

Alpha and Omega of Social Security Reform

This merry month of June the U.S. House of Representatives will put together a plan to reform Social Security. The first and last reasons for Social Security reform are to build up personal accounts for every American and to tear down other Federal non-Defense spending. The Alpha reason creates the most wealth for American families. The Omega reason forces the Federal government, and power, to shrink – so freedom and opportunity will expand.

Maximum investment means putting the full 12.4% of income (6.2% from the individual and 6.2% from the employer) into private, personal, permanent, portable accounts for everyone under age 55 – right now. Do it for every pay check.

The weakest worker, who never moves beyond minimum wages, would retire with more money every two weeks than he ever made in his day job. Moreover, every penny is his to leave to his family for their future. The numbers are awesome.

<u>Your money is for your family</u>	<u>Socialist Social Security Welfare</u>
\$10,040 Annual Wage	\$10,040 same Annual Wage
\$1,7141 Annual FICA wages withheld 12.4%	\$1,7141 same Annual FICA wages
\$78,343 Payroll Taxes paid for 45 years	\$78,343 same Payroll Taxes
\$323,739 Interest (Growth) at 6% compounded	\$0.0 Interest
\$402,082 Nest egg at age 67	\$0.0 Nest Egg at age 67

Let the Socialists (they prefer to be called Progressives or, if one insists, Liberals) scream about risky investment schemes. If they understood basic economics they would be capitalists and Republicans anyway. Over half the U.S. economy is represented in the stock market. If the stock market crashes, the economy crashes. If the economy collapses, the stock market collapses. They're one and the same. Likewise, the government doesn't have different, separate money. There is no Social Security savings deposit of real money – anywhere.

The stock market is where the chief critics of Social Security reform invest their money – especially the AARP hypocrites. All wealthy people own stocks and bonds. All wealthy people invest for the long term. The stock market pays better than the 6% computed above, annually, because the ups far outweigh the downs in the U.S. economy, since 1790.

Maximum personal accounts leave a \$474.6 billion hole in the Federal budget (21.9%) – minus what folks age 55 and above would continue to pay in. The Federal Government would have to have an unbelievable deficit, raise untenable taxes or unfund the extra-Constitutional spending. The Federal Government would shrink fast and permanently.

The workers under 55, but over 40, who have less time to accumulate the real wealth they earn, could add their income from savings to a partial Social Security benefit to meet the

same standards as today's retirees. That partial payment could be adjusted annually to rise or fall as needed, if needed.

If the full bill for Social Security can't be taken out of the budget in one bite, then cut back just enough from the personal savings to fund the barest needs, not wants, of Federal spending. Each budget cycle that could be adjusted as the economic boom raises tax revenue until the full 12.4% can be put in private accounts every pay check.

The real plan coming from the House will be a political compromise. Then, the compromise will be desiccated in the U.S. Senate because 55 Republicans on the rolls only equal 48 Republicans, maybe, when it comes to a Conservative values vote. President Bush will get something called Social Security 'reform', but it may look like the Campaign Finance Reform Frankenstein monster. Regardless, the Alpha and Omega of Social Security remain – maximum for private accounts and minimum Federal spending.

If you set up a business today based on the rules of today's Social Security, you would be arrested and convicted of a con – running a Ponzi scheme. Every penny of Social Security taxes that comes in is spent – nothing is saved. If the economy dips, then the today's Social Security revenue goes down. Social Security could not be a more insecure, anti-social to deny people the maximum return for their money, and Socialist scheme serving Big Government. The fact that today's retirees take out more than they put in if they live long enough is not a measure of financial return, it's just a rip off of younger workers making transfer payments to Seniors. It's Senior Welfare once the retiree goes past his own inputs.

It's time for maximum personal accounts. It will be the beginning of great financial freedom and security for every American and the end of the growing Socialist Federal Government.

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