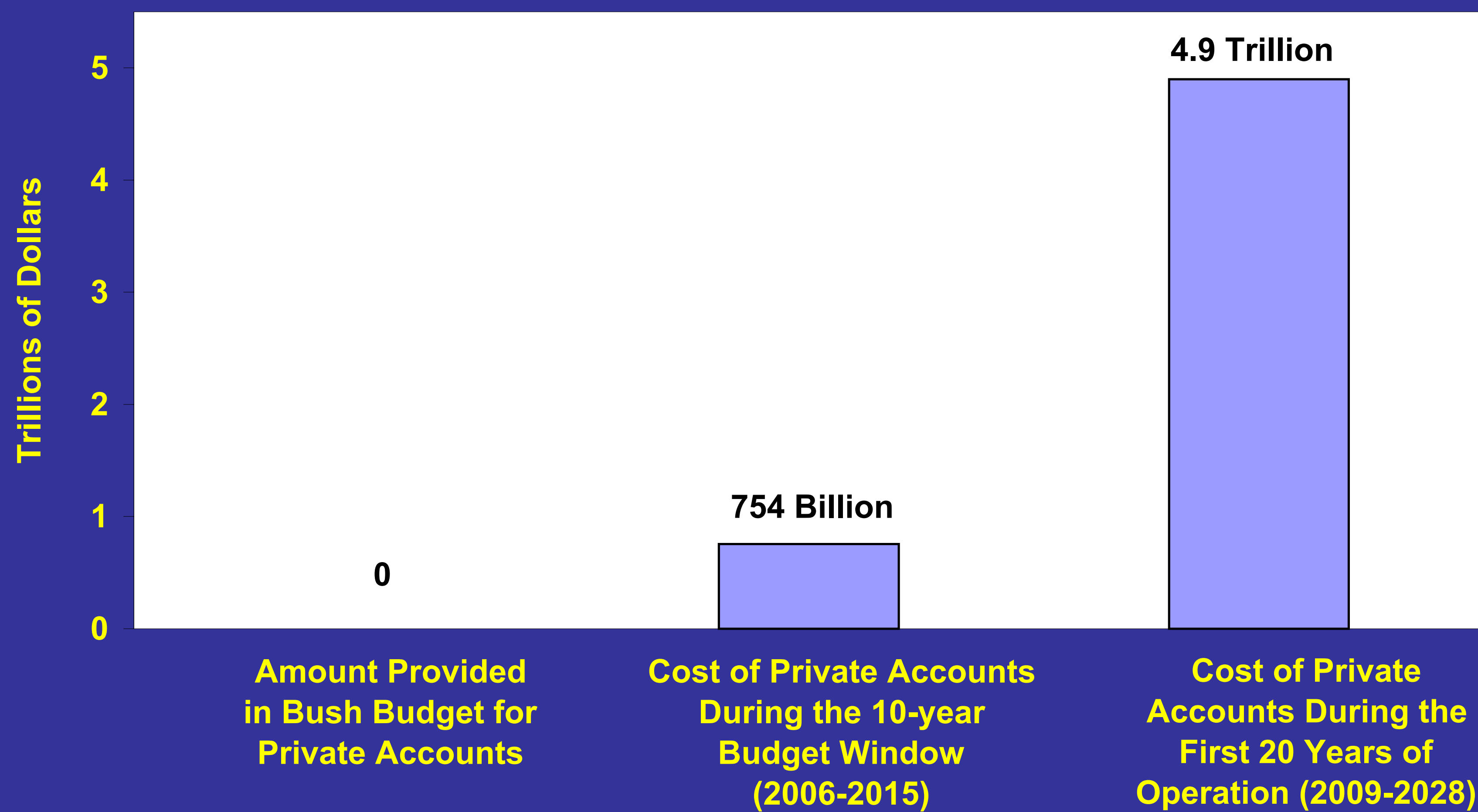
Overview:
The President's Plan for Private Accounts

