

The Philadelphia Inquirer

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No boon for Wall Street

Re: "Kerry vows to protect Social Security," Sept. 23:

John Kerry claims that President Bush's proposal to integrate personal retirement accounts for younger workers into Social Security will be a "windfall to Wall Street." That statement is based on a new "study" by one of his own advisers that says Wall Street would gain \$940 billion in fees from the private accounts. The study is wrong.

The Kerry paper is based on 401(k) and mutual fund plans with all the

bells and whistles, including many investment choices, the ability to shift between funds as often as they wish, to borrow against their account balances, etc., which drive up administrative costs. By contrast, personal retirement account participants won't have all these options and would choose from a limited number of index funds. Centralizing the administrative activities and customer service functions would further lower administrative fees.

The General Accounting Office says properly

structured personal accounts can be administered for as low as 0.1 percent of assets per year, much lower than the 0.8 percent that the Kerry paper assumes.

I want to know what John Kerry will do to address Social Security's \$11 trillion long-term debt. After more than a year on the campaign trail, Kerry has offered no solutions.

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