hope is we can, once again, on the Presidential campaign trail and in the Senate and in this country, as a matter of discussion among American citizens, talk about what we want for our future and our children's future.

Do we want a future with 2,000 or 5,000 or 10,000 nuclear weapons? Do we want a future, by the way, in which more and more and more countries have access to nuclear weapons? Because that is going to happen unless the country provides some leadership.

There is no significant leadership in the world at this point to stop the spread of nuclear weapons. It is our responsibility to do that. It is our job to do that. Most people do not understand the danger that was posed just a year or so ago when India and Pakistan—countries that do not like each other, countries that have fights on their border—both exploded nuclear weapons, virtually under each other's chin. Most people do not understand the potential consequences of that.

But we must, once again, as a Congress, and as a Senate, begin working seriously on the issue of controlling the spread of nuclear weapons and reducing the stockpile of nuclear weapons. We must get to full implementation of START II, and get to START III, and continue discussions, and not abrogate the ABM Treaty, and pass the Comprehensive Test-Ban Treaty. We must do those things.

It seems to me we must not run off and decide: Well, now what we want to do is start an arms race once again. Let's deploy a national missile defense system. It does not matter what it costs. It does not matter what the consequences are. We don't care what the Russians think. We do not care what it does to the Nunn-Lugar program. We do not care that it abrogates the ABM Treaty. We just do not care. In my judgment, that kind of mindset does not serve this country's long-term interests well at all.

What will best serve this country's interests is if we decide that a safer world will be a world in which we provide world leadership to stop the spread of nuclear weapons. We do not want any additional countries to access nuclear weapons.

I know people say: But we have these rogue states. They may shoot an intercontinental ballistic missile at the United States. That is probably the least likely threat this country faces. A rogue nation is not very likely to shoot an intercontinental missile. They are much more likely to acquire a cruise missile, for which a national missile defense system would not provide a defense. They are far more likely to get a suitcase nuclear bomb and plant it in the trunk of a rusty Yugo, plant it on a dock in New York City, and hold the city hostage. That is a far more likely threat than that some rogue nation would actually achieve access to an intercontinental ballistic missile.

Even more likely than all of that is the threat of a deadly vial of biological or chemical agents, that is acquired by a rogue nation or some terrorist, planted in a subway system in a major city.

Those are the most likely threats. Yet we have people in this Chamber who stand up and say: We demand deployment, immediately, of a national missile defense system. What that threatens to do is pull the legs out from under every bit of arms control efforts we have had underway for 15 years in this country.

The reason I show this chart is that I want to show that arms control has achieved the reduction of 6,000 nuclear weapons in the Russian arsenal. Six thousand nuclear weapons are gone. The experts predicted it would grow from 11,500 nuclear weapons to 18,000 or 20,000 nuclear weapons. They were wrong because arms control agreements with the Russians and the old Soviet Union represent a substantial decrease in the number of nuclear weapons they now have in their arsenal. The equivalent of 175,000 Hiroshima explosions has been eliminated from the Russian arsenal.

Will our children and grandchildren live in a world in which thousands of nuclear weapons are targeted at their homes, at their cities, at their country? I hope not. Will our children live in a world in which dozens of additional countries have access to and have acquired nuclear weapons and can and may use them to hold others hostage? Will our children live in a world in which terrorists will have access to nuclear weapons and hold cities and countries hostage? I hope not.

But the answer to those questions depends on the will and the aggressiveness here in this country of a President and the Congress to stand up and say: Arms control works. The United States of America will lead in this world to achieve new arms control agreements, dramatically reduce numbers of nuclear weapons, and reduce vehicles to deliver those nuclear weapons, with a substantial regime of inspection and monitoring and a Senate that will pass the Comprehensive Test-Ban Treaty. The American people should expect us to do that.

Let me conclude where I started.

There is a deafening noise in this country about a lot of issues—some important, some not. That is the noise of democracy. It is the sounds of democracy. But there is a dead silence on the subject of arms control.

When Members of the Senate walked out of this Chamber last year, after having voted in the majority against the Comprehensive Nuclear Test-Ban Treaty, most must surely have felt some dissatisfaction about that. That treaty was signed by over 150 countries, sent to this Chamber, and not one hearing was held in 2 years. Most must surely have left this Chamber with a feeling of dissatisfaction.

