Retired Files of Nicole Rabner
Special Assistant to the President & Senior Policy Advisor to the First Lady
Box #12 of 16

Bankruptcy and Social Security Issues

FILES
Bankruptcy- General
Bankruptcy- 2000 Action
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Bankruptcy- Reaffirmations/ HRC Column
Bankruptcy- Commission Materials
Social Security- Policy/Outreach
Social Security- Women's Issues
Social Security- Briefing Book for HRC on Social Security
Social Security- White House Conference on Social Security
Social Security- 2/17/99 East Room Event
Social Security- USA Accounts
Social Security- Social Security Meeting with Advocates 1/21/99
Social Security- ADSS Teleconference 1/23/99
Financial Modernization- Background

SCHEDULE AND PARTICIPANTS FOR WHITE HOUSE CONFERENCE ON SOCIAL SECURITY

All times are tentative.

DECEMBER 8, 1998

Location: Marriott Wardman Park Hotel

10:00-11:00: **OPENING SESSION WITH PRESIDENT CLINTON, VICE PRESIDENT GORE, AND MEMBERS OF CONGRESS.** (Open Press)

11:00-11:45: **PANEL --THE CHALLENGES OF SOCIAL SECURITY REFORM: WHY WE NEED TO ACT NOW, THE BUDGET SURPLUS, AND SOCIAL SECURITY REFORM** (Open Press)

- Presenters:
  Marilyn Moon --Urban Institute
  Rudy Penner --Former Director of CBO

11:45-1:00: **LUNCH BREAK.**

1:00-1:45: **PANEL --THE CHALLENGES OF SOCIAL SECURITY REFORM: IMPACT OF REFORM ON DIFFERENT SEGMENTS OF THE POPULATION** (Open Press)

- Presenters:
  Alicia Munnell --Boston College
  Carol Cox Wait --Committee for a Responsible Federal Budget
  Kilolo Kijakazi --Center on Budget and Policy Priorities
  Richard Thau --Third Millennium

1:45-3:15: **PANEL --THE CHALLENGES OF SOCIAL SECURITY REFORM: PRIVATE MARKET OPTIONS.** (Open Press)

- Presenters:
  Henry Aaron --Brookings Institution

Carolyn Weaver --American Enterprise Institute
Bob Ball --Former SSA Commissioner
Jose Pinera --CATO
Gene Steuerle --Urban Institute

3:30-5:00: OFF-THE-RECORD BREAKOUT SESSIONS TO PROVIDE CONFERENCE PARTICIPANTS THE OPPORTUNITY TO SPEAK DIRECTLY WITH KEY ADMINISTRATION OFFICIALS AND MEMBERS OF CONGRESS. (Closed Press)

DECEMBER 9, 1998

Location: The White House

9:00-12:15: TWO WORKSHOPS TO EDUCATE KEY ADMINISTRATION OFFICIALS AND MEMBERS OF CONGRESS ON THE IMPORTANT ISSUES IN SOCIAL SECURITY REFORM. (Closed Press)

- Presenters:

  Workshop on Scope of Problem and Traditional Reform Options: *Ken Kies (Former Staff Director of Joint Tax Committee) and Bob Greenstein (Center on Budget and Policy Priorities)*

  Workshop on Private Market Options: *Martin Feldstein (Harvard University) and Robert Reischauer (Brookings Institution)*

12:30-1:15: CLOSING SESSION WITH PRESIDENT CLINTON, VICE PRESIDENT GORE, AND MEMBERS OF CONGRESS.

WHITE HOUSE CONFERENCE ON SOCIAL SECURITY

Conference Information

SCHEDULE FOR DECEMBER 8, 1998

Location: *Marriott Wardman Park Hotel*

10:00-11:00	**Opening Session With President Clinton, Vice President Gore, and Members of Congress.** (Open Press)
11:00-11:45	**Panel -- The Challenges of Social Security Reform: Why We Need To Act Now, the Budget Surplus, and Social Security Reform** (Open Press)
11:45-1:00	**Lunch Break.**
1:00-1:45	**Panel -- The Challenges of Social Security Reform: Impact of Reform on Different Segments of the Population** (Open Press)
1:45-3:15	**Panel -- The Challenges of Social Security Reform: Private Market Options.** (Open Press)
3:30-5:00	**Off-the-Record Breakout Sessions to Provide Conference Participants the Opportunity to Speak Directly With Key Administration Officials and Members of Congress.** (Closed Press)

Schedule for December 9

WHITE HOUSE CONFERENCE ON SOCIAL SECURITY

Conference Information

SCHEDULE FOR DECEMBER 9, 1998

Location: *The White House*

The second day of the White House Conference on Social Security will focus on educating and building relationships between key Administration officials and Members of Congress. Therefore, only Members of Congress and Administration officials are invited to the workshops.

9:00-12:15	**Two Workshops to Educate Key Administration Officials and Members of Congress on the Important Issues in Social Security Reform.** (Closed Press)
12:30-1:15	**Closing Session At the White House With President Clinton, Vice President Gore, and Members of Congress.**

Schedule for December 8

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release April 7, 1998

ADDRESS BY THE PRESIDENT
TO A NATIONAL FORUM ON SOCIAL SECURITY

Penn Valley Community College
Kansas City, Missouri

11:25 A.M. CDT

THE PRESIDENT: Thank you very much, ladies and gentlemen. Good morning. Thank you, Governor Carnahan, for your leadership on so many areas and your friendship. I'd like to thank the leaders of this fine institution for welcoming us here and for the mission they perform every day. I thank Senators Kerrey and Santorum for their concern, longstanding, for Social Security reform and their presence here, and Representatives Hulshof and Pomeroy, who are participating in the program, and Representative McCarthy, and also Representative David Dreier from California, who is a native of Kansas City, who are here.

I thank the members of our administration who have come who will be participating: the Director of the Office of Management and Budget, Frank Raines; the Deputy Secretary of the Treasury, Larry Summers; the Director of the National Economic Council, Gene Sperling; and the Administrator of Social Security, Ken Apfel.

Attorney General Nixon, Treasurer Graeber, Insurance Commissioner Sebelius, thank you all for being here. Mayor Cleaver, thank you for hosting us. I don't know if Mayor Marinovich is here or not, but if she is, hello. (Laughter.)

