

where that money comes from is either going to be your wallet or somebody else's wallet in the form of reduced benefits or great debt.

So now is the time, as Mark said, to be dealing with the problem. All options are on the table. I want Congress to come together, but I also want them to understand as they look at all options, one option is to allow young workers like Mark to start putting aside some of his own money in an account that gets a better rate of return than the current trust so he is likely to be able to get as close to the promised benefits as possible when it comes time for him to retire. That's what we're here to talk about.

Got anything else you want to say? How many kids you got?

Mr. Darr. I've got two kids.

The President. Are they here?

Mr. Darr. No, my wife is here, but we let the kids stay with somebody else today.

The President. That's good, probably. They get a little wiggly. [Laughter] Afraid the President would go on too long, like the State of the Union. [Laughter]

Listen, I've enjoyed this. I want to thank our panelists. All of us who have been fortunate enough to serve our country have a duty to confront problems and to debate in an open and honest way, be inclusive

in our discussions, to welcome interesting ideas. This is a significant problem that we've got to deal with now. And I intend to keep reminding Congress about our duty. I intend to keep traveling our country, talking to the American people, reminding them they have a chance to influence the debate. And I'll keep calling upon the best spirit of those of us in public service to put our politics aside and to leave our generations to come better off with a security system that works.

We're headed toward peace in the world, more freedom at home. And that makes a guy feel pretty darn good, who's lucky to be your President.

God bless you all.

NOTE: The President spoke at 11:45 a.m. at the Robinson Center Auditorium. In his remarks, he referred to President Hamid Karzai of Afghanistan; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; President Viktor Yushchenko of Ukraine; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

Remarks in a Discussion on Strengthening Social Security in Tampa, Florida

February 4, 2005

The President. Go ahead and sit down, please. Thanks for the warm welcome. It's good to be back in Florida. I'm looking for my little brother, but he didn't show. [Laughter] It's okay, I love him anyway. Plus, he's doing a great job as the Governor.

Thanks for coming today. This is my fifth stop after the State of the Union Address

to talk about important issues for our country. As you can see, I'm joined by some distinguished citizens who are going to share some of their thoughts about the Social Security system. That's what we're here to talk about. But before we get there, I do want to recognize some folks, and I've got some other things to say as well.

First, I am really proud to have been met at the airport and have traveled over with two Members of the Congress, starting first with United States Senator Mel Martinez; Congresswoman Ginny Brown-Waite—thank you for coming, Ginny Brown; Congressman Adam Putnam.

The Lieutenant Governor came, for which I am grateful, Toni Jennings. Thanks for being here.

Margaret Goodson is with us today. Margaret, please stand up. I met Margaret at the base of Air Force One. Margaret is a volunteer for Meals on Wheels. The reason I like to herald volunteers is, one, to encourage people to volunteer, but as well to remind our fellow citizens our true strength, the great strength of America, is the hearts and souls of our citizens, the fact that people like Margaret are willing to help somebody out—somebody, in this case, who's hungry.

If you're interested in serving the country, find somebody who is looking for shelter and help them find housing; love somebody who hurts; help somebody get rid of an addiction. You see, that's what—that's how you change a society. And Margaret, you're part of the army of compassion, and I want to thank you for your service.

We're headed toward peace, and that's important. We're still at war. I wish I could report to the Nation, during my State of the Nation and here in Florida, that the war is over. It's not—there's still an enemy that cannot stand America, that still wants to inflict harm on our people precisely because we refuse to relent in our love for freedom. But we're making good progress.

First, I want to thank the troops and their families for helping us stay on the offensive against the terrorists and the haters. Every time a terrorist is brought to justice, our children and grandchildren are safer. But as well, every time a democracy is born in a part of the world and around the world, our children and grandchildren are safer as well.

We've seen a remarkable, remarkable series of events when you think about it. In a very brief period of time, Afghanistan became a democracy; people were able to vote for a President of that country—they tell me, for the first time in 5,000 years. Millions of people showed up at the polls. The first voter was a woman who was not allowed to participate in democracy during the Taliban. And that's important for our children and grandchildren. The fact that Afghanistan is free sets a powerful example in a part of the world that is in need for powerful examples of a free society.

The Ukraine elected a President in the last 4 months. The Palestinians have elected a new leader who shows he's willing to stand up and fight off the terror. And we're—Condi Rice, by the way, is headed over there to work with both Israel and Palestinians to help Palestine develop a democracy.

If you're interested in true peace in the Middle East, like I am, I fully understand that for there to be true peace, the Palestinian people must be allowed to express themselves in the ballot box, give their opinions in the public square. There must be a free press. In other words, there must be a true democracy in order for there to be peace in the Middle East. We're headed that way.