I hope that dissatisfaction can persuade those of us who care about controlling the spread of nuclear weapons and reducing the arsenal of nuclear weapons to come together and work together. There is nothing Republican or Democrat about the issue of nuclear weapons.

I say today, I hope the Presidential campaign can be about these issues. I hope the debate in Congress can be about these issues because, in my judgment, there is no issue more important to our future and our children's future.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. ENZI). Under the previous order, the Senator from Minnesota is recognized for up to 45 minutes.

## PERSONAL SECURITY AND WEALTH IN RETIREMENT ACT

Mr. GRAMS. Mr. President, I want to take time this morning to talk about one of the most important issues I think is facing American society today; that is, the future of the retirement system in this country—not only for those who are on Social Security today or for those who are going to be on Social Security very soon, but basically to look down the road to our children and our grandchildren at what kind of Social Security or a retirement system we are going to leave the next generation. I think that is very important.

I am very pleased this morning that President Clinton has finally accepted the Republican Social Security lockbox which would lock in every penny of the Social Security surplus, not for tax relief and not for Government spending but for the retirement program of millions of Americans.

However, what most concerns me is that the President appears to be abandoning his ''Save Social Security First'' pledge. It was one thing to lock in Social Security surpluses last year and in the future and to further attempt to devote interest savings on a lower public debt to Social Security, but that alone will not save Social Security because we have spent too many years of the Social Security surplus prior to the year 2000.

The President's budget does not address the future solvency of Social Security to ensure retirement benefits will be there for the baby boomers and also future generations. All he has proposed is to credit Social Security with more IOUs that do nothing but increase taxes on future generations.

So my point is, the President's Social Security proposal does not push back the date that Social Security will run a deficit by a single year, and the transfer from the general fund to Social Security does not cover a fraction of the shortfall the system is going to face.

Without reform, the unfunded liability of Social Security will crowd out all discretionary spending. It will create financial hardship for millions of baby boomers. It will impose a heavy burden for our future generations in the form of higher taxes. We must address this very vitally important issue and do it as quickly as we can.

Just another note. Recently, a Social Security advisory panel found that the Social Security economic and demographic assumptions the Government uses to project the program's future economic status underestimate the unfunded liability. What that means is, if the panel's recommendations were adopted, Social Security projections would show a financial imbalance in the system that is much greater than currently forecast. In other words, the system is more likely to be in worse shape today financially than previously even thought. This means Social Security could go broke much sooner than we actually expect today.

What I want to do is to look at the system itself and then look at a plan I have introduced called the Personal Security and Wealth in Retirement Act, which is personal retirement accounts, which I believe is the direction in which we should go in order to save Social Security and to have a safe, sound, and good retirement system for the future.

In doing this, I have been across the State of Minnesota, holding many town meetings, talking to hundreds and thousands of Minnesotans, trying to explain to them what the problems are. I think everybody agrees there are some problems in Social Security. In fact, more young people today believe Elvis Presley is still alive or believe in aliens than they believe that Social Security is going to be there for them. So there is a problem of perception.

What Americans are looking for—and I found this out traveling across Minnesota—what they want is some information on what is happening and what are some of the options we are going to have in order to address this problem. That is why I have traveled across the State of Minnesota doing a number of town meetings, talking to Minnesotans about this.

When we look at Social Security over the last 65 years, Social Security has basically done what we have asked the program to do; that is, to provide retirement benefits for millions of Americans over 65 years. It has done the job. In some cases, if one looks at their Social Security check today, they will say it is not very good because it is only $700 a month, $600 a month, $800 a month. That is not the kind of retirement we want to leave to our children.

If we look ahead to the next 30 years, the system is facing some real problems. We are going to strain the system to the point it will not be able to meet the benefits that have been promised. In fact, if we look out about 30 years, without any changes in Social Security, we will see a reduction in the benefits of about one-third. We might have to raise taxes; that is another option. We might have to raise the retirement age.

If those are the options on the table, I don't think they are what we want to leave our children, that they are going to have a retirement system that is going to cost them more, going to give them less in benefits, and they are going to have to be older to retire. Is that what we are promising or hoping for our kids? I don't think it is. That is why I have gone across Minnesota holding town meetings and talking about this issue.