I'd also like to thank the leaders of the AARP, including Horace Deets, and the leaders of the Concord Coalition, including Martha Phillips, for their hosting of this forum. The AARP has long been a leading voice for the elderly, the Concord Coalition long a leading voice for fiscal responsibility over the long run, and their willingness to work together is very important. I'd also like to thank the Speaker of the House, the Senate Majority Leader, and the House and Senate Democratic leaders for nominating and being represented here today by the members of Congress who are on the program.

As the Governor said, this is a good time for America and a time of great hope. Our economy is the strongest in a generation. Many of our social problems are on the mend. Our leadership in the world is unrivalled. Within the next year, we will have a balanced budget. And where once there were deficits projected as far as the eye can see, we now have projected surpluses as far as the eye can see -- a trillion dollars' worth over the next decade.

But this sunlit moment is not a time to rest. Instead, it is a rare opportunity to prepare our nation for the challenges and the opportunities of the 21st century -- or in the words of the old saying, to fix the roof while the sun is shining. In the coming century, the aging of our society will present both great challenges and great opportunities. I hope to live to be one of those people and so, to me, it's a high-class problem.

But because a higher percentage of our people will be both older and retired, perhaps our greatest opportunity and our greatest obligation at this moment is to save Social Security. In the State of the Union address, I called on Congress to set aside every penny of any surplus until we had dealt with Social Security first. Both parties in both chambers of Congress have joined in this call. That is the good news.

Today we turn to the business at hand -- building public awareness of the nature and scope of the problem, and building public consensus for the best changes. Clearly, we will strengthen Social Security and reform it only if we reach across lines of party, philosophy, and generation. And that is one reason for the broad representation of age groups in this audience today. We have to have open minds and generous spirits. And we all have to be willing to listen and to learn.

For too long, politicians have called Social Security the "third rail" of American politics. That's Washington language for, it's above serious debate. This year we must prove them wrong. This conference, with its wide participation, is a good start. On the political calendar, 1998 is an election year. But on the Social Security calendar, we must resolve to make it an education year, when we come to grips with the problems of the system and come together to find the answers.

This issues is complicated, so we need the best ideas -- whatever their source. The issue is controversial, so we have to have a national consensus on both the nature of the problem and the direction we must take.

That's why I've asked all the members of Congress to also host town hall meetings in their own districts. I'll be talking with several of them by satellite later today. And we'll hold more additional forums like this one around the country. In December, there will be a White House Conference on Social Security. In January, I intend to convene the leaders of Congress to draft a plan to save it. With this effort we can forge a national consensus, and we must.

For 60 years, Social Security has meant more than an ID number on a tax form, more than even a monthly check in the mail. It reflects our deepest values, the duties we owe to our parents, to each other, to our children and grandchildren, to those who misfortune strikes, to our ideals as one America.

Missouri's native son, Mark Twain, once said, "I've come loaded with statistics, for I've noticed a man can't prove anything without statistics." So I thought we would begin today with a few statistics. Today, as the first chart shows, 44 million Americans depend upon Social Security, and for two-thirds of our senior citizens it is the main source of income. For 18 percent of our seniors it is the only source of income.

But Social Security is more than just a retirement program. Today you can see that more than one in three of the beneficiaries are not retirees. They are children and spouses of working people who die in their prime. They are men and women who become disabled, or their children.

So Social Security is also a life insurance policy, and a disability policy, as well as a rock-solid guarantee of support and old age. That is why we have to act with care as we make needed repairs to the program occasioned by the huge growth in retirees.

Since its enactment over 60 years ago, Social Security has changed the face of America. When President Roosevelt signed the bill creating the Social Security system, most seniors in America were poor. A typical elderly person sent a letter to FDR begging him to eliminate "the stark terror of penniless old age." Since then, the elderly poverty rate has dropped sharply. You can look here and see that in 1959 the poverty rate was over 35 percent for retirees. In 1979, it had dropped to 15.2 percent. In 1996, the poverty rate is down below 11 percent.

Now, there's something else I want to say about this. Even though most seniors need other sources of income in addition to Social Security to maintain a comfortable lifestyle: if Social Security did not exist, today half of all American retirees would be living in poverty -- 60 percent of all women. Fifteen million American seniors have been lifted out of poverty through the Social Security system.

Today the system is sound, but the demographic crisis looming is clear. The baby boomers -- 76 million of us -- are now looking ahead to their retirement. And people, clearly, are living longer, so that by 2030, there will be twice as many elderly as there are today.

All these trends will impose heavy strains on the system. Let's look at the next chart here. You can see that in 1960, which wasn't so long ago, there were over five people working for every person drawing Social Security. In 1997, last year, there were over three people -- 3.3 people -- working for every person drawing. But by 2030, because of the increasing average age, if present birthrates and immigration rates and retirement rates continue, there will be only two people working for every person drawing Social Security.

Now, here's the bottom line. The Social Security Trust Fund is sufficient to pay all the obligations of Social Security -- both retirement and disability -- until 2029, after which it will no longer cover those obligations. Payroll contributions will only be enough to cover 75 cents on the dollar of current benefits.

If we act now, we can ensure strong retirement benefits for the baby boom generation without placing an undue burden on our children and grandchildren. And we can do it, if we act now, with changes that will be far simpler and easier than if we wait until the problem is closer at hand. For example, a $100 billion of the budget surplus, if used for Social Security, would add a year or more to the solvency of the Trust Fund with no other changes being made. Other changes, which could be made, can be phased in over time, and keep in mind, small changes decided on now can have huge impacts 30 years from now.

So how should we judge the proposals to change the Social Security system? Here are principles that I believe we should follow, and they're on the next chart here. I believe, first of all, we have to reform Social Security in a way that strengthens and protects a guarantee for the 21st century. We should not abandon a basic program that has been one of the greatest successes in our country's history.

Second, we should maintain universality and fairness. For half a century, this has been a progressive guarantee for citizens; we have to keep it that way. It was not until 1985 that the poverty rate among seniors was lower than the poverty rate for the population of America as a whole. It is an astonishing achievement of our society that it is now so much lower, and we should not give it up.

Third, Social Security must provide a benefit that people can count on. Regardless of the ups and downs of the economy or the financial markets, we have to provide a solid and dependable foundation of retirement security.