And finally, as you know, last Sunday the Iraqi citizens, in spite of threats and violence and beheadings and all kinds of horrible acts, went to the polls by the millions. They defied the few acts of the terrorists. Every time a society becomes a free society, our children and grandchildren are better off, because free societies are peaceful societies. Democracies promote peace, and that's what we're interested in.

So I'm enthusiastic and optimistic about what is taking place in the world, and I believe the United States has a duty and an obligation, not only to future generations of Americans but to people who live in tyranny, to promote democracy wherever tyranny exists. I believe every soul yearns

to be free; that's what I believe. I believe everybody desires to be free. The Iraqi elections helped prove that point. The people did incredible, brave things in order to express their will. It's because people love freedom and, if given the chance to be free, they accept freedom.

Our mission in Iraq is to continue to stand with the Iraqi Government. We will not put an artificial timetable of withdrawal out. That would be a—such a decision would embolden an enemy. It would send the wrong signal. Here's the game plan. The game plan is to stand with the Iraqis, is to train them better, is to give them a chain of command, is to work with their junior officers so that the Iraqi units, which did very well on election day, have got what it takes to defend their own country. You see, this new democracy, like any new democracy, is going to want to defend itself. And as—and people say, "Well, are you sure they want to defend themselves?" I say, "Absolutely." Look what they did on election day. If they're willing to defy the terrorists by going to a ballot box, they're willing to take the training necessary to defeat the terrorists where the terrorists exist. And when Iraqis are ready to defend themselves, our troops are coming home with the honor they've earned.

I don't know about you, but the hug between the mom from Pflugerville, Texas, whose son died on the battlefield, and the woman whose dad had been—Saddam Hussein had ordered her dad's assassination, human rights activist inside of Iraq who voted and flew over to represent her country in Laura's box—I thought the hug was about as profound a measure of compassion and decency and respect and thanks that I've ever seen. It was a—[*applause*].

And for those of you who have got a loved one in the theater or has a loved one in the theater today, you got to know that the Iraqi people appreciate our sacrifices. And I believe generations of Americans to come will appreciate the fact that this generation not only stood strong in the

face of a Saddam Hussein but stuck it out and helped the Iraqi people develop a democracy. Democracies lead to peace. And we have a duty to help this world become more free so our children and grandchildren can grow up in a peaceful world.

We have a duty to make sure there's a retirement system for our children too. And that's what I want to talk about. First of all, it's pretty interesting we're talking about Social Security, isn't it? It used to be called the third rail of American politics. If you touched it, you would be shocked—[*laughter*—sometimes shocked out of politics. [*Laughter*] I campaigned on the issue because I thought it was important to do so. I also believe the role of a President is to confront problems, not to pass them on to a future President, future Congress, or a future generation.

So the question you ask is, do we have a problem? Well, here it is. When Social Security was designed, the life expectancy was about 60 years old. In other words, you were expected to live that long. Today, life expectancy is 77 years old. In other words, people are living longer.

Secondly, there is a group of folks fixing to retire, a big bulge of us. We're called the baby boomers. So not only are people living longer, but there's a whole bunch of people who are going to be living longer that are eligible for Social Security.

Thirdly, benefits are going up dramatically. So you've got a lot of people living longer, getting greater—with greater benefits promised. And what this chart will show you here is that you got fewer people paying in. In 1950, 16 workers were paying to the system to support one beneficiary. That obviously makes a system more affordable than one in which only 3.3 people are paying per beneficiary. Fewer workers putting in money to pay for more workers who are living longer and getting more benefits—that is a problem. And it's a problem defined by that chart, which shows that in 2018, the Social Security system goes negative, more money going out to

beneficiaries than coming in through payroll taxes. That's a fact. And every year thereafter, the gap grows wider.

So to give you an example, in 2027, the system will be \$200 billion short. In other words, they collect X amount of payroll taxes, but because baby boomers like me are living longer and have been promised greater benefits, we're \$200 billion short that year—that year. And the next year is bigger than 200 billion. In 3037, it's like 300 billion. And finally in—2037, it's 300 billion. In 2042, it's bust. Those are the facts.

So I see a problem. And I think it's time to address it square on. That's why I spent a great deal of time in the State of the Union. Now, this is not a problem for people who have retired or near-retired. This is not a problem for people who are now on Social Security who were born before 1950. It is not a problem. I don't care what they tell you. I don't care what the brochures say. The Social Security trust is sound and solvent for people who are counting on the checks today and people are going to be counting on the checks who are near-retired. It's just the way it is.

