

Treasury Department Priorities



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U.S. Treasury Department

**Strengthening
Social Security for the
21st Century**

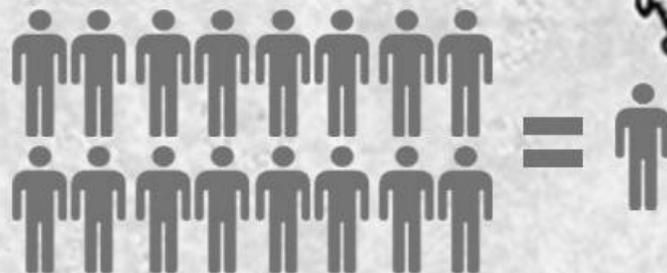
Q: Why Act Now?

**A: The first
Baby-Boomers start
turning 60 next year.**

THE DEMOGRAPHICS OF SOCIAL SECURITY

1950

16 Workers paying for every 1 Beneficiary



TODAY

3.3 Workers paying for every 1 Beneficiary

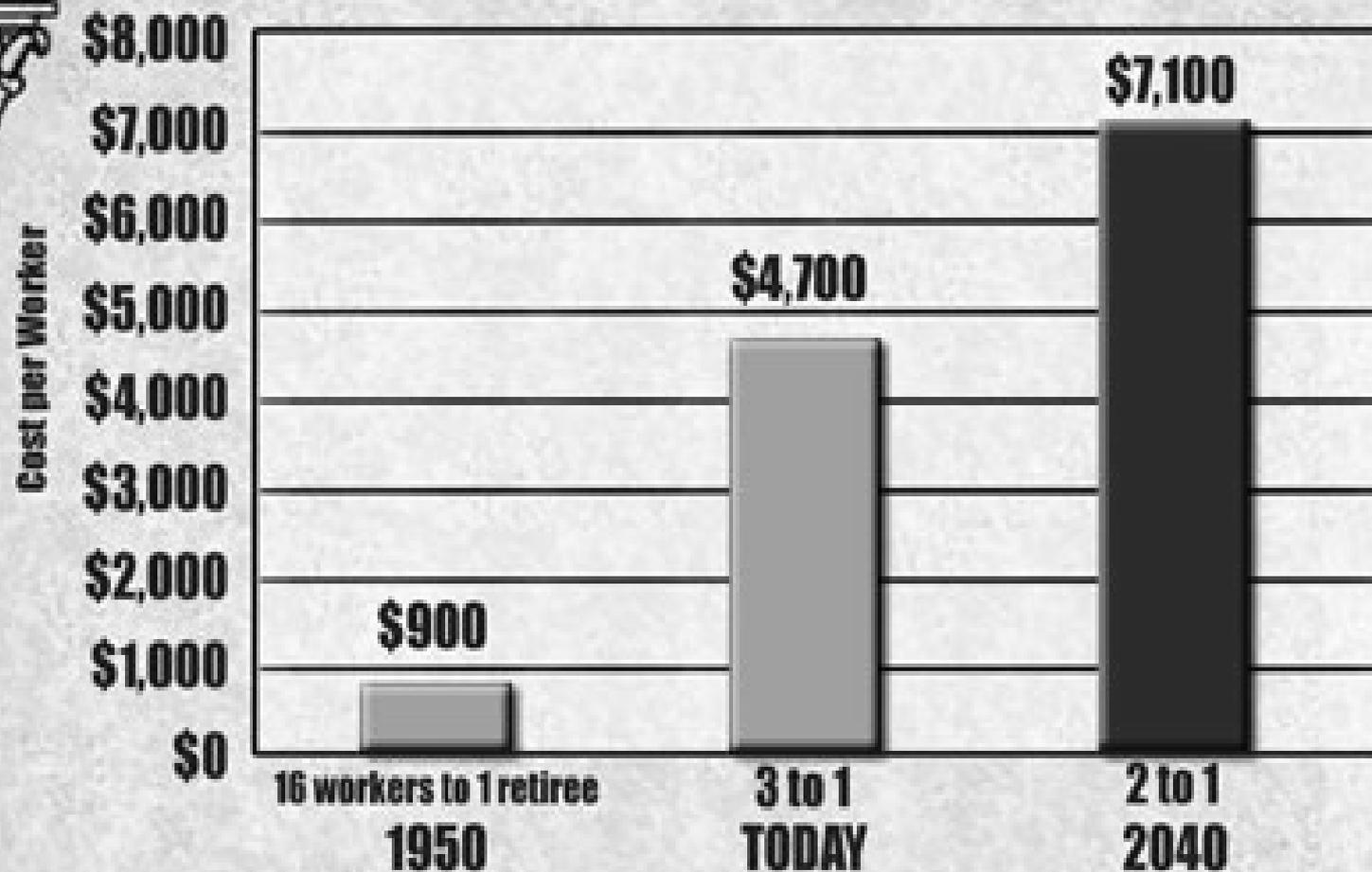


WHEN YOUNGER WORKERS RETIRE

Only 2 Workers paying for every 1 Beneficiary



What Each Worker Pays For Current Retirees

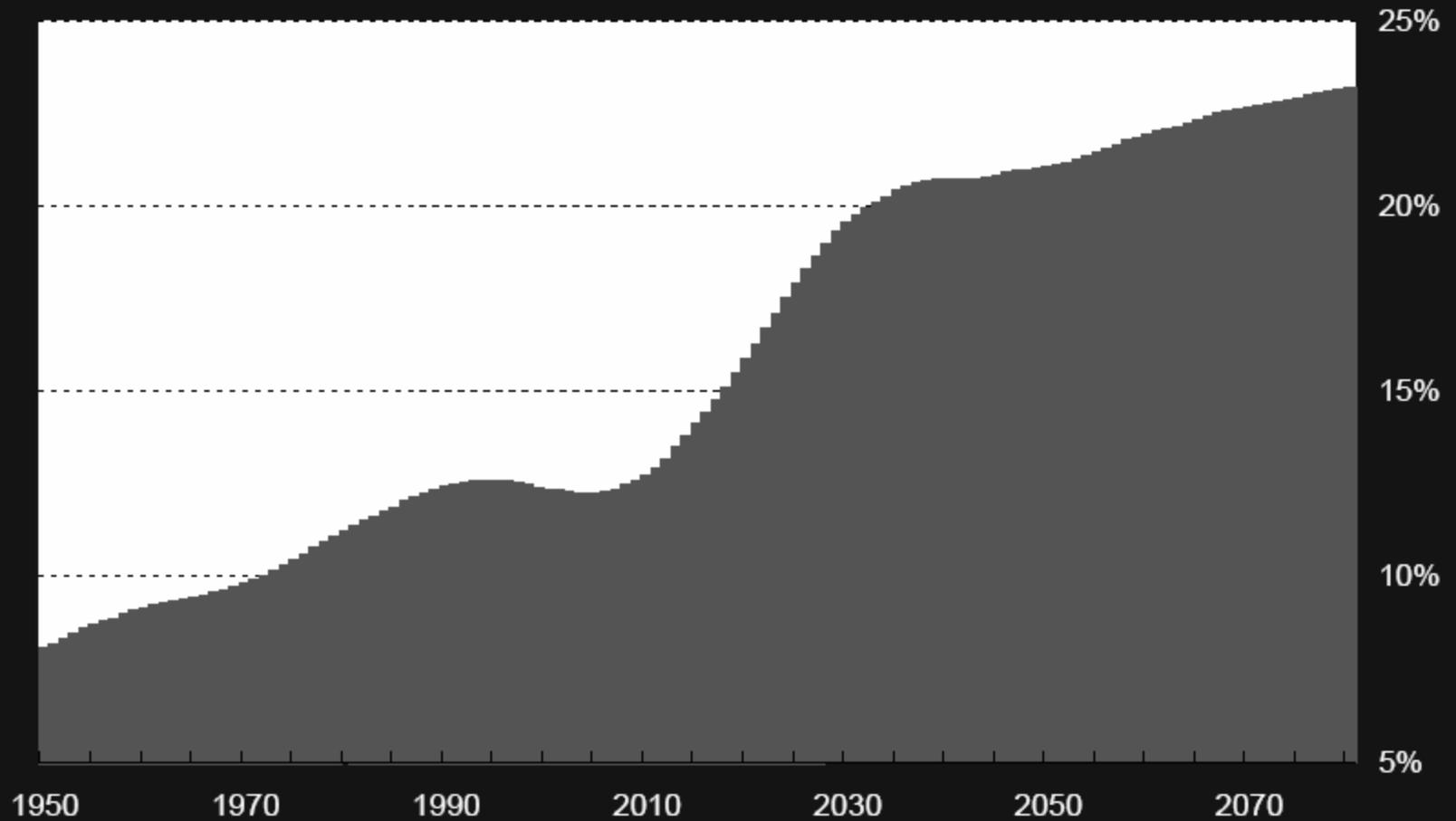


* All dollars are current 2004 dollars

* Assumes 2004 annual benefits of \$14,200 for an average-wage retiree

Americans are Getting Older

(Percentage of Americans ages 65 and older)

