



# The White House

PRESIDENT GEORGE W. BUSH

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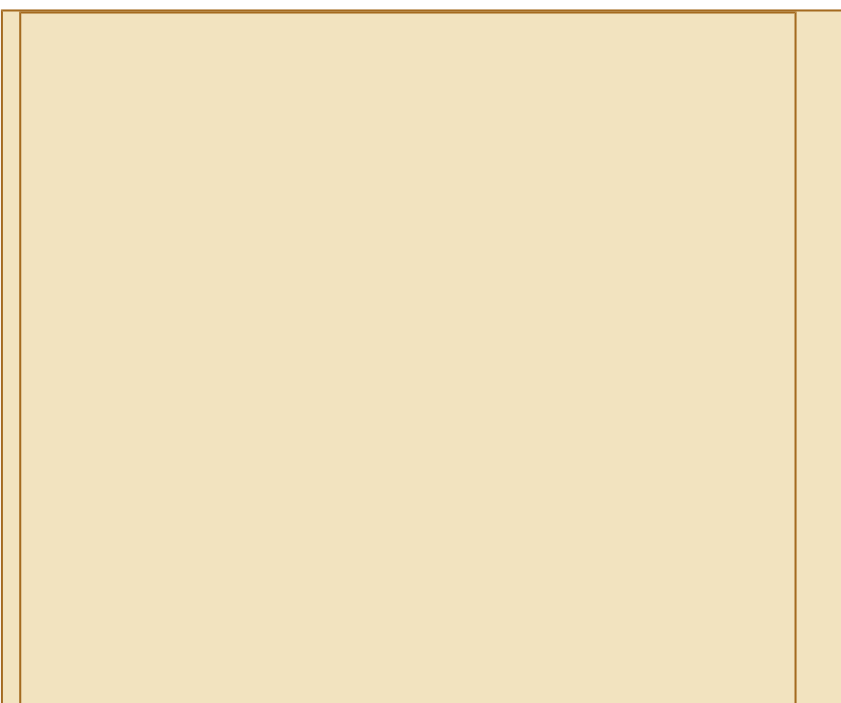
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## Strengthening Social Security for Future Generations

### Presidential Action

- **President Bush has discussed the importance of Social Security and the need to fix the Social Security system for future generations of Americans.** The President has assured Americans that he will not change the Social Security system in any way for those born before 1950.
  - Social Security was one of the great moral successes of the 20th century by providing a critical foundation of income for retired and disabled workers.
  - For one-third of Americans over 65, Social Security benefits constitute 90% of their total income

### Background on Presidential Action

- **Social Security is sound for today's seniors and for those nearing retirement, but it needs to be fixed for younger workers – our children and grandchildren.** The government has made promises it cannot afford to pay for with the current pay-as-you-go system.
  - In 1950, there were 16 workers to support every one beneficiary of Social Security.
  - Today, there are only 3.3 workers supporting every Social Security beneficiary.

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- In 2008 – just three short years from now – baby boomers will begin to retire. And over the next few decades, people will be living longer and benefits are scheduled to increase dramatically. By the time today's youngest workers turn 65, there will only be 2 workers supporting each beneficiary.

- Under the current system, today's 30-year-old worker will face a 27% benefit cut when he or she reaches normal retirement age.

- **If we do not act to fix Social Security now, the only solutions will be dramatically higher taxes, massive new borrowing or sudden and severe cuts in Social Security benefits or other government programs.**

- Just 13 years from now, in 2018, the government will begin to pay out more in Social Security benefits than it collects in payroll taxes – and shortfalls then will grow larger with each passing year.

- By the year 2027, the government will somehow have to come up with an extra \$200 billion a year to keep the system afloat.
- By 2033, the annual shortfall will be more than \$300 billion a year.
- By 2042, when workers in their mid-20s begin to retire, the system will be bankrupt – unless we act now to save it.

- **To keep the promise of Social Security alive for our children and grandchildren, we need to fix Social Security now once and for all.** We can not pretend the problem doesn't exist. The fact is Social Security will go broke when our young workers get ready to retire. Every year we wait the problem becomes worse for our children.

- **President Bush has pledged to work with Congress to find the most effective combination of reforms.** He will listen to any good idea that does not include raising payroll taxes.

- Fixing Social Security permanently requires a candid review of the options.
- Over the years, many people from both parties have offered suggestions such as limiting benefits for wealthy retirees, indexing benefits to prices, instead of wages; increasing the retirement age; or changing the benefit formula to create disincentives for early retirement. All of these options are on the table.

- **As we fix Social Security, we must make it a better deal for our younger workers by allowing them to put part of their payroll taxes in personal retirement accounts.**

- Personal accounts would be entirely voluntary.
- The money would go into a conservative mix of bond and stock funds that would have the opportunity to earn a higher rate of return than anything the current system could provide.
- A young person who earns an average of \$35,000 a year over his or her career would have nearly a quarter million dollars saved in his or her own account upon retirement.
- That savings would provide a nest egg to supplement that worker's traditional Social Security check, or to pass on to his or her children.
- Best of all, it would replace the empty promises of the current system with real assets of ownership.

- **President Bush understands that reforming Social Security will not be easy.** But he believes that if we approach this debate with courage and honesty, we will succeed. Our children's retirement security is more important than partisan politics.

### President Visits States



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### Speeches & News Releases

June 2, 2005  
[President Discusses Strengthening Social Security for Rural America](#)



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[Fact Sheet: Strengthening Social Security for Rural America](#)

May 24, 2005  
[President Participates in Social Security Conversation in New York](#)



May 19, 2005  
[President Discusses Strengthening Social Security for Younger Workers](#)



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### Documents

■ February 2, 2005  
[Strengthening Social Security for the 21st Century](#)



[What Each Worker Pays for Current Retirees](#)



[Cost of Inaction](#)



[The Demographics of Social Security](#)



[Retirement Benefits For The Middle Class Will Grow](#)



### Ask the White House

■ April 29, 2005



Deputy Assistant to the President and Deputy Communications Director for Policy and Planning

Catherine Martin,

■ April 15, 2005



■ February 3, 2005

John Snow,  
Secretary of the Treasury

■ April 5, 2005



■ March 7, 2005

■ January 11, 2005

Chuck Blahous,  
Special Assistant to the President  
for Economic Policy

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