The problem exists for younger folks. The problem is, younger folks are going to be coming up in a world where either you got to raise taxes dramatically, borrow significant amounts of money, slash Government programs, slash benefits in order to make that red in that chart go away. And that's the dilemma we have right now. That's the problem those of us who are in Washington, DC, must confront, because every year you wait, the problem becomes worse for our kids.

I think now is the time to take on the issue. And that's exactly what I intend to do. That's why I have been to five States since the State of the Union, and that's why I'm going to continue traveling our country, saying to the American people, "Here's the problem." We'll have somebody else describe it as well. And the rea-

son I believe that's important to do is because I think the American people actually have a lot to do with how Congress responds. You may not think that, but having been up there long enough to tell you how it works, you can make a difference in how people respond.

Once people recognize there's a little bit of denial in Washington—they'll say there's not a problem. There's a fair number of people who say, "It isn't a problem." If that's the prevailing view, nothing is going to happen. I fully recognize that. So step one is to say we have a problem. And step two is to start coming up with a solution. And I have a responsibility to be involved with that as well. It's one thing for a fellow to say, "You've got a problem. You all go figure it out." That's not my style. My style is to say, "We've got a problem, and we're going to figure it out."

All ideas are on the table except running up the payroll tax. And I don't care whether it's a Democrat idea, Republican idea, independent idea, I'm interested in ideas. And so I'm going to say, like I have been saying before to the United States Congress, "Bring them up. Let's see what you think we ought to do to solve the problem, and I'll work with you." This is not one of these moments where we're trying to gain political advantage. I think this has got to be a moment where people from both parties come together and say, "Here is a problem." For generations—it's not a problem for just Republican youngsters. It's not a problem just for Democrat youngsters. It's a problem for every youngster coming up in America. And therefore, I want to work with Members of the Congress. And so I said in my speech the other day, "Other people have had some good ideas. They're on the table. And if you want to lay one out, I promise you there won't be political retribution for having done so."

Now, I've got some of my own ideas. And I want to share one idea with you, and we've got some panelists here that think it's pretty good idea, too, and they're

going to give you a different perspective, perhaps, than the one I give you.

The way the system works is that you write a check—you don't write a check; they take it out of your check, a payroll tax, and it immediately goes to pay somebody's benefits. That's the way it works. It's a pay-as-you-go system, and we'll discuss that in a minute. What I think you ought to do is be able to take some of the money you're paying in and set up what's called a personal retirement account. First of all, there's a simple principle, and it's—actually, it's your money that's going into the Social Security trust. You're working, and you're paying the payroll taxes, and I think some of that money ought to go into a retirement account.

And why that is important is because with a conservative mix of stocks and bonds, you will be able to get—your money will be able to get a better rate of return than the money inside the Social Security trust. And by getting a better rate of return inside the Social Security trust, your nest egg will grow big enough to help you when it comes time to retire—not fully take care of all your retirement obligations, because you'll still have money in the Social Security trust, which you'll be able to receive at the appropriate time, but it will help complement the money. And that's important. And that's an important aspect of making sure that the promises made to the younger workers are more likely, or more closely to be delivered.

Secondly, I like the idea of promoting an ownership society. I think it makes sense to have people feel a stake in the future by owning something. I like the concept of people getting a quarterly statement about how their stocks and bonds are doing in their own personal account.

Thirdly, I like the idea of somebody being able to say, "My money has grown to X. I'm not going to necessarily need it to retire, and I want to leave it to whomever I choose to leave it to." In other words, your asset, your decision as to who

ends up with the money that you have saved.

See, I think all these concepts are an important part of helping to strengthen Social Security for generations to come, the most important aspect of which is that the money will earn a greater rate of return than that which is now being earned in the Social Security trust. So a dollar will be a lot bigger when it comes time to retire than a dollar that had been kept in the trust. That's called the compounding rate of interest.

Now, some of you are beginning to glaze over. I understand. *[Laughter]* Think about private property in an account that you can pass on to who you want, that earns a better return than the current system, and you'll end up with more money.

Now, there's some rules, and it's important for you to know the rules. One, you can't take your money that you set aside in the personal account and go to the race-track or take it to the lottery. You can't do that. There will be a prescribed mix of conservative stocks and bonds into which you can invest, similar to the employee thrift plan at the Federal Government level. See, this already exists, by the way. I haven't invented this. Federal employees now get to do that. They get to take a portion of their money and put it in a conservative mix of stocks and bonds, five different programs they get to choose from, so they get a better rate on their money.

Secondly, you can't pull it all out when it comes time to your—you can't take it all and then go to the track. *[Laughter]* You're not allowed to do that. You can take it out—withdraw it in an orderly fashion so as it complements your Social Security check. And those are important things for people to understand.