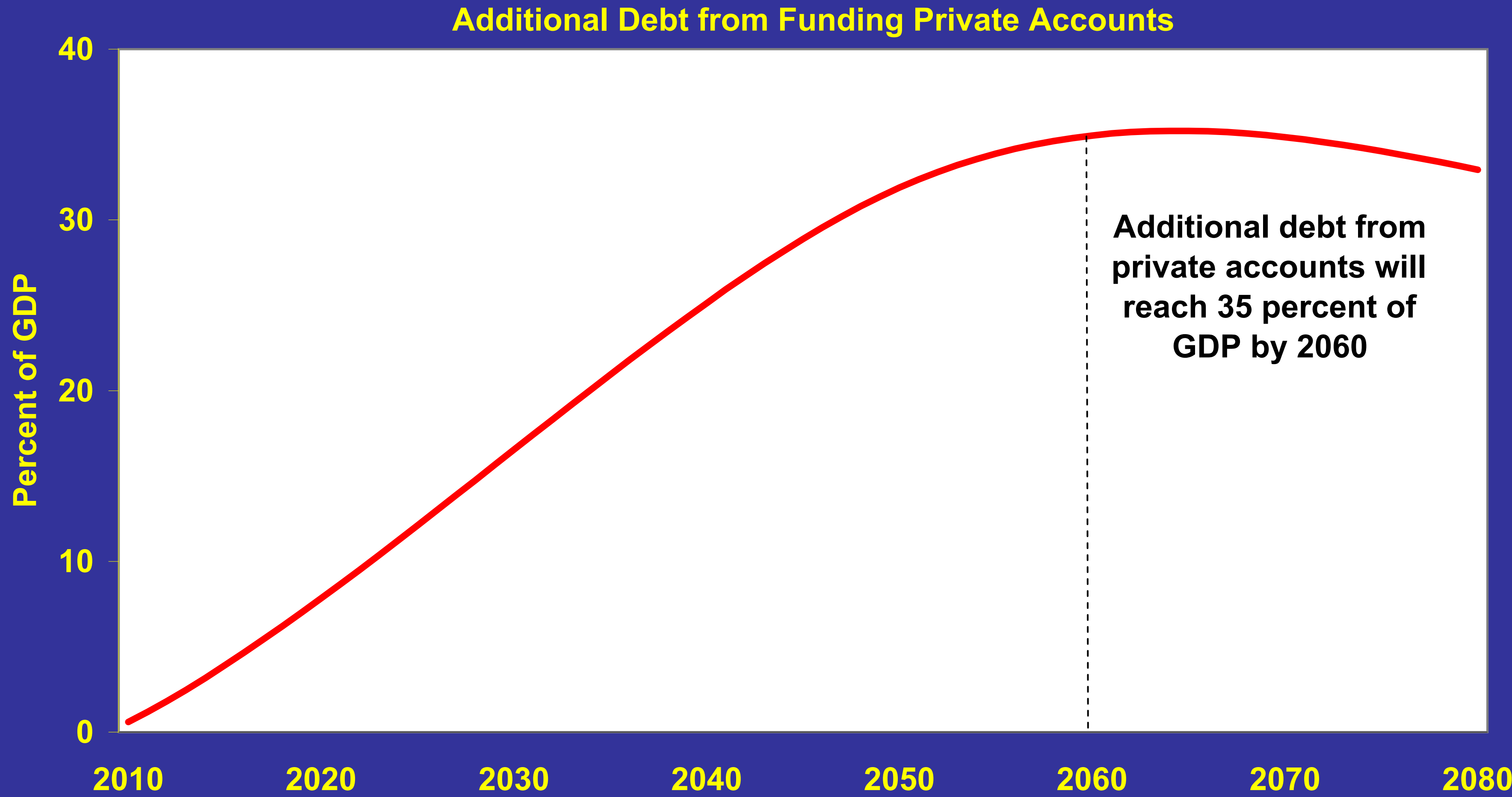
- would require a massive increase in federal debt
- would weaken Social Security solvency
- would not increase national saving and could lower it
- would sharply cut guaranteed Social Security benefits under the President's preferred full plan

Chart 1: The President's Private Accounts Plan Would Cost $4.9 Trillion in the First Twenty Years