When Franklin Roosevelt created the Social Security program over six decades ago, he wanted it also to feature a private sector component to build retirement income. In other words, he did not think only Social Security alone should do that. Social Security was supposed to be one leg of a three-legged stool: Social Security, pensions, and savings accounts.

But Franklin Roosevelt did have some concerns. In fact, there was a Senator—I think from Missouri—who had passed on the floor of the Senate a proposal to include private retirement accounts as well as the public. When it got into conference, it was stripped out. They promised him they would bring it back on the floor again the next year, but they said: We have to pass this bill now. We are right at the height of the Depression, with all the problems the country is facing. They promised him they would bring this aspect back the next year. They never did. I always say that is one of the first big lies dealing with Social Security.

Social Security is a system that is stretched to its limits. We have 78 million baby boomers who are going to begin retiring by the year 2008. The average is going to be around 2011 or 2012, but 80-plus percent of Americans retire at the age of 62, not at the age of 65. So we can push back when it is going to hit that limit by a couple of years to 2008. Social Security spending will begin to exceed tax revenues by the year 2014.

We have all heard about the Social Security surplus and why we are bringing in these surpluses every year. In 1983, a blue-ribbon panel, chaired by Alan Greenspan, decided the way to extend the life of Social Security was to begin overcharging for the FICA taxes. That excess overcharge would be put into a trust fund or a savings account, and we would then draw on that after the surpluses evaporated so we could meet the shortfall from the savings account which would extend the life of the program to the year 2032.

We hear everybody in debates saying: Social Security will be here until the year 2032. Well, it will be here, but it won't be paying benefits to the max after the year 2014 unless we raise taxes somehow to retire some of the debt.

To give a quick example: It is as if we were paying out $100 in benefits today. By the way, our Social Security system is a pay-as-you-go system. In other words, the money brought in at the first of February went out at the end of February. There is not one account with your name on it with $1 in it in Washington for your retirement. You have been paying in all these dollars, but you do not have an account in Washington that has $1 for benefits for your retirement. All you can rely on or hope for is that there are people working when you retire so they can pay that benefit at the first of the month that you will collect at the end of the month. That is the way this system works. It is a pay-as-you-go system—no investments, no compound interest, no assets, only the hope that there are going to be enough workers paying into the system when you want to retire.

So if we are paying out $100 in benefits, we are bringing in $110 today. We put that $10 in the savings account. But by the year 2014, we will bring in $100 and pay $100. So we are going to be even. By the year 2015, estimates are we are going to bring in $98; we are going to have to pay out the $100. That is when we were going to go to the savings account or the trust fund to draw out $2 to make sure those benefits are paid.

Then by the year 2020, for instance, we will only be bringing in $90 and we will pay out $100. We will have to borrow $10. Between 2014 and 2032, we would have evaporated that savings account. Then we will be facing the problem we were hoping to deal with at that time.

The problem is, all that is in the trust fund today are IOUs. In other words, every time $1 has been collected from you to go into the trust fund, Washington has borrowed that money, put it into the general fund and spent it for other Government programs. They have spent your future retirement dollars. They have put in notes, IOUs, that say they will pay back. It would be similar to going to your kid's piggy bank, taking out 10 bucks and putting in an IOU. You are going to have to have future revenues to pay back that IOU. So the money you have already put in is gone. To replace it, we will have to go to current taxpayers and raise more taxes to pay it off. All the money has been used to increase Government spending. It hasn't gone for your retirement security at all.

The Social Security trust fund goes broke in the year 2033. That is when all the IOUs will be gone. I always like to say, if you think these IOUs are good, go put a million-dollar IOU into your checking account and find out how many checks your banker allows you to write against that IOU. None. You are going to have to find additional revenues. I have $1 million in my checking account. It looks good on paper, but in reality there is nothing there to back it up but the good word and faith of the Federal Government to some day go back and collect more taxes to pay off this debt. So by 2014, we are going to have to begin raising taxes or cut spending in other areas to pay off an IOU. If we need $1 billion in the year 2014 and it is not in the budget, where do we go to get it? We are going to have to go out and get it from the taxpayers. So we are going to have to have a tax increase beginning as early as 2014 to pay the benefits being promised.

