



NEWS

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Bold Move: U.S. House Members Propose Social Security Reform

Taxpayer advocacy group praises Retirement Security Act legislation, sponsored by Rep. Nick Smith (R-Mich.).

WASHINGTON – It takes bold moves to reform big programs. Exactly what Rep. Nick Smith (R-Mich.) has proposed in his Retirement Security Act, which would overhaul Social Security by 2075.

Rep. Smith's legislation, which is cosponsored by Reps. Jim Kolbe (R-Ariz.), Charles Stenholm (D-Texas), John Shadegg (R-Ariz.), Pat Toomey (R-Penn.), and Jeff Flake (R-Ariz) would allow workers to create, on a voluntary basis, personal retirement accounts funded by their payroll taxes. The accounts would start at 2.5% of income and reach 8% by 2075.

“The only real way to reform Social Security is through personal retirement accounts,” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform (ATR) in Washington. **“Without reforming the system, you would have to raise taxes or cut benefits, but with personal accounts that are real, tangible investments that grow, you can actually cut taxes and raise benefits at the same time,”** he continued.

Under the plan, investments would be limited, widely-diversified, and investment providers would be subject to government oversight. The government would supplement the accounts of low-income workers making less than \$35,000 a year to ensure that they build up significant savings. Meanwhile, people choosing to participate in the voluntary account program would continue to receive benefits directly from the government. Those benefits would be offset based on the amount of money deposited into their accounts, not on the amount of money earned in the accounts. This means that workers could expect to earn more from their account than the offset.

“Paying taxes to pay for benefits of current retirees is impossible to sustain, especially as the number of retirees is ready to explode,” said Norquist, referring to the Baby Boom generation. “Real reform means personal accounts. If they have these in quasi-socialist Europe, we're ready for them in America.”

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact Jonathan Collegio at (202) 785-0266 or at jcollegio@atr.org.