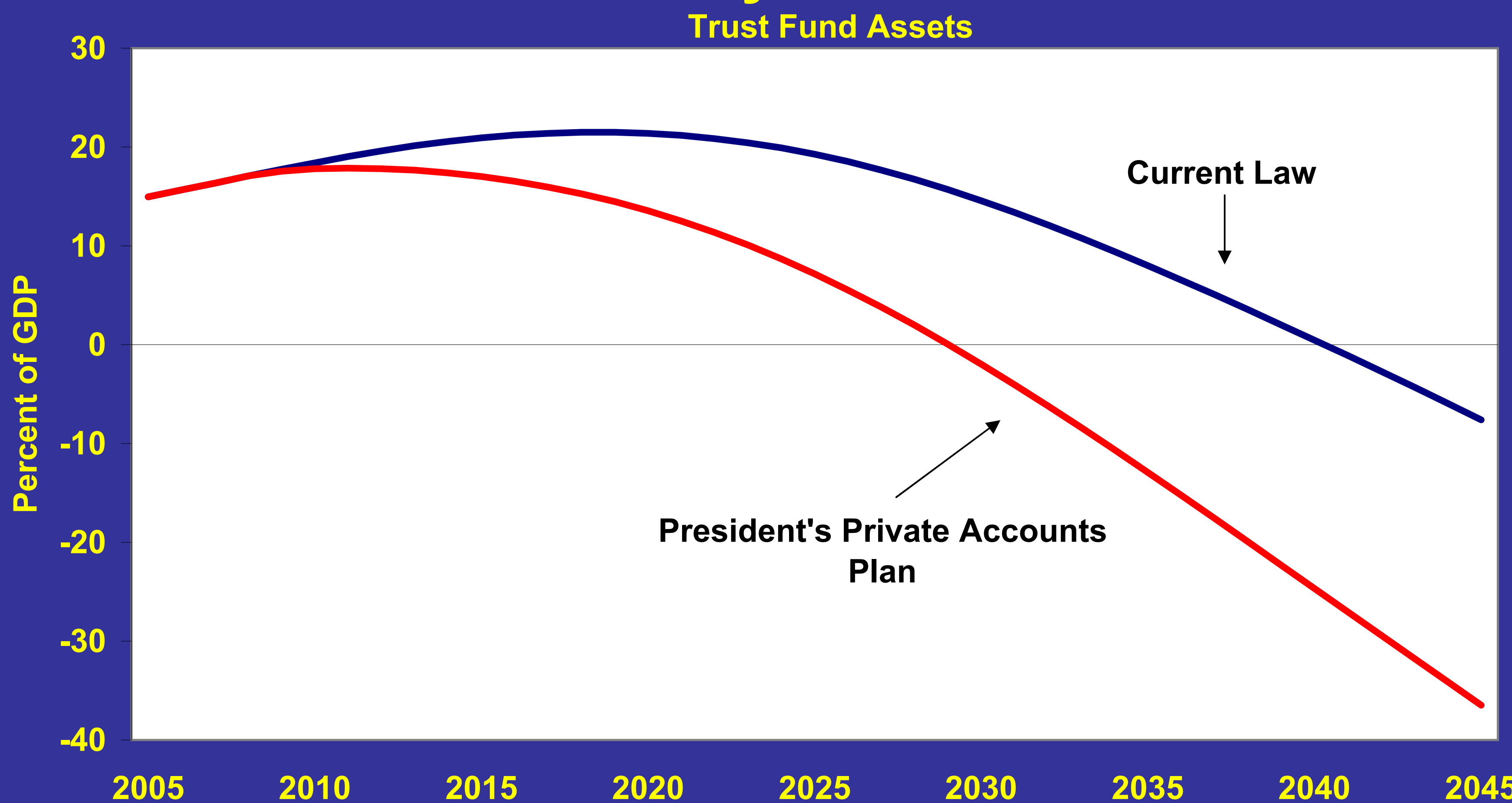
Source: Center on Budget and Policy Priorities and Joint Economic Committee Democratic Staff.

Chart 2: The President's Private Accounts Plan Would Lead to a Large and Sustained Increase in Debt



Source: Center on Budget and Policy Priorities and Joint Economic Committee Democratic Staff.

Chart 3: The President's Private Accounts Plan Would Deplete the Social Security Trust Fund by 2030



Source: The 2005 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds; Center on Budget and Policy Priorities; and Joint Economic Committee Democratic Staff.

Table 1: The President's Private Accounts Plan Would Increase the Long-Term Social Security Shortfall

		Present Value Over 75 Years (2005-2079) (trillions of dollars)
Current Social Security Shortfall (SSA estimate)		-4.0
President's Plan for Private Accounts		
Cost of Revenues Diverted to Accounts	-4.7	
Privatization Tax on Account Holders	3.1	
Net Cost of Private Accounts	-1.6	
Current Social Security Shortfall Plus Private Accounts		-5.6

Source: Center on Budget and Policy Priorities and Joint Economic Committee Democratic staff.

