

## Strengthening Social Security Permanently

*“We must pass reforms that solve the financial problems of Social Security once and for all.”*

*President George W. Bush  
State of the Union Address  
February 2, 2005*

- **In the State of the Union Address, President Bush called for an open, candid review of the options to strengthen Social Security permanently for our children and grandchildren.**
- **The President pledged to work with Members of Congress to find the most effective combination of reforms.** Former and current Members of Congress and a former President have suggested a variety of solutions to fix Social Security permanently, including limiting benefits for wealthy retirees, indexing benefits to prices rather than wages, increasing the retirement age, discouraging early collection of retirement benefits, and changing the way benefits are calculated. All of these ideas are on the table. The President recognizes that none of these reforms would be easy and has said he will listen to anyone with a good idea to offer.
- **The President believes that we must move ahead with reform, because our children’s retirement security is more important than partisan politics.**
- **In the State of the Union, the President laid out basic principles to guide reform:**
  - **We must make Social Security permanently sound, not leave it for another day.**
  - **We must not jeopardize our economic strength by raising payroll taxes – higher taxes would slow economic growth.**
    - **Increasing payroll taxes is a band-aid, not a permanent solution.** Payroll taxes have been increased more than 20 times since 1935, and we still have not fixed the problem. The Social Security payroll tax, which was once 2%, is now 12.4%. To meet the needs of the 21<sup>st</sup> century, payroll taxes would have to be raised over and over and over again on American workers, stifling economic growth and job creation. Economists calculate that under the current system, the payroll tax would have to rise to more than 18% if our children and grandchildren are to receive their scheduled benefits. (*2004 Report of the Social Security Trustees*, p. 165).
  - **We must ensure that lower income Americans get the help they need to have dignity and peace of mind in their retirement.** Any reform should maintain the system’s progressivity.

- **We must guarantee that there is no change for those now retired or nearing retirement.** For those Americans 55 and older (born before 1950), nothing will change, and nobody is going to take away or change their check.
- **We must take care that any changes in the system are gradual, so that younger workers have years to prepare and plan for their future.**
- **And, we should make Social Security a better deal for younger workers through voluntary personal retirement accounts.**