Why is the system now being stretched to the limit? Back in about 1940, there were 100 workers for every retiree. Today, there are about 2½ workers for every retiree. In 25 years, there are going to be less than two for every retiree. Why does this put a strain on the system? Say if you were going to have a $1,000-benefit in 1940. One hundred workers would only have to put $10 a month into the system to make sure it was solvent. Today, we are asking that you put nearly $500 a month into the system in order to maintain the benefits for this retiree. In 2025, our grandchildren will have to pay more than $500 apiece in order to maintain those benefits. So $10 compared to over $500 shows the strain that will be put on the Social Security system if we do nothing to improve it.

Where are we today with the system? The numbers say the system is probably more in debt than we expected it to be. If we look at this chart, on this line is zero; this line shows the continuing surpluses we will be bringing in until about the years 2012 to 2014. But after that, we see the red line as it goes down. This is the debt the system is going to incur, and it is over $20 trillion of unfunded liabilities. In other words, this is after we have already collected Social Security taxes from your paychecks. This is what we are going to run short if we are to pay the benefits the Government promises. So if we are going to continue paying just today's level of benefits—adjusting this for inflation, of course—in today's dollars, we are going to be $20 trillion short over the next 70 years.

Again, others would say: Well, if we can't do that, we will lessen the retirement age, and that will lessen the debt; cut benefits by a third. That will lessen the debt even more, or we are going to raise taxes, which could eliminate it. But that is the plan they have proposed.

The biggest risk to our Social Security system today is to do nothing. There are a lot of people who say we can't really touch it, or maybe we should raise taxes a little bit. Right now, proposals are floating around to raise your FICA taxes by another 2.2 percent in order to maintain these benefits. That is like putting a Band-Aid over cancer; you can wait 5 years, but when you pull that Band-Aid off, the cancer is probably going to be much worse than it is today. So that is no cure.

In fact, to support Social Security we have raised taxes 52 or 53 different times. People like to say they want to ''tinker'' with Social Security. If you get out the Washington dictionary and you open it up to ''tinker,'' it means a tax increase. They say, if we can only raise it 2.2 percent more, we can solve this problem. Well, if you believe that, why have they done it 52 or 53 times? This would be 54.

How many more tax increases would have to be imposed in order to do that? To keep promising Social Security benefits, the payroll tax would have to be increased, some say, a minimum of 50 percent—a minimum of 50 percent—not the 2.2, but a minimum of about 6.5 percent. Others say that could be more than double in order to maintain it.

In fact, here are the payroll taxes on this chart. This is where we started in 1950. It was under 3 percent at that time. It started out, by the way, at 1 percent of the first $1,000 of earned income. It has grown now. So it is 12.4 percent on $70,200, or somewhere in that neighborhood.

You can see how taxes have continued to increase to where we are today. But this red line shows the intermediate projections. These are the best-guess estimates of what could happen. By 2030, our children could be paying about 23.5 percent just for Social Security—not Medicare, just Social Security. You can add Medicare and then you are at about 28 or 30 percent. Then add in Federal taxes and it is 56 percent because that averages 28 percent. Then add in local taxes, sales taxes, property taxes, excise taxes, and everything else, and in 30 years our children are going to be looking at tax rates as high as 70 percent or maybe even higher because high-cost projections show that this amount probably would not be 25 but it could actually be somewhere closer to 28 or 29 percent. That would put our children well over the 70-percent mark.

Is that what we want for our children, where, for every $100 they make, they will take $30 or $35 home and the Federal Government gets the remainder of it? I don't know how many children will vote in the year 2030 for a politician who will keep a system such as this.

The diminishing return of Social Security: If you retired in 1960 or 1955, you probably got back everything you had put into Social Security within the first year. It was a good investment for that generation. But today, the average return on Social Security is less than 2 percent. If you are a young person today, by the time you retire, there is actually going to be a negative return. In other words, they would be better off to put their retirement money in a tin can and bury it in the backyard, and they would have more buying power in retirement than if they invested it in Social Security.

For many of the minority groups today, they are already in a negative cash-flow for Social Security because of age expectancy. So already it is beginning to hurt that portion of our population. To compare it, what if we invested it in the markets? The markets traditionally, over the last 80 years, including the crash of 1929 and all the ups and downs of the markets over the last 80 years, averaged a little over 7 percent in real rate of return. That is after inflation and all of the adjustments. It averaged over 7 percent in real rate of return. I don't know how many people would line up at the window to invest in an account that said: We are going to pay you less than 1 percent; in fact, it may be a negative percent. Right now, that is the only option you have. You have no choice as to where your money is going.

