

# Problems With Pensions, Savings

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## Why Risk Key Component Of Retirement Security?

By JOHN B. LARSON

As a new member of the House Ways and Means Committee, I have been actively involved in the debate about the future of Social Security.

President Bush claims that Social Security is in crisis and must be fixed now before going bankrupt. However, he has failed to present a plan of action to Congress. He has presented instead an ideological argument that favors carving private accounts out of Social Security.

Independent financial experts say that Social Security is not in crisis. The trustees of Social Security recently released their 2005 report and stated that the system can pay full benefits until 2041.

I disagree with the president's idea for private accounts, but I give him credit for elevating the dialogue in his 60-day tour.

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Americans want a thoughtful debate on the issue, and not simply the myopic vision of private accounts.

Social Security is part of a three-legged stool of retirement security, along with private pensions and personal savings. Social Security is the only guarantee of this three-legged stool. Americans who work hard and play by the rules and through no fault of their own find their companies collapse, and then have no pension, or who have their personal savings consumed by health care emergencies, need this safety net. For one out of every five recipients, Social Security is their only income.

Americans want to hear about ways to ensure that their pensions are portable and secure and that they will be there when they retire.

Fifty-seven percent of current Social Security recipients over 65 do not have a pension and rely on Social Security as their only retirement income outside of personal savings. Congress needs to increase pension participation by enhanc-

ing 401(k) plans, preventing the collapse of corporate pension plans and protecting employees from the Enrons of the world.

Americans know that personal savings rates are at an all-time low, and on average each American has a balance of \$8,400 in credit card debt. Younger Americans face the most dire situation.

For college students graduating in 2000 with a bachelor's degree from a four-year public college, about 60 percent took out a federal student loan at some time, with a cumulative average debt of \$16,100, according to the National Center for Education Statistics. For graduates of four-year private universities, 66 percent of students borrowed an average of \$18,000. How can we expect younger Americans to invest early for retirement and enjoy the benefits of compound interest when they are saddled with so much debt?

Americans understand that Social Security does more than just provide retirement security; it protects disabled workers, survivors and their dependents. Social Security provides benefits for 7.6 million disabled workers and dependents. It provides more than half the total income for 1 in 2 disability beneficiaries and their families.

Would private accounts provide any security for an individ-

ual who becomes disabled early in his working career?

Future generations will judge us on how we act now. I've held public forums throughout the 1st Congressional District and have been contacted by many of my constituents.

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One gentleman from Windsor said it best. He's worked hard all his life, played by the rules and saved, but falls just short of the age 55 cutoff that President Bush declared in his State of the Union ad-

dress was safe from any benefit cuts. He's worked for five companies that went out of business or left Connecticut, causing losses to his retirement savings through no fault of his own.

He is supporting his family and his children's education while contributing to his 401(k) and individual retirement account. He, like so many others, is relying on the guarantee of Social Security to be there for him as it was for his parents. He fears that the president's so-called ownership society means you are on your own.

The solvency of Social Security for future generations and the millions of Americans who rely on it is based on the full faith and credit of the United States. Let the values that bind us as a nation guide our thinking in honoring our commitment to the citizens we are sworn to serve.

CHANGING  
SOCIAL  
SECURITY

What's At Stake For  
American Workers

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