

WHAT SOCIAL SECURITY PRIVATIZATION WOULD MEAN FOR Retirees

Social Security privatization will take trillions of dollars out of Social Security to pay for private accounts.

- To keep paying full benefits to current retirees, the government will need to borrow trillions of dollars. But future Congresses and presidents could decide they can't, or won't, finance that borrowing—and end up cutting benefits or cost-of-living adjustments for current retirees. President George W. Bush, who is promising not to hurt current and near retirees, will be out of office by the time the privatization plan goes into effect. The massive borrowing required to pay for private accounts might spark a future fiscal crisis, leading to painful cuts in other benefits such as Medicare.

The government will wipe out most of the value of the private account.

- For people who choose private accounts, the government would take back from retirement benefits at least 70 cents for every \$1 in the account. That's on top of a 40 percent benefit cut on all workers' accounts, regardless of whether they choose private Social Security accounts.¹ This means many of our children and grandchildren may be in poverty when they retire—and dependent on family members to help them.

Privatization would open Social Security up to corruption, waste and Enron-ization.

- Politicians will decide which Wall Street firms are handpicked to make billions in inflated fees from our investments.

Social Security privatization would explode the U.S. budget deficit.

- Privatizing Social Security would saddle our children and grandchildren with \$4.9 trillion in debt in the first 20 years alone, mostly borrowed from countries such as China and Japan.² That's on top of massive budget deficits that threaten our economy today and will burden retirees' children and grandchildren tomorrow.

We must strengthen Social Security, but we must take the time to get it right.

- We can strengthen Social Security without slashing benefits. First, we must require Congress to pay back the money borrowed from the trust fund. We could end the "wealthy wage exemption" so CEOs pay the same Social Security taxes on their salaries as we pay on ours. We could repeal the Bush tax cuts for the top 1 percent of taxpayers. And we could help working families build private pensions and savings on top of Social Security.

¹Center for Economic Policy Research

²Center on Budget and Policy Priorities

**Social Security
FIX IT. DON'T PRIVATIZE IT.**