Fourth, Social Security must continue to provide financial security for disabled and low income beneficiaries. We can never forget the one in three Social Security beneficiaries who are not retirees.

And fifth, anything we do to strengthen Social Security now must maintain our hard-won fiscal discipline. It is the source of much of the prosperity we enjoy today.

Now, these are the principles that will guide me as we work to forge a consensus. I hope they're ones that all of you can also embrace. This national effort will call on the best of our people. It will require us to rise above partisanship. It will require us to plan for the future, to consider new ideas, to engage in what President Roosevelt once called "bold, persistent experimentation." It will remind us that there are some challenges that we can only meet as one nation acting through our national government, just as there are others we can better meet as individuals, families, communities.

This is also a challenge for every generation. To the older Americans here today, let me say, you have nothing to worry about. For you Social Security is as strong as every. To the younger people here today who may believe that you will never see a Social Security check -- indeed, I saw a poll which purported to be serious that said that Americans in their twenties thought it was more likely they would see a U.F.O. than that they would every draw Social Security. (Laughter.) That skepticism may have been well founded in the past, but just as we put our fiscal house in order, we can and must put Social Security in order.

And above all, to my fellow baby boomers, let me say that none of us wants our own retirement to be a burden to our children and to their efforts to raise our grandchildren. It would be unconscionable if we failed to act, and act now, as one nation renewing the ties that bind us across the generations.

Thank you very much. (Applause.)

END 11:39 A.M. CDT

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release April 7, 1998

REMARKS BY THE PRESIDENT VIA SATELLITE IN REGIONAL SOCIAL SECURITY FORUMS

Penn Valley Community College
Kansas City, Missouri

1:20 P.M. CDT

THE PRESIDENT: Good afternoon. Thank you, Ken. As Ken said, I'm speaking to you from Kansas City, where we're talking about what we must do as a nation to strengthen Social Security for the 21st century, and I'm looking forward to continuing to talk with you today.

Let me begin by thanking Representatives Bob Borski, Ben Cardin, Nancy Johnson, Jim Kolbe, and Jerry Weller for holding these town meetings across our nation. For each of you lawmakers, these forums are not the only way you've worked to strengthen Social Security. Representatives Borski and Cardin are cosponsors of key legislation to establish the Save Social Security First Reserve Fund. Representative Borski supports saving any budgetary surplus for investment in Social Security, and I know Representative Cardin does as well.

Now, Representative Johnson has been a strong advocate for Social Security beneficiaries. She has urged her fellow members of Congress to continue to act with fiscal restraint as they debate what to do with the budget surplus. Representative Kolbe is one of our foremost experts on retirement and pension policy and is the sponsor of a resolution to establish a joint commission on Social Security reform. And Representative Weller has been a powerful voice for protecting the Social Security trust fund and was an original cosponsor of the Social Security Preservation Act.

Together, all of you are proving that we can work in a bipartisan way to make sure that Social Security is as solid for our children as it was for our parents, and I thank you for that.

As you know, this year, working together with Congress, we'll be balancing the budget for the first time in 30 years. We have a right to be proud of that achievement, but we must also build on it. In the State of the Union, I called on Congress to set aside every penny of any budget surplus until we save Social Security first. Social Security is deeply woven into our nation's social fabric. For 60 years, it's meant more than an ID number on a tax form, even more than a monthly check in the mail. It reflects our deepest values and the duties we owe to one another.

Today 44 million Americans depend upon Social Security. For two-thirds of our seniors, it's the main source of income. And one in three beneficiaries are non-retirees. Social Security is life insurance and disability benefits as well as a rock-solid foundation of retirement security.

Today Social Security is sound, but a demographic crisis looms if we fail to act. For over the next 30 years, 76 million baby boomers will retire. By 2030 there will be twice as many elderly Americans as there are today. If we don't act now, by then payroll contributions will only cover 75 percent of benefits. That's why I've challenged our nation to act now to strengthen Social Security for the 21st century.

Here are the principles, I want to follow for meeting this challenge. First, any reform should strengthen and protect Social Security for the 21st century. We can't abandon the basic core program that's been one of the great successes of our nation's history.

Second, we must maintain the universality and the fairness of Social Security. For a half-century this program has been a progressive guarantee for citizens. We have to keep it that way.

Third, Social Security must provide a benefit people can count on. Regardless of the ups and downs of the economy or the financial markets, we must make certain that Social Security will provide a foundation of retirement security.

Fourth, Social Security must continue to provide financial security for disabled and low income beneficiaries. We can never forget the one out of three Social Security beneficiaries who aren't retirees.

And fifth, any strengthening of Social Security must maintain America's hard-won fiscal discipline, one of the main reasons we're enjoying our prosperity today.

These are the five principles that will guide me on Social Security, principles by which I'll judge all possible proposals. They're principles I believe can and should guide us all as we work to forge a national consensus for reform.

Above all, I know that we can strengthen Social Security only if we reach across the lines of party, philosophy, and generation with open minds and generous spirits. For too long, politicians have called Social Security the third rail of American politics. That's Washington language for, you can't really discuss any changes seriously. This year we have to prove them wrong.

I know that on the political calendar 1998 is an election year. But on the Social Security calendar, let's all resolve to make 1998 an education year, a year we come to grips with the problems of the system and come together to find the answers. These forums are a very hopeful beginning, and I'm pleased to have had this chance to start this vitally important dialogue with all of you today. This December we'll host a White House conference on Social Security, and in January I'll convene the leaders of Congress to draft a plan to save Social Security for the 21st century.

I'm confident we'll meet this challenge as Americans always do -- by working together, honoring our values, and preserving the solemn compact between generations that helped to build our nation.

Now I'd like to turn the discussion over to Congressman Borski. Bob, take it away. (Applause.)

* * * * *

THE PRESIDENT: Thank you very much, Congressman. Let me try to go back over some of what all of you said. First of all, Congressman Cardin talked about the need to increase private saving; some others did. Congressman Borski talked about the fact that there were still some people on Social Security living in poverty.

Let me try to address those things together, along with some of the other concerns which were mentioned. It is true that there are still about 11 percent of our elderly people in America living in poverty. But it's important to recognize that that's a lower percentage than in the overall population in America, and that it's just been since 1985 that the poverty rate among seniors was lower than the overall poverty rate.

