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Preparing for a tough fight

By Sean R. Tuffnell

During the President's Day recess, many members of Congress held town hall meetings and other events to try to explain why Social Security reform tops the national agenda. To no one's surprise, several members met with protesters and other activists dispatched from opposition groups.

Some returned uncertain they had the stomach for the fight ahead. Yet rather than shrink from the moment, the experience should serve as evidence of the battle's importance.

It would be easy to try to ignore Social Security and hope another Congress will deal with it. After all, it's not like the system will collapse today, or even tomorrow. It's much easier to say; "What problem? Now let's go rename a post office."

But we don't have 50 years before this problem becomes a crisis. Anyone who has seriously looked at the numbers understands this " whether he admits it is another issue.

Every day, 10,000 Baby Boomers turn 60. In just

two years, 77 million boomers will begin reaching early retirement age and will become eligible for Social Security benefits. Then, they will stop paying into Social Security and will begin drawing money from it. As the Boomers retire, the number of American retirees will double and Social Security's costs will soar out of control.

Contrary to opposition arguments, the problem doesn't begin when the Trust Fund runs dry. The only thing that matters when it comes to paying benefits is cash-flow. Since the bonds in the Trust Fund are not really system assets but actually are accumulated obligations, Social Security's real problem begins in 13 years -- in 2018.

That's the year payroll taxes will no longer be sufficient to fund full benefits. That's when Congress will have to start making difficult decisions about taxes to raise and programs to cut so money can be generated to redeem the bonds in the Trust Fund. That first year's shortfall will equal about \$10.6 billion -- and that's in

addition to payroll taxes. Thirteen years -- far enough away that most members of Congress will no longer be in office, but not so far off as to be unimaginable.

Each year thereafter, the deficit grows. By 2041, the year the Trust Fund cashes in the last of its bonds, Congress will need another \$123.9 billion for benefit checks. Adding all the deficits between 2018 and 2041, Congress will need \$2.3 trillion to redeem the bonds in the Trust Fund.

That's \$2.3 trillion before Senate Minority Leader Harry Reid, Nevada Democrat, admits there is a problem.

Even given the extra \$2.3 trillion, the program in 2042 will be able to afford only 74 percent of benefits. Today's 30-year-olds will reach retirement age (67) that year. If you are in your 20s or 30s, this means you.

Let's think about that a moment. That means for people of my generation, after we have given more of our tax dollars and tightened our belts our entire working lives to

ensure the government fulfills its promises to our parents, our thanks will be we must accept a fourth less than was promised. What a deal: Instead of a pat on the back, we'll get a punch in the gut.

Mr. Bush's proposal seeks to find a way to fulfill Social Security's promises for every generation. No changes for anyone age 55 and older. But for younger workers since benefits cannot be fully paid as promised under current law, the president recommends:

- (1) Gradually constraining growth in traditional, government-funded Social Security benefits for today's youngest workers.
- (2) And allowing younger workers to open a personal retirement account invested in broad-based funds that mirror the market as a whole. Combined, the two reforms eliminate the program's long-term debt while providing benefits approximate to what the current system promises.

This won't be easy. But if it were easy, Congress would have solved this years ago. It's time to study hard, and fight even harder. Our children are depending on us.

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