Thirdly, there are ways to make sure that you can invest in very safe certificates as you head into retirement. People are going to say, "Well, what happens if the stock market goes down the year I'm going to retire?" Well, first of all, you've had your

money in the market over an extended period of time. But if you're worried about that, there are ways to invest the money prior to retirement to help kind of shield from a cyclical market. What I'm telling you is these investment vehicles will be safe. There's all kinds of rhetoric about, well, you're not going to let people gamble their money. Well, if things are done in a conservative fashion, you will be able to achieve the objective of getting a better rate of return on your money and have more money available for you on retirement than if it had sat in the Social Security trust. In other words, that money will grow better.

It's very important for people to understand that there's going to be some tough decisions we have to make. And the purpose of personal accounts is not only more freedom, but it's to try to get your retirement nest egg close to that which has been promised. That's what we're talking about.

Now, that's one idea. And I'm willing to debate it and campaign on it and talk to people about it. And I expect the Congress to take it seriously, just like I'll take every idea that they put out seriously. This is going to require a joint effort to get the job done. And I'm looking forward to working with these Members. I've got—there's some sympathetic ears here, which I appreciate. Other Members are watching very carefully. They're listening carefully. If you've got a concern about Social Security, you tell your people about it. Just let me remind you, if you're a senior, nothing changes. And if you're a youngster, I'd be knocking on the Members of the Congress and the Senate's door to say, "What are you going to do about that chart to make sure I can grow up in a—[applause]."

Olivia Mitchell is with us. Olivia, tell them what you do.

Olivia Mitchell. Thank you, Mr. President. I teach pensions and Social Security at the Wharton School at the University of Pennsylvania. And I thank you because in the last couple of years, the students

are finally sitting up and paying attention because of what's in this graph.

[At this point, Dr. Mitchell, director, Pension Research Council, Wharton School, University of Pennsylvania, made further remarks.]

The President. Yes, it's a very important point she made. The private account—the private retirement accounts alone don't fix Social Security. They are part of a larger solution. And that's what's important to know. It's just the fact that you can earn better rates of return within a private account that it makes it—that it helps mitigate the other changes in the system that will be necessary to eradicate the red ink.

Dr. Mitchell. Absolutely right.

The President. Well, thanks for coming. Gosh, I'm—you know, it's interesting—well, anyway, I find it interesting that younger people are now paying attention to the issue. That's important. See, when the word gets out to the Congress that says there's a lot of young folks who are saying, "I don't think I'm ever going to see a dime unless Congress acts," that will get people acting, because there's a lot of young folks. The key is to make sure our seniors fully understand that they're not going to see anything change.

Dwight Dillard, right here. You worked—you've worked most of your life, haven't you?

Dwight Dillard. Yes, sir, I have.

The President. From where, initially?

Mr. Dillard. Initially, in the Midwest.

The President. There you go.

Mr. Dillard. Lee's Summit—

The President. Been there, Lee's Summit, Missouri. Fine place, by the way. Went to Lee's Summit High School—I didn't attend Lee's Summit High School; I actually gave a speech at Lee's Summit High School. [Laughter]

Mr. Dillard. Yes, and your father did too.

The President. Yes, he did. Ever since the Adams boys went to Lee's Summit,

there hasn't been a father and son President team go. [*Laughter*] Are you on Social Security now?

Mr. Dillard. Yes, sir, I am. I've been retired for about 10 years.

The President. Right. So he's receiving Social Security. Dwight, when we visited him back there, he just wanted to make sure the Social Security system stayed the same for him. If you're on Social Security today, you're not interested in somebody coming along saying, "Let's just change the rules." And that's not happening. I hope you understand that.

Mr. Dillard. Yes, I—yes, I do.

The President. Good.

Mr. Dillard. I understand it completely, and I'm—my worry is for my children and grandchildren.

The President. Right.

Mr. Dillard. That's my concern.

The President. That ought to be the concern of every grandparent and parent, when you start thinking about the facts: 200 billion in 2027, bigger the next year, bigger the next year, bigger the next year, and bust in 2042. So I appreciate you coming. You got anything else you want to add, Dwight?

Mr. Dillard. No, sir—other than I think it should be acted on, the sooner the better.

The President. By the way, Dwight worked at Sheet Metal Local Number Two Union. This is—what we're talking about here is, we're talking about a plan for everybody. This isn't just a management plan; this is an everybody plan. This is an idea that we've all got to come together—whether you're union or management, Republican or Democrat, people from all walks of life must put their minds together to get something done, so our youngsters are not strapped with a system that's going to make it hard for this country's economy to continue to remain the best in the world, where people are not going to be able to realize their dreams. That's what we're talking about.