Now, what can we do to make it better? There have to be other sources of income. There have to be other sources of private savings. And that is -- of course, the possibility that some part of that could come out of Social Security reform is one of the things were discussing.

But over and above that, I'd like to point out that Congress has done a lot of work with our administration over the last five years, first of all to save 8.5 million pensions that were underwater when I took office, to stabilize 40 million others, and to make it increasingly more attractive for employees on modest wages and for small business employers to take out 401(k) plans, and then to make it easier for people to move from job to job and take their 401(k) with them. We've also dramatically expanded the availability of IRAs.

So we've tried to do some things already to help increase the ability and the attractiveness of saving, over and above Social Security. I don't think, no matter what we do with Social Security, the American people are going to have to be sensitized, the younger generation is, to do more to save for their own retirement.

On the other hand, I think it would be a great mistake, even for the youngest members of these audiences today, to believe that we shouldn't preserve Social Security as a universal guarantee, because without Social Security today almost half the seniors in America would be living in poverty, even though most seniors have income over and above that. So the trick is to save Social Security, but also to have more income coming to people from private savings.

Now, let me mention just one or two other things. Nancy Johnson talked about wanting -- made one Medicare statement about annual physicals. I believe that more and more, as people live to older ages and are healthier, we'll have to do more preventive care within the Medicare program. Nancy, you know, we've worked hard to deal with -- to have more mammographies, for example. We're doing other preventive screening now. I think the more of that we do, the more we're going to save over the long run. And, more importantly, we'll improve the length and the quality of life.

And she said, people want to know whether the seniors can count on Social Security. The answer to that is, absolutely yes. The Social Security trust fund, according to Mr. Apfel, who has got a legal responsibility to tell the truth about it, is stable until 2029. In 2029, shortly thereafter, the taxes coming in will only cover about 75 percent of our obligations. One of the reasons we want to move now is that by making relatively modest changes now we can extend the life of the Social Security trust way out beyond 2029.

Can young people, the high school students here, look forward to drawing Social Security? The answer to that is, they certainly can if we do our jobs here in the next several months. You know, a few years ago, I can understand your skepticism because we were running huge deficits, we were projected to have $300 billion a year deficits as far as the eye can see. Now we're going to have a balanced budget sometime in the next year, and it's projected we'll have a trillion dollars in surpluses over the next decade -- more than enough money, if we do some other things to fix the Social Security system for the younger people listening here today.

But I want to say again, no matter what we do to Social Security, those of you who are 16, 17, 20, and 21, I know it's hard to think about the end of your life, your later years when you're that age, but you will have to do more, through your employer or through your own individual efforts, to save for your own retirement over and above Social Security if you want to maintain your standard of living when you retire.

Now, Mr. Kolbe asked a couple of questions about rasing the retirement age, and then Mr. Weller asked about specific plans. Let me say, I don't want to dodge any of that, but I think all those proposals should be out there on the table. And I think that the most important thing now is if I advocate a specific plan right now, then all the debate will be about that. The first thing we've got to do is to get the American people solidly lined up behind change. Let's stick with these basic principles I've outlined, and I want to encourage other people to come forward with their ideas. In December, we'll all sit down, come up with our -- we'll all put our various ideas on the table, and we'll begin hammering out a plan that we can present in January.

I still hear some new ideas almost every week coming from Democratic and Republican members of Congress and private citizens that I think should be aired. If I put a specific plan on the table now, it will undermine and weaken debate, not strengthen it.

I do agree with those of you who say it ought to be possible for us to save Social Security without a payroll tax increase. I don't think we ought to automatically rule out any ideas over the next 30 to 50 years, as some would do, but I think that we plainly know that we can do this and provide for increased strength of the system without a payroll tax increase, given current assumptions. So I believe that will be possible.

Now, let me just answer one last question. You asked about rating the Social Security fund. Let me say that that just depends on how you look at. The Social Security trust fund is basically a guarantee that certain obligations will be paid out to retirees, including the COLA, as well as to the disabled and to those who are the survivors who are eligible to be paid under it.

Now, in 1983, when the Social Security reforms were passed, it is true that the government was collecting more in Social Security taxes than were needed in any given year to pay for that. So rather than raise other taxes to pay for other governmental expenses, the rest of the government borrowed and gave a bond to the Social Security trust fund, with the full faith and credit of the United States behind it, a legal obligation to pay back the money with interest to the Social Security trust fund when it was needed to pay out. And so there is no reason to believe that all the money that's been taken out since 1983 will not be paid back in as soon as it's needed to meet the legal obligations of the Social Security trust fund.

By doing that, by borrowing that money and paying it back, we didn't do anything to affect the obligations of the fund to pay Social Security recipients in the future. But we did keep the government from borrowing more money out in the private sector, competing with the private sector for money, and running interest rates up. So I think on balance it's been a safe and sound thing to do, and I do not believe that the raid has occurred on the Social Security trust fund. It would be a raid if the money were not paid back when it's due to be paid to you, but the money will be paid back when it's due to be paid to you.

And that's one of the things that we have to make sure is never interfered with, the legal obligation of the United States government to replenish that trust fund and pay back the money when it's needed for the recipients.

Thank you very much. (Applause.)

END 1:44 P.M. CDT

THE WHITE HOUSE

Office of the Press Secretary
(Albuquerque, New Mexico)

For Immediate Release July 27, 1998

REMARKS BY THE PRESIDENT
VIA SATELLITE TO
THE REGIONAL CONGRESSIONAL SOCIAL SECURITY FORUMS

Albuquerque, New Mexico

11:35 A.M. MDT

THE PRESIDENT: Thank you, Ken. First of all, let me say I'd like to thank the Older Women's League who are watching in Chicago; Congressman Mike Castle of Delaware and his group; Congressman Earl Pomeroy of North Dakota, who's had such a leading role in this effort, and his group; and Congressman David Price of North Carolina. I thank you all for hosting this forum.

Our economy is the strongest it's been in a generation. We have the lowest unemployment rate in 28 years, the lowest crime rate in 25 years, the lowest percentage of our people on welfare in 29 years, the first balanced budget and surplus in 29 years, the lowest inflation rate in 32 years, the highest home ownership in history, and the smallest national government in 25 years. But this sunlit moment is not a time to rest. Instead, it offers us a rare opportunity to prepare our nation for the challenges ahead. And one of our greatest challenges is to strengthen Social Security for the 21st century.