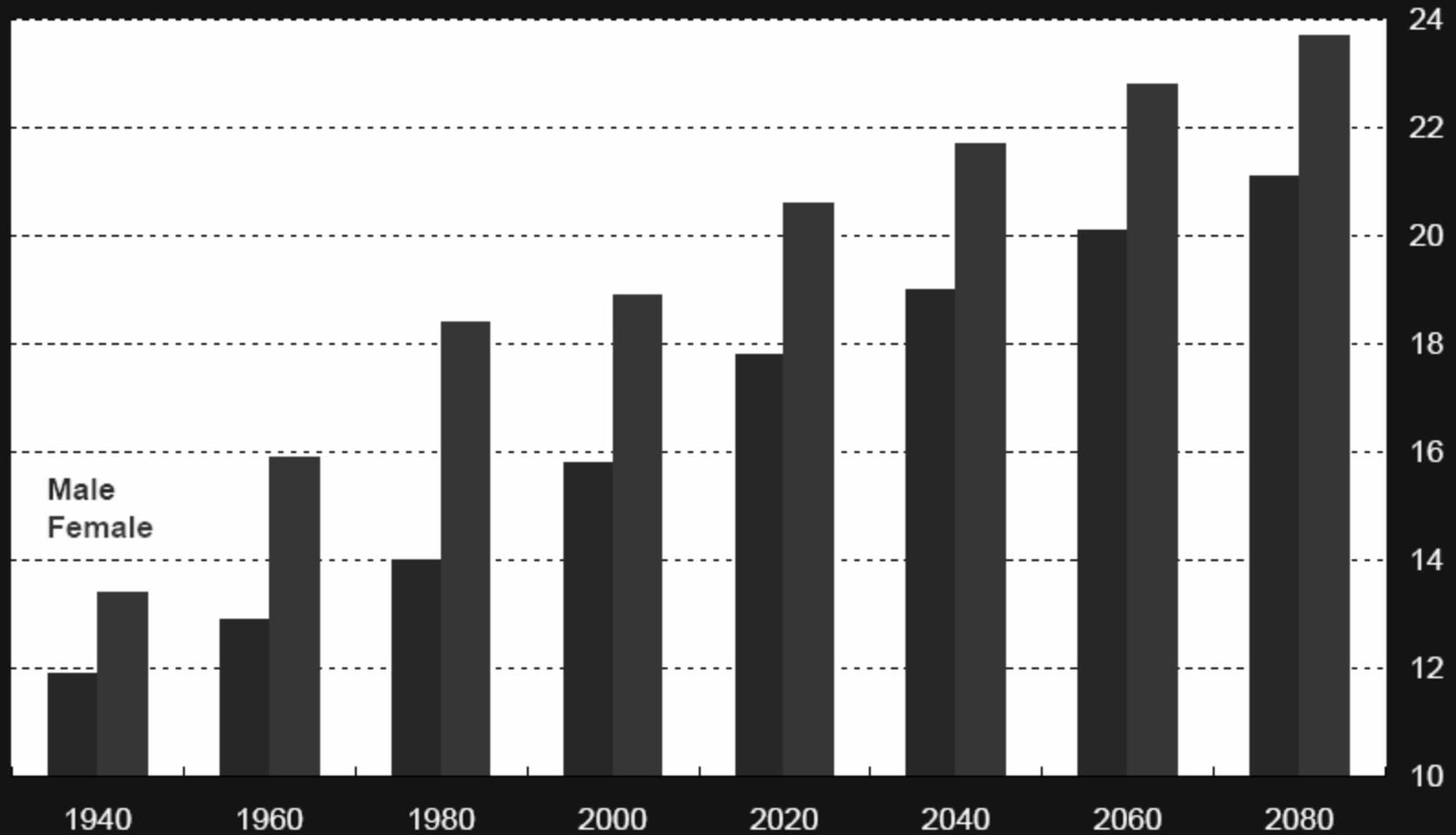


Source: Social Security Administration

Prepared by Joint Economic Committee (JEC), 2/2/2005