What have we done in Washington? Everybody now agrees—the President, Democrats and Republicans, the Senate and the House—that we need to lock it away to make sure all money collected for Social Security goes to pay for Social Security. We have introduced the lockbox. That means all the additional surpluses now are going to be set aside for Social Security retirement. That is very important. We need to continue to do that.

Stop raiding the trust fund. The Social Security Protection Act, which I introduced, would automatically reduce nonentitlement spending of Social Security dollars. Our spending and revenues now are based on the best estimates we can put together. The question is, Are we really serious about making sure we don't spend Social Security surplus money, even by accident?

We should have a protective mechanism in place. So if we estimate we are going to spend $1.8 trillion and we bring in a billion dollars less than that, right now, the only option is to go to the trust funds to make up the difference in spending. My bill would say we don't do that. We would reduce spending across the board evenly by that amount to make sure we did not take any money from the Social Security trust fund.

Again, if that is our promise, if we are serious about doing that, we should not say ''except to'' or make an exception. If we made an exception for $1 billion, you know there would be exceptions for $50 billion. So we have to be honest in what we are doing. It might only be .0003 percent; it might be .01 percent. If instead of getting $100 we would get $99, if that is what we need to do to protect Social Security funds, I think we should do that. If that is our top priority, we should live up to that priority.

When I was putting together the six principles of saving Social Security, I asked, what do we need to do if we are going to at reforming our securing retirement benefits for the future? First and foremost, we have to protect current and future beneficiaries. That means if you are on Social Security today, or plan to retire in the near future, you should be assured that the Government is not going to reduce the promises it has made. In other words, you can retire at the same age the Government says now, and your benefits will be there and protected, and we are not going to raid your taxes between now and then in order to do this.

You basically made a contract with the Government when you started working and you said, all right, I am going to put money into the system, and I expect to get the benefits when I retire. It is a contract. You said you were going to do this, and the Government said you are going to have the benefits. Late in the game, when you sit down and plan for retirement, in Washington they say: We don't have enough money in the budget anymore. We are going to have to make changes here and raise your retirement age, or cut your benefits, or maybe we need to raise your taxes a little more. That is not the fair way to do that.

Allow freedom of choice. If you want to stay with the current system of Social Security, you have the option to do that. But also if you want to move into a personal retirement account, be in control of your retirement and your investments and maximize those dollars, you should have the freedom of choice to do that. Today, the Government gives you no choice. Washington knows better. Washington tells you what you have to do with your retirement. Somehow Washington doesn't believe you are smart enough to plan for retirement. You might be smart enough to make the money but not smart enough to put it away for yourself.

Preserve the safety net. That means you have to have a net there for disability and survivor's benefits. Let's make Americans better off, not worse off. So when you retire, you are going to have at least the benefits promised, but even better if we can. My plan does that.

Create a fully funded system. We have proposed personal retirement accounts in the Private Security and Wealth in Retirement Act. Bottom line: No tax increases in order to do this. The easiest way is always to raise taxes. The hardest way is to make real reforms. The Personal Security and Wealth in Retirement Act provides for personal retirement accounts. I introduced it in the 105th Congress and last May 24. It is S. 1103; the Personal Security and Wealth in Retirement Act allows for personal retirement accounts.

The plan provides for retirement security. I think it offers better options for you. In other words, right now you have no options. The Government tells you what you are going to do. They tell you what you are going to pay in from your check. They tell you what your benefits are going to be when you retire.

You don't have an option on that. They also tell you at what age you can retire. They give you more options.

Workers under my plan would pay 10 percent of their income. Right now they are paying 12.4. That goes to Social Security. My plan would take 10 percent of your income and put it into personal retirement accounts. The other 2.4 percent we still have to collect.

That is part of the funding mechanism for those who wish to remain on Social Security. That 2.4 percent, plus other means of financing, is going to have to go into the current Social Security Administration in order to fund that. We are going to talk about taking 10 percent of your money and putting it into a retirement account, or a PRA, that will be managed by a government-approved private investment company.