As you know, I believe strongly that we must set aside every penny of any budget surplus until we have saved Social Security first.

Fiscal responsibility gave us our strong economy. Fiscal irresponsibility would put it at risk. And whether we save Social Security first I will not be moved, but on how we save Social Security -- that will require us to have open minds and generous spirits. It will require listening and learning and looking for the best ideas wherever they may be. We simply must put progress ahead of partisanship.

The stakes couldn't be higher. For 60 years, Social Security has reflected our deepest values -- the duties we owe to our parents, to each other and to our children. Today, 44 million Americans depend upon Social Security. For two-thirds of our seniors it is the main source of income. And nearly one in three beneficiaries are not retirees, for Social Security is also a life insurance policy and a disability policy, along with being a rock-solid guarantee of support in old age.

Today, Social Security is sound, but a demographic crisis is looming. By 2030, there will be twice as many elderly as there are today, with only two people working for every person drawing Social Security. After 2032, contributions from payroll taxes will only cover 75 cents on the dollar of current benefits. So we must act, and act now, to save Social Security.

How should be judge any comprehensive proposals to do this? I will judge them by five principles.

First, I believe we must reform Social Security in a way that strengthens and protects a guarantee for the 21st century. We shouldn't abandon a basic program that has been one of America's greatest successes.

Second, we should maintain universality and fairness. For a half-century this has been a progressive guarantee for our citizens. We have to keep it that way.

Third, Social Security must provide a benefit people can count on. Regardless of the ups and downs of the economy, or the gyrations of the financial markets, we have to provide and dependable foundation for retirement security.

Fourth, Social Security must continue to provide financial security for disabled and low-income beneficiaries. We can never forget that one in three Social Security beneficiaries are not retirees.

And fifth, anything we do to strengthen Social Security now must maintain our hard-won fiscal discipline. It is the source of much of the prosperity we enjoy today.

Now, all this will require us to plan for the future, to consider new ideas, to engage in what President Roosevelt called "bold, persistent experimentation." I thank you for doing your part and for participating in this important national effort to save Social Security.

Now I'd like to hear from all of you. I guess we should start with Betty Ongeley of the Older Women's League in Chicago. Then we'll go onto Representative Mike Castle in Wilmington, Delaware; then to Representative Earl Pomeroy in Bismarck, North Dakota; and then to Representative David Price in Raleigh, North Carolina. So let's begin.

* * * * *

THE PRESIDENT: Thank you. I'll be glad to comment on that. Let's go now to Congressman Pomeroy in North Dakota. And again let me thank you all for the leading role you've played in this right from the beginning, and for your efforts to increase retirement benefits generally for seniors.

* * * * *

THE PRESIDENT: Well, first of all, let me say that we're having this forum today in Albuquerque, New Mexico, with a number of experts whose opinions range across the spectrum from believing that we should have a large portion -- some believe almost half of the present payroll tax -- converted over a period of 20 or 25 years into individual investment accounts, to those who believe maybe you should have a small percentage tax of payroll tax or a small annual payment to people for individual investment accounts, to those who believe that the Social Security trust fund itself should invest, beginning with a modest amount, a limited amount of its funds to increase the rate of return. So let me try to answer all these questions.

Let me begin by going back to Betty Ongeley's question about the impact on women. First of all, I think it's quite important that we maintain in the Social Security system the life insurance benefits. Because so many women are the primary home raisers of their children -- even if they're in the work force -- I think maintaining this life insurance benefit for the children when the wage earner is killed or disabled is terribly important. And that is, I think, a very important thing.

Now, the second thing I would say is, I personally believe we're going to have to do some things beyond the Social Security system to help women to deal with the fact that they live longer and that today their earnings base is not as great because they're out of the work force for an average of 11 years.

On the question of getting pay up, I think that there is legislation in Congress that would deal with the equal pay issue, which would solve some of the other problems. And I would like to see more aggressive work done on that, to do even more work to enforce the equal pay requirements of our law for women. So, if I could just leave that there.

Now, let me move into the questions raised by the other people who called. And I want to give Ken Apfel a chance to talk, especially if I make a technical mistake.

In various ways, you all asked the same questions about the private accounts. First of all, let's back up and realize why we're dealing with this. By 2030, there will be only two people working for every one person drawing Social Security. The average rate of return on the investment any worker makes on Social Security will go down as more people live longer and more people are in the retirement funds, because government securities, while they're 100 percent certain, don't have a particularly high rate of return, like any kind of 100 percent certain investment.

So the question is then raised, well, if -- over any 30- or 40-year period, an investment portfolio that, let's say, was 60 percent in stocks and 40 percent in government bonds, or 40 and 60 the other way, would have an average rate of return far higher. And even after you take account of the stock market going down and maybe staying down for a few years, shouldn't we consider investing some of this money, because, otherwise, we'll have to either cut benefits or raise taxes to cover them, if we can't raise the rate of return. So -- and I think those are the three main options.

And younger people especially, many of whom are used to doing things on their own, accessing information over the Internet, and also have only experienced a growing stock market, which has been growing since 1980, and which, since 1993, has virtually tripled, have been especially interested in these individual accounts. So let me just try to deal with these issues.

First of all, what about individual accounts and how could we set them up? There are, I think, basically two basic options that have been options that have been advanced. One is, should we take a one percent, or two percent, or some percentage of the payroll tax and, instead of putting that into Social Security, put it into a mandatory savings account for workers and then they can invest it in stocks if they like? What's the downside of that? The downside of that is twofold. Basically, your investments might lose money and you might not be so well-off with them when you retire, so that the combination of your investment fund, plus your guaranteed Social Security fund might be smaller than would have otherwise been the case.

The second issue that's related to that is that if individuals are investing like this, the administrative costs of managing it can be quite high -- much, much higher than Social Security -- so that even though you might earn a higher rate of return, a lot of it would be taken right back from the people who are handling your accounts. So we have to work through that.

What about having the government do it? What about having everybody have an account -- a number, in effect, attached to their name for this money, but having some public source invest this money? Congressman Castle asked a question, as well as Congressman Price, and I think Mr. Weber in North Dakota asked this question.