Seniors are Living Longer

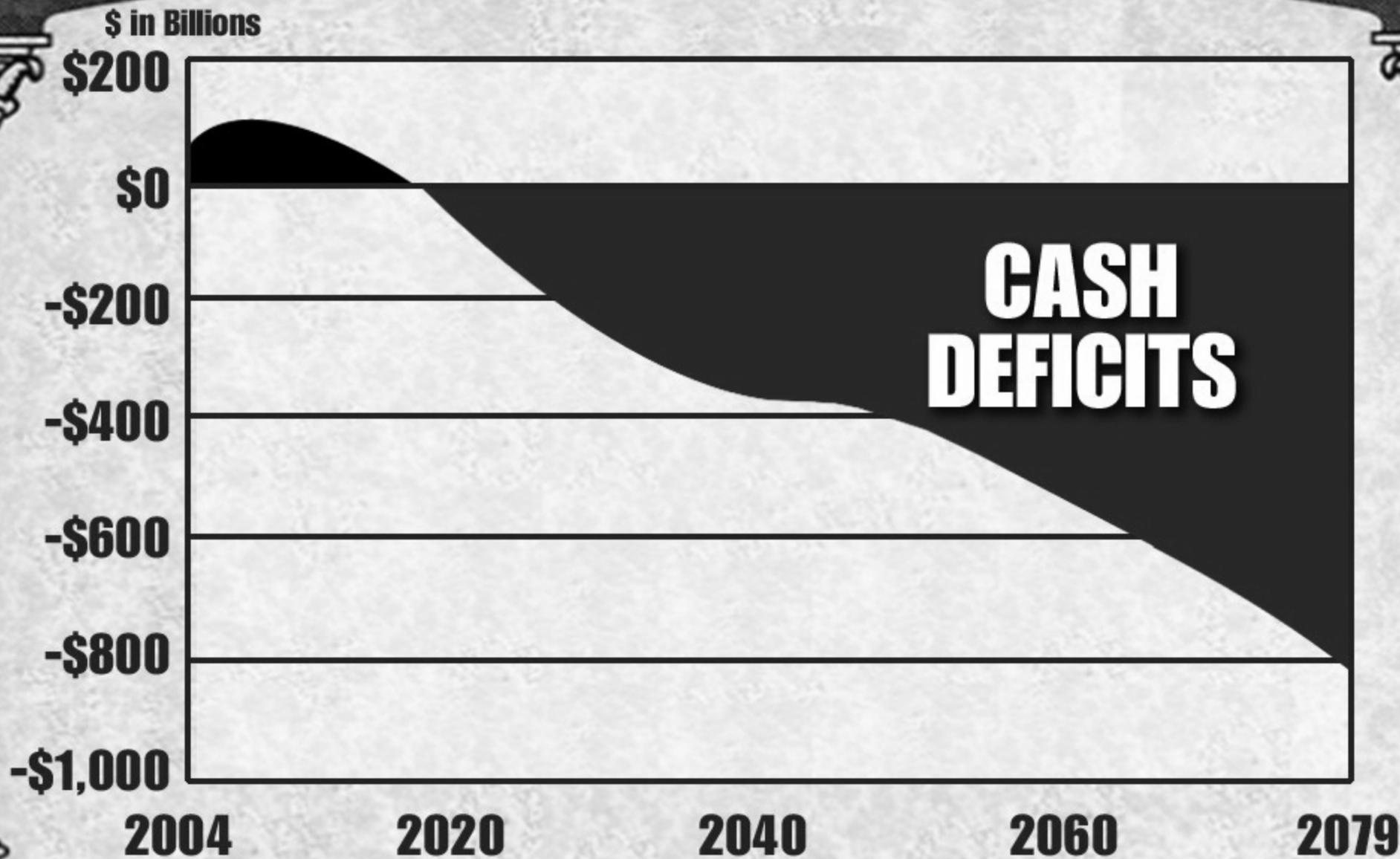
(Additional life expectancy for those who reach age 65, by year in which person turns 65)



