Private Social Security Accounts Are All Wrong

Privatizing Social Security by allowing younger workers to divert a portion of their payroll taxes into private accounts is the wrong answer to strengthening Social Security.

Private accounts don't strengthen Social Security.

Private investment accounts make Social Security's funding matters worse by diverting money from the Social Security Trust Fund, thereby weakening the system and adding trillions to our debt. There are better ways than privatization to strengthen Social Security. Private accounts should supplement Social Security, not replace it.

Social Security's guaranteed benefits will be cut.

Privatization means cuts in future benefits, and benefit cuts apply even if you choose not to invest in a private account. Is that really fair? The White House and Congress should repay the millions borrowed from the Trust Fund to pay—not slash—promised benefits. (srcs: Congressional Budget Office, Center on Budget and Policy Priorities)

Privatization burdens our children and grandchildren with massive debt.

The government will need to borrow trillions from foreign countries like Japan and China to create private accounts. Trillions on top of massive budget deficits that threaten our economy today and burden our children and grandchildren tomorrow. Social Security needs solid funding, not more IOUs.
(src: Center on Budget and Policy Priorities)

Private accounts cost more—not less—than the current Social Security system.

Today's Social Security system spends less than 1% of its revenues on administrative costs. Wall Street management fees for private accounts could eat up as much as 20% of your earnings. (src: The Century Foundation)

Americans have paid into Social Security for years and deserve to benefit.

Strengthen Social Security.

Alliance for Retired Americans **www.retiredamericans.org | 1-800-333-7212**

04/05