Now, the virtue of that is that if the government were making these investments, you could do two things. Number one, you'd have much lower administrative costs. Number two, you could protect people who retire in the bad years, because you would average the benefits. And as I said, as we know, over any 30- or 40-year period -- and the average person will work 40 years -- the average rate of returns are higher. So you could always reap the average rate of return.

Now, if you were a particularly brilliant investor, you'd get less than you would have if you'd done it own your own, but on the other hand, you wouldn't get burned. And if you happen to be among unfortunate people who retired in a long period where the market wasn't doing well, like it was in between 1966 and 1982, you'd still be held harmless for that because of the overall performance of the market.

People worry about having the government invest that much money. There may be a way to set up an independent board immunized from political pressure to do it, but sill, that would be a whole lot of money coming from, in effect, one source, going into the stock market.

So we're looking at the experience of Canada and some other countries to see what we can learn about that. And we're also looking at the experience of Chile, as a place where they've used individual accounts, to see what the pluses and minuses are.

I think -- what I would like to say is, if we go down this road, we need to make sure that behind this there's still a rock-solid guarantee of a threshold retirement that people will be able to survive on. And then we can debate the relative merits of these individual accounts versus individual guarantees within these bigger units. But I think I've given you the main arguments, pro and con, of both the individual accounts and the government units -- government investment -- I'm sorry.

Let me just add one thing, if I might, because I think it was Mr. Weber who talked about a lot of -- either that or Congressman Pomeroy talked about a lot of the people in North Dakota that depend upon Social Security have very modest incomes from the farm or from other sources. One kind of modified proposal that has been debated is the question of whether, instead of dedicating a percentage of payroll to an individual account we should use the surpluses over the next several years to guarantee workers, let's say, $500 a year.

If you did that, obviously, as a percentage of income -- and that would amount to quite a bit after a few years of getting that $500 check in an investment account -- obviously, as a percentage of income, the impact on lower-wage workers would be far greater than the impact on higher-income workers, because the $500, and then the $1,000, and then the $1,500 and $2,000 and so on would be a much bigger percentage of a lower-wage worker's income than just giving everybody one percent of payroll. So the dollars would be much bigger if your payroll was bigger.

So that's another thing we've been asked to consider by various people, whether or not the fairest way to do it would be to just give a cash grant into the account of each Social Security-covered person who is paying in. And that's also being debated. And you all may have an opinion about that you want to forward to us.

* * * * *

THE PRESIDENT: I would also emphasize -- and, again, I don't want to further complicate this discussion -- but I believe we have to do two things. I think we have to reform Social Security in a way that makes it viable and available for the baby boom generation when all of us get into retirement age, and it doesn't bankrupt our children or our children's ability to raise our grandchildren.

But over and above that, we have to do some other things, which a number of the members of Congress who are here in New Mexico and out there at these forums have been interested in -- to increase the options for retirement savings beyond Social Security. Right now, Social Security is responsible for lifting about half the American senior population out of poverty, who would be in poverty without it.

But most seniors do not rely solely on Social Security. And more and more seniors, as we live longer, will need other sources of income, as well. So we're going to work hard on this, but we're also working on legislation to provide other avenues of retirement savings over and above this.

Thank you very much, all of you, for joining us. Commissioner Apfel and I are going to go back to work here in Albuquerque and we're going to try to listen to the arguments of these experts on the questions you've asked: Should the government invest in private securities, in the stock market, or should Social Security funds be invested in the stock market? And if so, should it be done by a public entity or should it be done by individuals with individual accounts?

And we'll try to get the pros and cons out and make sure they're widely publicized, and we welcome your views, as well. Thank you.

END 11:55 A.M. MDT

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release October 27, 1998

REMARKS AT ROUNDTABLE DISCUSSION
ON WOMEN AND RETIREMENT SECURITY

The East Room

2:30 P.M. EST

THE VICE PRESIDENT: Ladies and gentlemen, on behalf of the President I want to welcome all of you. Please be seated.

I want to acknowledge members of the President's Cabinet and team here: the Secretary of Labor, Alexis Herman; the Deputy Secretary of Labor, Kitty Higgins; the Director of Office of Personnel Management, Janice Lachance; the Chair of the Council of Economic Advisors, Janet Yellen; the Director of the National Economic Council, Gene Sperling; and the Deputy Director, Sally Katzen; also the Deputy Social Security Commissioner, Jane Ross; and the Deputy OMB Director, Sylvia Mathews. And we're pleased to be joined by Congressman Ben Cardin and also Betty Freidan and other distinguished guests who are present with us today. We're very grateful to all of you for being here.

And in particular we are focusing today on what to do to strengthen Social Security for the 21st century and to strengthen it especially for the millions of American women who depend on it and who depend on it more than men.

We would like to say a special word of thanks to those who are joining us from around the country by way of satellite here today. I guess that's the satellite hook-up there. We welcome people from Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, Seattle, Birmingham, and Richmond, California. We're honored that you're here.

And, incidentally, we had first hoped to hold this important roundtable last week. And as you may have noticed and you may remember, President Clinton had a sleepless night for about 40 hours there with Prime Minister Netanyahu and Chairman Yasser Arafat and their delegations. They were putting the finishing touches on that agreement that takes such an important new step towards peace in the Middle East. And because of that this was rescheduled.

Mr. President, I have a feeling that not only is everybody here understanding of that, but, again, congratulations and thank you for that important agreement. (Applause.)

THE PRESIDENT: Thank you.

THE VICE PRESIDENT: So we're picking up today where we left off back a week ago. And it reminds me of how many important things have taken place right here in this room. Nearly a month ago I was proud to stand here in this room with President Clinton for the announcement that America had posted its first budget surplus since Neil Armstrong walked on the moon. And at that point, and actually, long before that surplus materialized, it seemed like everybody had a different idea about what should be done with the budget surplus.

But President Clinton ended that debate with four memorable words in his State of the Union address at the beginning of this year -- save Social Security first. That expression has forestalled the spending or wasting or use in any way of that budget surplus until we can save Social Security first. It would have been easy to join in with those who had risky budget-busting tax schemes or some other idea for using that money. But for the generation of Americans who saved Private Ryan, President Clinton committed us to saving Social Security first. And that's what we're going to do with the budget surplus.