So thanks for coming, Dwight.

Mr. Dillard. Thank you, sir.

The President. You did a heck of a job. Carlos—Carlos Huertas. *Bienvenidos.*

Carlos Huertas. *Gracias.*

The President. Why were you interested in joining us? First of all, let's talk about your family.

[*Mr. Huertas, support engineer, PerkinElmer, Riverview, FL, made brief remarks.*]

The President. Very good. And—so tell me about—let's see, what do you do for a living?

Mr. Huertas. I'm a support engineer for a company that makes—manufactures electronic laboratory equipment.

The President. Good, yes. How's business?

Mr. Huertas. It's good. Actually, it's a very good company.

The President. It's good to hear. It's nice to hear, isn't it? Actually, speaking about business, we had some good news today. The national unemployment rate dropped to 5.2 percent, and 146,000 jobs were added in January. That's good.

Mr. Huertas. That's very good.

The President. Keep going. You're planning for your retirement, although you're awfully young.

[*Mr. Huertas made further remarks.*]

The President. Yes, see, it's an interesting thing, what he's saying. First of all, he says he's got a 401(k). When I was coming up, those were three numbers and one letter in the alphabet. No one knew what it meant, 401(k). There's a different mentality amongst younger folks in America. A 401(k) means it's a plan that he owns and he manages. That's how the retirement system works. He gets the statements.

Mr. Huertas. Right.

The President. He sees the mix of stocks and bonds grow. I presume it's been growing.

Mr. Huertas. Yes, it has. And the thing I like about the proposed reforms to Social Security is that, just like I do on the 401(k), I can invest in the market where I get a better return, plus I can keep control of my finances just like I like it.

The President. Yes. See, people say, “Well, I wonder if I can do that?” In the employee thrift plan, you’ve got five plans to choose from. We’re not talking about needing to become a great financial analyst in order to make decisions. These are decisions that are commonsense decisions that anybody can do over—with a little—just a little confidence. And you might explain to people how easy it is in a 401(k) to make rational decisions for your own money.

Mr. Huertas. Normally, there’s a manager, right, that is the finance manager that controls the funds. All you need to do is decide how much money you want to put on each account. And of course, there’s always a choice of—whether you are younger, you usually put more money on the risky finances and less money on the other one. When you are older, like I’m getting, I will put less money on those risky—[laughter].

The President. I wish I was your “old.” [Laughter]

Mr. Huertas. So anyway, it’s pretty simple. There’s obviously a lot of funds out there. But my understanding is that in this reform, there’s going to be just a few of them.

The President. Yes, just a few choices to choose from, and no high-fliers, reasonable—reasonably managed risk. And that’s important for people to know.

Thanks for coming, Carlos. You did a fine job there.

Mr. Huertas. My pleasure.

The President. Yes, I’m looking forward to meeting your wife, sons, and daughter.

Jennifer—Jennifer has got the hardest job in America. She’s a single mom.

Jennifer Lalani. Well, thank you. Thank you.

The President. All right, Jennifer, what do you do?

Ms. Lalani. What do I do? Besides raising my two lovely children, which again, like you said, it is the hardest job, the most challenging job, but the job I really, truly love—I’m actually a pharmacist. And I currently work for a major chain, and what I do is I manage 30 of their stores.

The President. So you’re a manager?

Ms. Lalani. Yes, so being a mom was a great training ground for the corporate job. [Laughter] It taught me about multitasking.

The President. Very good. Nice long word, multitasking. Very good. [Laughter] Inject a little intellectual strength here in this conversation.

Ms. Lalani. Yes, there you go. Corporate talk.

The President. That’s right. It is. All right, tell me what your concerns are on the Social Security plan.

[*Ms. Lalani, district pharmacy supervisor, CVS, Windermere, FL, made further remarks.*]

The President. Yes, that’s an interesting point. I don’t mean to interrupt you, but it’s a great point. If you put a lot of money in the system and you die early and your child is over a certain age, that asset of yours goes to somebody else. That’s the way the system works. In other words, you have nothing left over, under the current system; that’s what you’re saying.

Ms. Lalani. Absolutely. From what I’ve read, these personal retirement accounts, whatever is in there would go on to your estate and to its heirs.

The President. Absolutely.

Ms. Lalani. I think the single moms out there who have to help fund their kids’ college education, if they were to pass on, at least there would be something there for the children.

The President. Precisely. The point is, is that as Jennifer has mentioned, it’s her money that she has been paying in, but

yet there was nothing there to give. And there's something—I think one can achieve peace of mind by having assets that you call your own, that you can pass on. And that's one of the interesting aspects of a personal account. It's, to me, promoting the idea of a mom working and saying, "This is—I'm building up this for my kids," is really an important part of a stable and generous society.