Firms will set up these retirement accounts—whether it is U.S. banks, whether it is Citibank, Travelers, whether it is Lutheran Brotherhood, whether it is Norwest Bank, or whatever. They would set up these retirement accounts based on safety and soundness—such as the FDIC account in which you put your savings accounts in a bank.

There would be very rigid safety and soundness measures to make sure the money put into this account is going to be there when you retire. So safety and soundness is first and utmost.

A couple of examples: On $30,000 of income, you are putting $3,720 a year in to support Social Security. Under my plan you would put $3,000 of that into your personal retirement account, and the rest of it would then go to the Government.

Just to show you the difference on this, they would be taking $3,720 and putting it into Social Security and then being allowed to take $3,000 and put it into a personal retirement account based on the market and what you could then hope to receive at retirement.

Under this example, this is what you would do. If you made $30,000 a year for a lifetime and went to draw your benefits from Social Security, you would get about $10,668 a month. But if you could take that $3,000 and put it into a personal retirement account and get the average market return, you would have about $54,500 per year in benefits. Compare 10.6 to 54.5. That is a big difference in what retirement accounts invested in the market could do compared to pay as you go.

Let's take a couple of other income examples. This would be for an average income family which has $42,000 or $43,000 a year in average income. This is one spouse earning the average income in a household, one spouse not employed outside the home, a one-worker family. If you paid in a lifetime the average earnings into Social Security, you could expect to get about $29,000 a year in benefits. If you would have invested these same dollars from the personal retirement account into a private mixed stock and bond market—in other words, more conservatively and maybe not the highest returns but more conservative investments—you would get at least $66,000 in return. If you had invested in the market, you would have a return of nearly $140,000 per year compared to $30,000 a year in return.

Let's take the same for a two-income, low-income family with both spouses working with an average low income over their lifetime. They would get about $18,400 in benefits. But if they could put the dollars into the personal retirement account and invest it in, say, the market, they could get over $100,000 a year in benefits, or about $45,000—if they put it into a mixed type and more conservative investment account. But, either way, they are still much better off.

The reason Albert Einstein was labeled as ''the man of the century'' by Time magazine was because Albert Einstein at one time said the most powerful force on Earth is compounded interest.

That is what we are trying to show, because if you are working and doing a pay-as-you-go system, you are getting $18,500. But if you use this most powerful force on Earth—compounding interest—you can see how it would compound. So your benefits would increase fivefold over your lifetime in order to draw better Social Security benefits.

Is this a pipe dream or is this just speculation or whatever? No. This is actual. Galveston County, TX, has a personal retirement account, as does the entire country of Chile, as does about 120 other countries in the world. Thirty other countries are doing this.

If you had a little history on our Social Security system, it is all based or duplicated off of one that was started in Germany in 1880. Bismarck at that time designed the system we have adopted as the model that Chile had, and many other countries. In fact, in 1880, Bismarck set the retirement age at 65 years. The average worker in Germany in 1880 was 49.5 years. When we adopted the Social Security system in this country, we set the retirement age at 65. The average life of a worker in this country was 59.5 years.

You can see what happened because as we have extended the life line, as people now enjoy 20-plus years of healthy retirement. The system was never designed to do that. That is why so many limits are being placed on it.

Let's look at Galveston County, TX, and how the employees there are reaping the benefits of a private retirement account instead of Social Security.

In about 1980, one of the administrators in Galveston County saw the loophole in the law. At that time, if you were a public employee and you already had a retirement system, you did not have to join Social Security. You could remain with your own private retirement account.

By the way, the President's plan to reform Social Security is to make sure that all those accounts are closed, and everybody would be drawing from Social Security.

But in Galveston County, they saw this loophole and opted out of Social Security, although the Government quickly closed that door so nobody else could. But that is what happened in Galveston County over the last 20 years.

According to today's schedules, under Social Security a death benefit is $253.

My father died at the age of 61. For all of the money he paid in over his lifetime, when he passed away his heirs received $253. That was all. In Galveston County the minimum death benefit is $75,000.

Disability benefits per month, if you are disabled under Social Security, total about $1,280. In Galveston County, the disability benefits are $2,750 a month.

Retirement benefits per month: Social Security—again, currently we are basing this on average income—$1,280 a month would be about the best you could get out of Social Security. In Galveston County, you are at nearly $4,800 a month—nearly four times greater in benefits in Galveston County than if you are on Social Security today.