Chart 4: The President's Private Accounts Plan Would Not Increase National Saving

Public Saving Goes Down + Private Saving Goes Up = National Saving Unchanged at Best and Could Fall

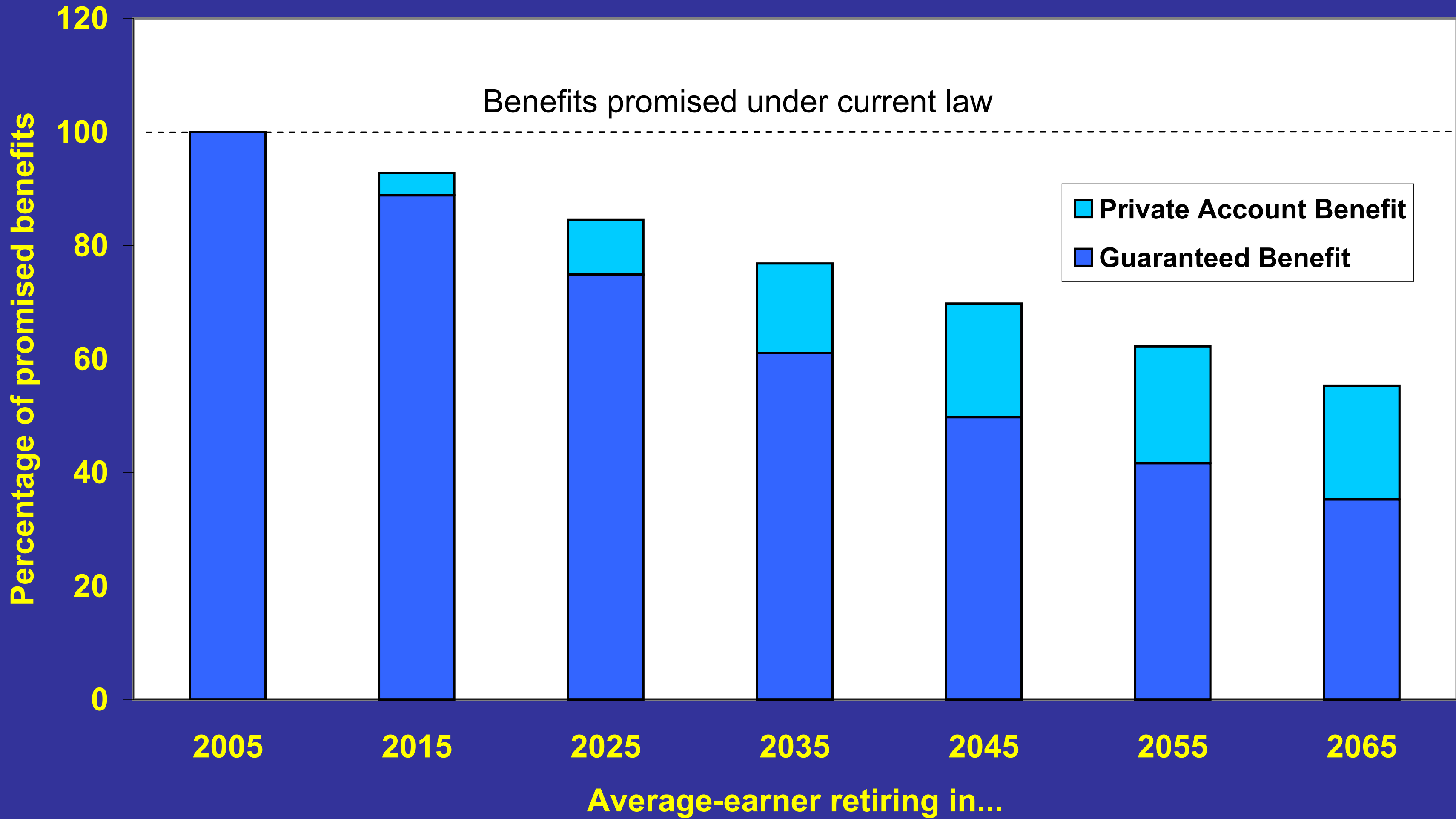
(Increased Government Borrowing)

(Contributions to Private Accounts)

Reduction in Other Private Saving

Early Withdrawals from Private Accounts

Chart 5: The President's Commission Plan Restores Solvency Through Deep Benefit Cuts: Private Accounts Would Not Make Up for the Loss



Source: Congressional Budget Office.