That leadership couldn't have come at a better time, because over the next decade projections show more than $1.5 trillion in surpluses for Social Security. But consider this: 75 million baby boomers are going to be retiring over the next 15 to 20 years. Today there are more than 3 people working for each Social Security beneficiary, and by the year 2030 there will be only 2 people working for each Social Security beneficiary. That's just the fundamental fact of life that we have to adjust to. And it constitutes a serious challenge. By reserving the surplus until we fix Social Security, we can meet that challenge in a way that preserves the dignity of our seniors in retirement.

We all know that it's a lifeline for millions of Americans and especially women. And older women, on average, get more than half of their income from Social Security. For 25 percent of elderly women, a Social Security check is the only income they receive.

And of course, this is not just a story of numbers and statistics, it is also one of faces and families. And I want to acknowledge and introduce to you the people who will be joining us on this panel today: Bernice Myer, from Seattle. Bernice works with older Americans and disable seniors, helping them with personal care, shopping and cleaning. She expects to receive a small pension from a previous job when she retires in 15 years, but her current job doesn't have a pension plan. She's depending on Social Security to be a major part of her retirement.

We're also joined by Molly Lozoff from Miami Beach. Molly is a retired real estate broker and a 77-year-old widow who receives a Social Security check each month. When she was 35, her husband had an incapacitating stroke which left him unable to speak for the rest of his life. She became his legal guardian and in the process of getting her own life together, she discovered that there were programs that provide assistance for the minor children of disable parents -- government programs. She believes that the assistance that she received back then enabled her children to become the successful adults that they are today.

Also with us today is Wilma Haga from my home state of Tennessee. She's from Bristol, the birthplace of country music -- where the Carter family made their first recording, Mr. President. (Laughter.) And Wilma is a 76-year-old retired cafeteria worker with a small pension. Eight years ago her husband died, and she receives his Social Security check each month. Wilma says that she could not survive without Social Security and would do anything to help people understand how important it is to women like her. And there are lots of them.

We're also joined by Lucy Sanchez from right here in

Washington, D.C. And over the course of 8 months her husband had heart surgery twice. To care for her husband, Lucy was able to use our Family and Medical Leave law. Today Mrs. Sanchez says, "If I had to go to work I would have been useless. Family and Medical Leave allowed me to do what I had to do because, no matter what, family comes first." And you're going to see how that ties in to this event here today in just a minute.

Now, finally, we are joined by Tyra Brown, a 20-year-old psychology major at Howard University, originally from Oklahoma City. Tyra is an honor student, a Ronald McNair scholar, and an AmeriCorps member. Her mother passed away when Tyra was only 15 years old. Thanks to Social Security, Tyra was able to receive Social Security survivors' benefits until the age of 18.

The message of these stories is clear: Strengthening Social Security is not just a fiscal responsibility, it is a profoundly moral responsibility. It is about preserving our oldest and most cherished values.

Nobody understands that better than President Bill Clinton. For decades now, few elected officials have been willing to take on this important challenge. Everybody here has heard Social Security referred to as the third rail -- people were afraid to touch it. Well, President Clinton believes that it's so important to America's future we can't afford not to take it on. And actually, if you study these numbers and statistics, you come away immediately with the conclusion the sooner the better, because the sooner we do take it on, the easier it will be to fix it in the right way.

His leadership is making an enormous difference for our seniors and for all generations. Ladies and gentlemen, it is my great pleasure and honor to present our President, Bill Clinton. (Applause.)

THE PRESIDENT: Thank you, ladies and gentlemen. Welcome to the White House. I want to thank the Vice President, the members of the administration, Congressman Cardin, all the panelists who are here, the satellite audience at the 12 other sites across our country. I'd like to say a special word of appreciation and welcome to Betty Freidan, who has written with such insight and appreciation for the challenges women face as they grow older.

We're here to talk about the special impact of the challenge to Social Security on the women of the United States. I would like to put it in, if I might, a larger context. Six years ago, when the Vice President and I came here, we brought a new vision of government against a backdrop of a $290 billion deficit and the kind of problem we're here to talk about today that we knew was looming in the future. We believed that we could give the American people a government that would live within its means, but at the same time invest in and empower our people.

It led to an array of new policies in education and the economy, the budget, the environment, in health care, in crime, welfare reform. Indeed, it led to the very effort to reinvent government, to use the Vice President's phrase, and the great effort that he made in that regard. But over the last six years we have been more active, among other things, in family matters and health matters, and a whole range of domestic areas, while giving the American people the smallest federal establishment since President Kennedy was here.

And the results, I think, have been quite good for our people, in terms of prosperity, opportunity is abundant, communities are stronger, families are more secure. This year, all year long, I have told the American people and done my best to persuade the Congress that it is terribly important to build on this prosperity and its newfound confidence to meet the remaining challenges this country faces on the edge of a new century -- particularly, and perhaps most important, the need to save Social Security and to prepare for the retirement of the baby boomers.

On December 8th and 9th we will hold the first ever White House Conference on Social Security, with a goal of paving the way toward a truly bipartisan national solution early next year. Social Security, as many of you know from your own experience, and as all our panelists will be able to discuss in one way or the other, is more than a monthly check or an ID number. It represents a sacred trust among the generations. It represents a trust not only between grandparents, parents and children, those in retirement and those that work, but also the able-bodied and those who are disabled. It is our obligation to one another and it reflects our deepest values as Americans.

And it must maintain a rock-solid guarantee.

We have a great opportunity to save Social Security. As all of you know, just this month we closed the books on our first balanced budget and surplus in 29 years. It is the product of hardworking Americans who drive the most powerful economic engine our country has had in a generation; the product of hard choices by lawmakers who put our nation's long-term economic interest very often above their own short-term political interest. It is an achievement that all Americans can be proud of.

But we have to ask ourselves to what end has this been done. Of course, balancing the budget is essential for our own prosperity in this time of intense global competition. But it also gives us a chance to do something meaningful for future generations by strengthening Social Security. And doing that will help to keep our economy sound and help to keep our budget balanced, as we honor our duty to our parents and our children.

