

# Committee on Ways and Means

## *Subcommittee on Social Security*

### **GROW Act of 2005**

(Growing Real Ownership for Workers)

#### **PRINCIPLES**

1. Social Security taxes should only be used for Social Security.
2. The surplus should not be used to mask the true size of the budget deficit.

#### **WHAT THE BILL DOES**

- Protects the Social Security surplus.
- GROW Accounts will be created for workers who were under the age of 55 at the beginning of 2005, unless they choose not to participate.
- The Social Security surplus will be dedicated to individual GROW accounts, where it will be invested in guaranteed, marketable Treasury securities – real assets that workers own.
- Upon retirement, account balances will be used to help pay the worker's Social Security benefit.
- Account balances are inheritable.
- An independent board of experts, legally responsible for ensuring safe, responsible and appropriate investments, will manage and administer GROW accounts.
- At the beginning of the 111<sup>th</sup> Congress (January 2009), the board will submit a plan to Congress providing for options to diversify GROW accounts through broader investments. Workers can always choose to keep their assets invested in Treasury bonds.
- The bill does not impose investment risk on workers and does not harm the Social Security Trust Funds. It does protect the integrity of the Social Security program by ensuring that Social Security taxes are only used for Social Security.