There was a young woman who wrote an editorial to the Wall Street Journal about 2 years ago. Her husband passed away suddenly of a heart attack at 44. She was 42. They had three children. She received the death benefit, plus the benefits she receives from Social Security and from her private retirement account, which allows her to maintain her home. If she had been on Social Security, her family would have been in poverty with the payments she would have gotten. Today, she can maintain the home as she did before. In the article, all she could say was: Thank God for Galveston County and the system they have.

What about moving to this new retirement account? If we move to the personal retirement account, somebody 45 years old would say: I have worked now for 40 years. What happened to all that money I paid into Social Security? What am I going to do? I can't afford to lose that—although you hear some people say: You can keep everything I have paid in; let me out of the system.

We have said those are dollars the Government has collected with the promise of paying you benefits. We know exactly how much we have collected in Washington from you for Social Security. If it is $20,000, we would give you a $20,000 recognition bond. That would be deposited into your private account. Adjusted for inflation and interest over the years, you could then cash this bond when you are 65, because that is the way everything is based right now. If it is $30,000, you get a $30,000 bond. If it is $44,220, we would give you that as a recognition bond. But it would be one of your options to say: I am going to have this credited to my account, and then I am going to begin my personal retirement system.

Again, taking care of today's Social Security recipients means that if an individual chooses to remain within the current system, the Government should and will guarantee the benefits—no age increase, no reduction in benefits, no tax increase, no ifs, ands, or buts. If one decides to stay within the current system, this is what to expect your government to do at the minimum, to guarantee your benefits, and not hear 5 or 20 years from now: I am sorry, we don't have the funds; we will have to reduce your benefits.

We need to rely on this in order to make sure the system is well.

Preserving the safety net is my plan. The Personal Security and Wealth in Retirement Act preserves the safety net for disadvantaged Americans, so that no covered person is forced to live in poverty. Today, poverty is recognized at about $8,240. My plan says workers cannot retire with less than 150 percent of poverty. They have to have income of at least $12,400—that is what workers receive in retirement.

We don't want anybody retiring in poverty. In fact, today about 18 to 20 percent of Americans who retire—mostly women—retire into poverty. We think we should have at least a safety net. Retirees have to have at least 150 percent in order to retire so they don't go into poverty.

Funds that manage PRAs are required to buy life and disability insurance to cover those minimum benefits. As with Social Security today, they are the safety nets for survivor and disability benefits, as I showed earlier with Galveston benefits. The Federal Government will make up the difference for those who fall short of the minimum benefits.

Perhaps someone has been in and out of the workforce or doesn't have enough money in that account, or they have had a minimum-wage job all their life and they cannot come up with the money to buy an annuity to pay the $12,400 a year. For those individuals, which we believe is a very small percentage, the Government will, in the only part that is any kind of entitlement or involvement by the Government at all, fill that glass full so benefits are paid.

Perhaps a worker only had the dollars to buy an $11,000 benefit plan. The Government would put in the additional dollars to make sure when they retire their minimum benefit would be $12,400 a year.

Providing a safety net and soundness: The rules are similar to those who apply to today's IRAs or 401(k)s and would apply to personal retirement accounts, as well. As banks operate under very strict rules of safety and soundness, the same type of rules are applied to the personal retirement accounts to make sure the money in their account is going to be there at retirement, don't worry about it.

By the way, workers can't invest their money into a gold mine that evaporates and then be left with no retirement benefits. Again, this is the safety net, the Government-sponsored plan, to guarantee retirement benefits so you are not a ward of the State, you have the wherewithal to pay your way in retirement.

Now, workers can still have other IRAs, other savings accounts, they can still have a stock portfolio. Only this narrow area will have the safety net or the Government set-aside to make sure individuals have a retirement.

Investment companies that manage PRAs are required to have an insurance plan to ensure at least a minimum of a 2½ percent return on each account. That is not much, but compare that to today's less than 2 percent and a growing number of less than zero in 20 or 30 years. This maintains at least a floor for the return on your investment. That also would be written into the law.

Workers decide when to retire and when to withdraw their retirement. As I said earlier, today workers don't have the choice or the options; they have to do what the Federal Government says. They cannot retire until they reach a certain age. Benefits are determined by the Federal Government. The Government says what each person is going to receive as a benefit. They have decided over the years what your contributions to this package has been.