As the Vice President said, soon there will be many more older Americans. I hope that he and I will be among them. (Laughter.) Two of the 75 million baby boomers who will be retiring over the next 30 years. By the year 2013, what Social Security takes in will no longer be enough to fund what it pays out. And then we'll have to dip into the trust fund as provided by law. But by 2032, as this chart on the left makes clear, the trust fund itself will be empty and the money Social Security takes in will soon be only enough to pay 72 percent of benefits.

Now, that's the big reason I wanted to reserve the surplus until we decide what to do about Social Security. Every American must have retirement security in the sunset years. We plan for it, count on it, should be able to rely on it. That holds true for women, as well as men. But in the case of women, Social Security is especially important. On average, women live longer than men; women make up 60 percent of all elderly recipients of Social Security -- 72 recipients over the age of 85, as you can see here.

For elderly women, Social Security makes up more than half their income. And for many it is literally all that stands between them and the ravages of poverty. You can see what the poverty rate is for elderly women -- it's 13.1 percent with Social Security; without it, it would be over 50 percent. Study after study shows us that women face greater economic challenges in retirement than men do, for three reasons.

First, women live longer. A woman 65 years of age has a life expectancy of 85 years. A man 65 years of age has a life expectancy of 81 years. Second, for comparable hours of work, women still have lower lifetime earnings than men, although we're working on that. Third, women reach retirement with smaller pensions and other assets than men do.

Now, Social Security has a number of features to help women meet these challenges. And we have done a lot of work over the last six years to try to help make it easier for people to take out their own pensions and to make it more attractive for small businesses to help to provide pensions for their employees, which could have a disproportionate impact, positive impact for women in the years ahead. But the hard fact remains that too many retired women, after providing for their families, are having trouble providing for themselves.

Now, we have worked these last six years to expand pension coverage, to make the pensions more secure, to simplify the management of pension plans. We've worked for the economic empowerment of women, to end wage discrimination and strengthen enforcement of the Equal Pay Act. But we must do more until women earn $1 for every $1 men earn for the same work; and today we're only three-quarters of the way there. We must work harder to give retired women the security they deserve that they could not get for themselves in the years they were working.

Today, I am announcing two concrete steps we must take. First, I propose that workers who take time off under the Family and Medical Leave Act should be able to count that time toward retirement plan vesting and eligibility requirements. Sometimes the few months spent at home with a child mean the difference between pension benefits and no pension benefits. That is precisely the wrong message to send to people who are trying to balance work and family.

Millions and millions of people have now taken advantage of the Family Leave Act when a family member was desperately ill or a baby was born. None of them should have lost time for retirement vesting and eligibility benefits.

Second, I am proposing that families be given the choice to receive less of their pension when both spouses are living, leaving more for the surviving spouse if the breadwinner dies. That should help keep elderly widows out of poverty in their twilight years. And the poverty rate for single women, for elderly widows is much higher -- almost -- about 40 percent higher than that 13 percent figure there.

These proposals build on the work of Congressman David Price of North Carolina and Senator Barbara Boxer and Senator Carol Moseley-Braun. They will make a difference for our mothers, our wives, our sisters and some day for our daughters. But let me emphasize again the most important thing we can do for future generations is to strengthen Social Security overall.

When I said in my State of the Union address I would reject any attempt to spend any surplus until we save Social Security, I knew the congressional majority wanted to drain brilliance from the surplus even before it appeared on the books, much less having the ink dry. And not just this year, but permanently. Now, I am not opposed to tax cuts, and my balanced budget we have tax cuts for education, for child care, for the environment, and for making it easier for people to get pensions. I'm just opposed to using the surplus to fund tax cuts until we have used all we need of it to save the Social Security system for the 21st century.

The threat of a veto put a stop to that effort in this last Congress. The next Congress will be the Congress I call upon actually to move to save Social Security for the 21st century. It should not be a partisan issue, and we should not have another partisan fight to save the surplus until we reform Social Security.

But recently, Republican leaders are still saying the surplus should go to fund tax cuts first, and the Senate Majority Leader has suggested that he may not even be willing to work with me to save Social Security. Well, I hope that's just election season rhetoric. After all, they were willing to work with the insurance lobbyists to kill the patients' bill of rights. (Laughter.) And then they worked with the tobacco companies to kill our teen smoking bill to protect our children from the dangers of tobacco. And they were happy to work with the special interest who were determined to kill campaign finance reform. I think the Senate Majority Leader will be able to find time to work with me to save Social Security. (Applause.) And I certainly hope so.

I say this partly with a smile on my face, but in dead seriousness. This issue will not have the kind of money behind it that the tobacco interests can marshal or the health insurance companies can marshal against the patients' bill of rights. And everybody here with an opinion is going to have to give up a little of it if we're going to make the right kind of decision to get there. This is the sort of decision that requires us to open our minds, open our eyes, open our ears, open our hearts, think about what America will be like 30 years from now, not just what it's like today, and imagine what it will be like when those of us who aren't retired will be retired and our children will be raising our grandchildren -- increasingly, when those of us who are retired will be looking after our great-grandchildren as the life expectancy goes up and up.

This requires imagination. And it will be hard enough under the best of circumstances. It would be foolish to take this projected structural surplus that has been built in for six hard years of effort and squander it, until we know what it will cost to have a system that all Americans, without regard to party, can be proud of.

Now, this is an issue that offers us that kind of choice between progress and partisanship; moving forward, turning back; putting people over politics. In 11 days we will elect a Congress that will determine the future of Social Security. We need one that is 100 percent committed to saving Social Security first; to putting the long-term security of the American people -- our parents and our children -- ahead of the short-term politics.

Now let me say I am eager to hear from our panelists. I think it's important to note on this day with this subject that one of America's first great advocates for Social Security was the Secretary of Labor, Frances Perkins. As Secretary Herman would tell you, Frances Perkins' name now graces the Department of Labor building, just down Pennsylvania Avenue. She was the first woman to hold that office, or any other Cabinet office. Years later, on the 25th anniversary of

Social Security, Frances Perkins looked ahead and said this, "We will go forward into the future a stronger nation because of the fact that we have this basic rock of security under all our people."

That foundation, that rock, was laid by Frances Perkins and Franklin Roosevelt. It is up to all of together, women and men, to make sure that rock will hold up all our people in the 21st century. Thank you very much. (Applause.)

Molly, why don't you go first? Tell us your story and your family's experience with Social Security.