And so I want to thank you for bringing that up. Good job.

Ms. Lalani. Thank you.

The President. By the way, people say, "Can you afford to do this?" Well, first of all, I don't think you can afford not to do it. But we have got a plan; our idea is that we phase in these accounts slowly so that the transition cost is manageable in the budget process. In other words, these things just don't start all at once. You can start by putting \$1,000 aside or up to 4 percent, which is ever less, and over time that grows \$100 a year so, eventually, you get to the 4 percent cap—4 percent of your income. So if you're making \$90,000, you can have an account of 3,600 a year. But it's going to be phased in so that the transition cost is manageable.

We believe—this administration believes that the slower you start and let these accounts grow, the more people will see that it's fiscally—a fiscally responsible way to begin a brandnew idea.

Jim Browne. He's the youngest guy up here. Congratulations. [Laughter] All right, what do you do?

Jim Browne. I work for the Pinellas County government at the tax collector's office. [Laughter]

The President. Great. Thank you. [Laughter]

Mr. Browne. Sorry.

The President. That's good, he knows something—in other words, he's an expert on the subject. [Laughter] You had some interesting things to say.

Mr. Browne. Yes. Well, first off, I'd like to say how much I appreciate you bringing

up the subject of the future of Social Security. For many of my generation, we don't anticipate the system being there for us as it stands.

The President. Let me stop there. Hear what he said? First of all, when I was 27 years old, I don't remember having a discussion with anybody about whether or not Social Security would be there. Any other baby boomers here remember talking about Social Security and its viability when we were 27? No. The dynamic has changed. There are 27-year-olds all over the country saying, "Is the system going to be there, and what are you going to do about it?" Go ahead. [Laughter] Not, what are you going to do about it; what I'm going to do about it. [Laughter]

[*Mr. Browne, tax assistant, Pinellas County, FL, made further remarks.*]

The President. Portability means when you change jobs, the account goes with you. It's yours, like, forever, until you pass it on to somebody else. Good point. I wish I'd have thought of that. [Laughter] Is that it? You're full of wisdom. You might as well—you're on a roll. [Laughter]

Mr. Browne. Well, I just hope that Congress will work together in a bipartisan fashion, because this is—well, this is something that is not going to be anything that's going to disappear anywhere in the near future. Well, actually, the way it stands, it just might. [Laughter]

The President. No, it won't disappear in the future because there's still going to be liability—people are still going to want the checks the Government has promised. The problem won't go away. It just gets worse. That's exactly right. When you're getting your check and the Government says they're going to give you one, you expect it. And so as this thing gets redder and redder and redder, the measures become more and more draconian to make sure we fulfill the obligations.

It's not going away. You're right, it's not. Bankrupt doesn't mean it disappears;

bankrupt means it's just flat broke. And it means we're going to have to do something dramatic to fix it. And now is the time to get after it.

Listen, a good presentation by all the people up here. I hope this helps you understand that this is—I mean, it's one thing for me to come and kind of opine; it's another thing for people who have thought about the issue to give you their opinions. And there's a lot of people like them all over the country who are concerned enough to come on a stage, by the way, in front of all these cameras and express their opinions. And I want to thank you all for doing it.

Let me—I'll answer some questions, if you've got time. Let me answer some questions, and we'll get out of here. You did good. Thank you. You've got the best view in the house. [Laughter]

Any questions? Yes, sir.

Social Security "Notch" Issue

Q. [Inaudible]

The President. Yes, 19—he's worried about the "Notch" issue. We don't think that's going to be an issue. Before 1950, everything stays the same—before you—before those—for those who were born on 1950 and before, everything stays the same. And afterwards, the program will be—a personal account will begin to affect them.

Yes, ma'am.

Transition Costs

Q. [Inaudible]—to the way you're proposing?

The President. Yes, she's asking about the cost of the transition. It's estimated about 600 billion over a 10-year period of time to get the personal accounts started on the—the way we've suggested they grow. It's a good question.

Yes, ma'am.

Proposed Reforms

Q. [Inaudible]—really understand how is it the new plan is going to fix that problem?

The President. Because the—all which is on the table begins to address the big cost-drivers. For example, how benefits are calculated, for example, is on the table; whether or not benefits rise based upon wage increases or price increases. There's a series of parts of the formula that are being considered. And when you couple that, those different cost-drivers, affecting those—changing those with personal accounts, the idea is to get what has been promised more likely to be—or closer delivered to what has been promised. Does that make any sense to you? It's kind of muddled.