Source: Social Security Administration

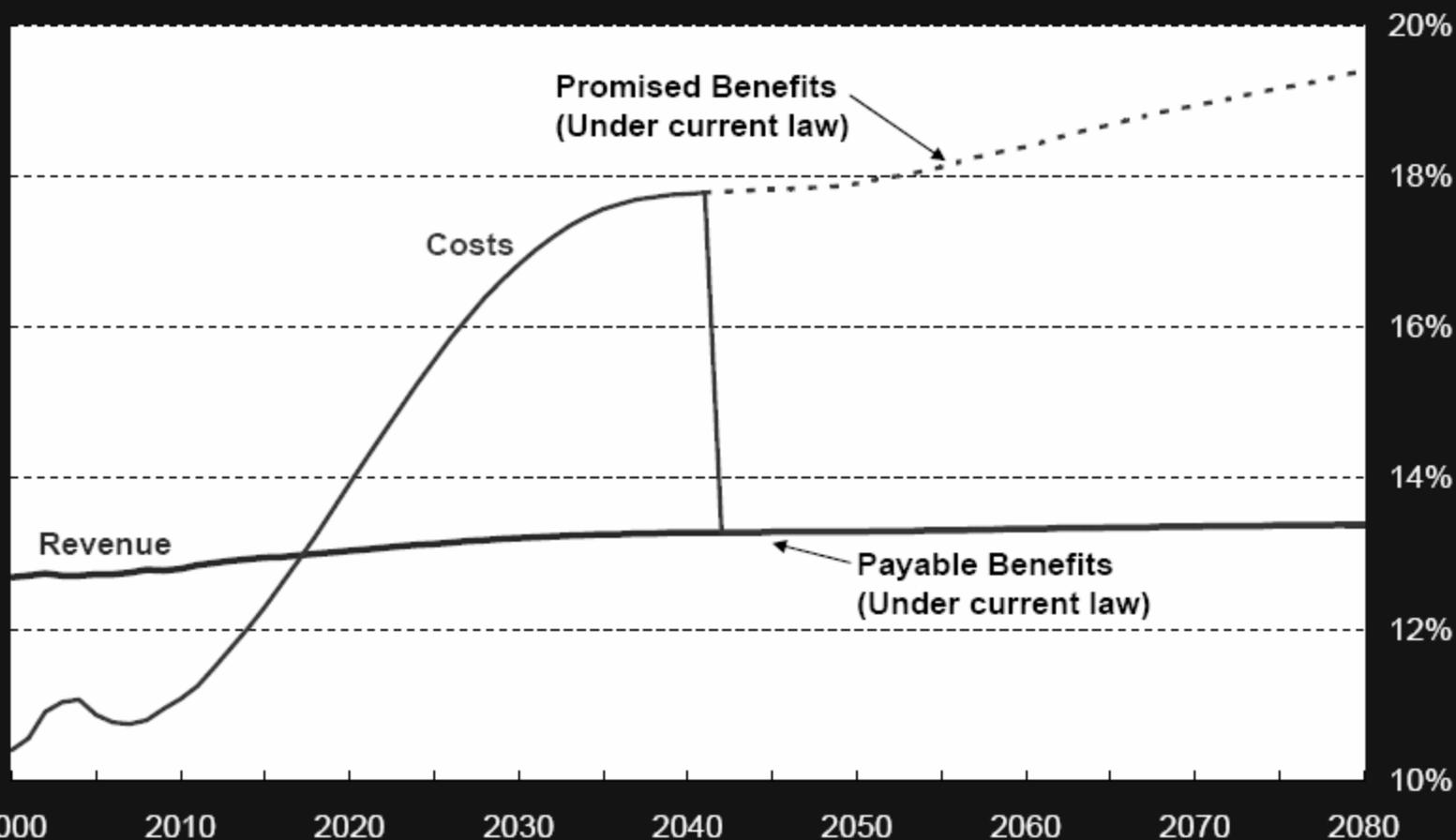
Prepared by Joint Economic Committee (JEC), 2/2/2005

COST OF INACTION



Social Security Can't Pay Promised Benefits

(OASDI costs and revenue as a percentage of taxable payroll)



Source: Social Security Administration

Prepared by Joint Economic Committee (JEC), 2/2/2005

Principles for Reform

Permanent Fix

We must make Social Security permanently sound, rather than pass the burden on to future generations.

No Benefit Changes for Those Born Before 1950

**For those in or near retirement,
Social Security will not change.**

No Increase in Tax Rates

**Raising taxes on American workers
would stifle the economy and
depress job creation.**

Ensure Fairness

**Reform should maintain the
progressivity of the system.**

Personal Retirement Accounts

Voluntary personal retirement accounts will give younger workers the opportunity to build a nest-egg for retirement.

60 Stops in 60 Days

Secretary Snow recently announced a tour in which Administration officials will crisscross the nation to take the President's message of strengthening Social Security to the American people.



A recently launched Web site will communicate the problems facing Social Security and the Administration's efforts for bipartisan reform:

www.StrengtheningSocialSecurity.gov