortable retirement. And we know that if Cheryl could put even a little money aside, her money would grow a lot over the next 50 years.

This is what lies at the heart of this movement to update Social Security. We can save Social Security for the next generation, and generations to come, by making a change that allows workers to place a portion of their Social Security taxes in personal retirement accounts.

It's a way to help Bob and Cheryl put aside some money for their retirement, and meanwhile Arnold's benefits are fully protected. This new system would be completely voluntary—anyone who did not want to participate in personal accounts could stay completely in the current system. And even for those who do choose to participate, most of their payroll taxes would continue to go into the current system.

This is about generation fairness. And that's why I support the President's proposal to strengthen Social Security with personal accounts for younger workers.

It's their money. They sacrificed for it. They earned it. And if they decide they can get a better rate-of return than the less than 1.0 percent from the current system that they will get when they retire, then they should have the right to do it.

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