Look, there's a series of things that cause the—like, for example, benefits are calculated based upon the increase of wages as opposed to the increase of prices. Some have suggested that we calculate—the benefits will rise based upon inflation as opposed to wage increases. There is a reform that would help solve the red if that were put into effect. In other words, how fast benefits grow, how fast the promised benefits grow, if those—if that growth is affected, it will help on the red.

Okay, better? I'll keep working on it. [Laughter]

Yes, sir.

Q. How do you like these hard questions?

The President. You know—you watch my press conferences? [Laughter] Please don't encourage him. [Laughter]

Scope of Personal Retirement Accounts

Q. I've heard this is going to be a volunteer personal account.

The President. Yes, it is.

Q. And also would a employee or a worker be able to go above and beyond what the Government is going to require if we decide to enter the program?

The President. Yes, interesting question. You can through an IRA, for example. I can't answer that as—what he's saying is, is that if he has a personal account, can he contribute more beyond that which is

being contributed through a part of his payroll taxes. I would think so, yes, but I'm not sure. I do know, however, that you can complement a personal retirement account through the Social Security system with an IRA, which helps to achieve the same objective, basically setting up a personal account.

Thank you.

Yes, sir—yes, ma'am.

Q. First of all, I'd like to say that I'm a volunteer, one of your very loyal and dedicated volunteers in Plant City.

The President. Well, thank you.

Q. And I'm very happy to have you as the President.

The President. Thank you.

Q. Thank you.

The President. Okay, okay, wait a minute. Thank you very much. I appreciate you saying that. Now, having said that, however—[laughter].

Disability Benefits

Q. I do have a question. I'm on Social Security.

The President. Right.

Q. And I'm disabled, and I just wondered if there's going to be an intensified program into some of the disability benefits that they have now.

The President. No.

Q. Okay. [Laughter] Whatever program that you put out for Social Security, I'm fully behind it. You have my support.

The President. Thank you, ma'am. I appreciate that. Yes, ma'am. Her question was—see, there is a Social Security benefit as a part of—there is a disability benefit as a part of Social Security. It won't change. We're talking about the retirement aspect of Social Security.

Yes, ma'am.

Youth and Social Security

Q. Will it help me when I grow up? [Laughter]

The President. That's a loaded question. [Laughter] Yes. It's—that's the fundamental

reason we're here, is that the system isn't going to be worth a darn unless we do something about it now. Thank you for asking that question.

Yes, ma'am.

Former Gov. Robert Martinez of Florida

Q. President Bush, welcome to Tampa. We're so happy you're back.

The President. Nice to be back, thank you. Good to see my friend, the former mayor, Martinez, here.

Q. Yes, we're so excited about Senator Martinez.

The President. The other Martinez—I'm talking about—

Q. Oh, I'm sorry. [Laughter] My bad.

The President. Former Governor Martinez.

Flexible Spending Accounts/Management of Personal Retirement Accounts

Q. Can I make a suggestion, as well as ask a question?

The President. You can do anything you want now that you got the mike. [Laughter]

Q. Well, I think you'll like this. It's a simple suggestion. Regarding the flexible spending account, my suggestion is to encourage Congress to quickly get rid of the "use it or lose it" law, which will also supplement the help with Social Security. And then, my question is, for the three or four options that will be available, will those options be federally run options? Or will they be from, like, commercial providers, say, like Fidelity Investments?

The President. No, no, that's a great question. They'll be from providers. We don't want the Federal Government making stocks and bond decisions. They'll be private—private sector, people who get paid to do this. And the fees, by the way, will be—we'll make sure that you don't get gouged. I mean, obviously, what we want is people's money going into their personal account, not going into big fee structures. And so there will be a—it will be regulated to that extent. In other words, there will

a certain sense of regulation; you can only invest in certain kinds of stocks and bonds to be—and the funds will be managed by people whose job it is to manage them, outside of the Government.

Let's see here—yes, sir.

Contributions to Personal Retirement Accounts

Q. Thank you, sir. I'm 19.

The President. Yes.

Q. And I want to invest as much money as I possibly can in the market because I feel I can make a lot better return on my rate.

The President. Okay.

Q. What is the—how much can we put in? What's the most we can put in to these private accounts?

The President. How much do you make?

Q. Well, I'm a student.

The President. Guess. [Laughter] Go ahead, guess how much you're going to make. First of all, let's just assume you make \$50,000 your first year. Over time, when this is phased in, so we can afford it, you'll be able to put 2,000 a year into your personal account from the payroll taxes. In other words, there will be a 4 percent cap on what you can put in. And if you make more money, you can put more money in.

But you can also—by the way, to answer this man's question, you can set up another savings account. You can set up your own IRA. And there's all kinds of options for the IRA to do that.

I like your attitude, man. Good luck. Are those your buddies next to you? Just met them. Okay. [Laughter] Would you recommend I call on them? All right, fine.

Q. Which one?

The President. Yes, sir. Either one—both.

Financial Literacy

Q. Hi, I'm a high school student. I'm just wondering is there anything I can do to prepare for this new Social Security reform when I grow up?

The President. Yes, it is. That's a good question. You know, one of the issues is financial literacy, is to pay attention to what it means, how stocks and bonds work, a compounding rate of interest. That's a very good question. A lot of people, when you say the interest grows at a certain—over time at a certain rate, people are not really sure what we're talking about. And I think the idea of becoming more literate in financial matters is a smart idea.

I also—the fact that you're here and paying attention to the issue—this is a political issue. This is an issue that is going to require Congress moving on. And sometimes it requires the people expressing their desires to get Congress moving on the issue.

And I want to thank you for coming and paying attention. I'm not so sure when I was your age I would have showed up and hear some old guy talking about—[laughter]—talking about an issue like that.

Yes, sir.

Political Involvement/Investments in Personal Retirement Accounts

Q. Thank you, Mr. President. Firstly, I'd like to say something that just—my generation doesn't believe that it will be there in its current form. I strongly believe that. I don't believe the system will be there for me. I'm 28 years old.

The President. Well, there's one thing on that. That's what's changing the debate. That's what gives me confidence that people who are—have been elected can stand up and be rewarded for taking on the issue, not punished, because there are thousands of people like him who say, "I don't think I'm ever going to see anything, and what are you going to do about it?"—particularly once our seniors are convinced nothing is going to change. And that is a very important point.

Go ahead.

Q. My question is, first of all, how do you prevent agendas from getting into the investment choices that we'll have? And two, what can I do to help you?

The President. Well, I appreciate that. You can—well, you can start by writing your Senators. One of them is sitting right here. I know he agrees with what we're doing. [Laughter] He's in good shape. [Laughter] Well, I'm not picking on anybody. Just—there's two of them, and here's one. You can just verbalize with one.

So, it's a very interesting question, what can you do to stop agendas? I'm not exactly—I'll try to read what you mean in that question. It also—it kind of teams up with this woman's question here about, will Government be kind of getting people to make certain kinds of investments? And the answer is no. Government's job is to make sure that the risk portfolio—in other words, the mix of investments—is suited to getting a good return at lower risk. But Government's job is not to try to steer you to one industry or another. We don't want Government making investment decisions on behalf of the American people. We want American people with good advisers making investment decisions.

And that's a good question. The Government's role is to set the guidelines. In other words, there will be—and we do this. The thrift savings account—if anybody works for the Federal Government, is an investor in the thrift savings account, you know what

I mean. There's a series of five different programs that you can choose from that have been, obviously, carefully screened, and it combines a mix of stocks and bonds so that, like a 401(k), you can—higher risk portfolio the younger you are, if you feel like it, and a lower risk portfolio with a lower rate of return the older you get. And there's—people are expert at managing this in the private sector.

Listen, I can stand here all day long answering questions, but I'm not, because I've got to go back and have dinner with First Lady Laura Bush, and I can't wait.

Thank you all for coming. God bless. Thanks for being here.

NOTE: The President spoke at 4:07 p.m. at the Tampa Convention Center. In his remarks, he referred to Gov. Jeb Bush of Florida; President Hamid Karzai of Afghanistan; President Viktor Yushchenko of Ukraine; President Mahmoud Abbas (Abu Mazen) of the Palestinian Authority; former President Saddam Hussein of Iraq; and Janet Norwood, mother of Sgt. Byron Norwood, USMC, who was killed in Iraq on November 13, 2004, and Iraqi citizen and political activist Safia Taleb al-Suhail, both of whom were guests of the First Lady at the President's State of the Union Address on February 2.

The President's Radio Address *February 5, 2005*

Good morning. This week, in my address to Congress and the American people, I was pleased to report that the state of our Union is confident and strong. Many challenges still lie before us, and I will work with Congress to do what Americans have always done, leave a better world for our children and grandchildren.

Meeting this responsibility to the future starts with being good stewards of the American economy. I welcome the bipar-

tisan calls to control the spending appetite of the Federal Government. On Monday, my administration will submit a budget that holds the growth of discretionary spending below inflation, makes tax relief permanent, and stays on track to cut the deficit in half by 2009. In the long run, the best way to reduce the deficit is to grow the economy, and we will take steps to make the American economy stronger, more innovative, and more competitive.