With our retirement plan, when one can buy an annuity to provide income of 150 percent of poverty, anyone can retire anytime once that obligation is met. Once you have met the obligation to be able to buy an annuity that pays at least 150 percent of poverty, anyone can retire, or stop paying into the system and use that 10 percent of income to do what you want, use it for other investments, or spend it. Once an individual has met the threshold, they do not become a ward of a State. Anyone can arrange regular, periodic withdrawals of money in the account.

An individual 21 today making an average income—about $42,000 a year today—their whole life, tucking away those dollars, would have about $1.5 million in a bank account when they decided to retire. Annuities cost about $100,000 per $1,000 a month of annuity. If one buys an annuity to pay $1,300, one needs $130,000 in order to buy that annuity today. That leaves $1.27 million left in the bank account, in the savings account. You can do whatever you want with that. You can take out periodic withdrawals; you can take a trip to Europe, and write a check to do it. This is your money, not the Government's money.

An individual can withdraw the portion of the PRA that is above the minimum retirement benefits, free of income taxes and earning tests. All of these dollars placed into the retirement accounts are taxed before we put them in, as they are today.

I don't know if many realize this, but the Government taxes everyone on the Social Security moneys that taxpayers put into the Social Security system today. It is taxed before the Government takes it out of their check. We do the same. The Government today, when an individual withdraws Social Security, much of that is exposed to additional Federal taxes, and it could be exposed to even more taxes as part of an estate. We are saying, once you have it in the account, it is your money tax free.

More choices for families with PRAs. In divorce cases, they are treated as community property. Upon death, PRA benefits go to the heirs, without estate taxes. There are no taxes. If you pass away with $1.2 million in your account, that goes to your heirs when you die, not like when my father passed away.

There was nothing after a lifetime of investment into Social Security except a $253 death benefit.

Under this plan, all the money remaining in the account goes to heirs—your children, your spouse, your church, wherever desired. That is what happens: Build up an estate that can be passed on to the next generation.

Workers may arrange PRAs for nonworking children, with workers able to put up to 20 percent of their income. We say now a minimum of 10 percent, with an option of up to 20 percent can be put into their own account.

If one wants to retire at 55, put more money in to make sure you have enough to buy this minimum retirement benefit. Do it quicker and retire earlier. Do what you want, or put it into the account for nonworking children. A parent with five children could put 10 percent aside for himself and 2 percent in each child's account. This gives your children a headstart on retirement benefits.

To demonstrate how this money mounts up, by placing $1,000 into an average account when a child is born, by the time that child reaches 65, that $1,000 would be worth nearly $250,000 with just that one investment into the retirement account. For grandparents, that is a good gift for grandchildren. That shows how it can grow. Additional accounts for children give a real leg up on their retirement benefits in the future.

No new taxes. Bottom line, we say we do not want to raise taxes. There are things we need to do to finance this transition. As I said, there is $20 trillion in unfunded liabilities out there. Somebody has to pay that. We have made the commitment to them. The question is, How do we do that over the next 70 years so we do not put a tremendous strain on any one generation? As I said, in the next 25 or 30 years alone, we could put a strain on our children or grandchildren of up to a 70-percent tax rate in order to support the system if we don't make some changes now.

Again, what this all means, the bottom line, is retirement income will be there for all, whether one decides to stay within the current Social Security system—that is a choice, if that is what you want to do—or whether one chooses to build a personal retirement account. Again, there is a choice. Individuals don't have to do what Washington says; you can have a choice in what you want to do. Citizens can decide which retirement options work for them.

How do you want to do this? When the dollars are taken from your check, as they are today, deducted from Social Security, when the dollars are taken from you, you dedicate where you want the dollars to be sent, which retirement fund is going to handle your dollars—whether it be Citibank, Lutheran Brotherhood, Norwest, or whatever it might be. You decide where the dollars go. It goes into your account.

Also, you can tell that account holder: I want 65 percent in the market; I want 35 percent in Government bonds and securities. You can do that. Each individual has control over how the investments are handled.

Any person visiting the country of Chile, just ride in a taxicab and ask the cabdriver: How much do you have in your retirement account? He will pull out a retirement account passbook and state to the penny how much he has in the retirement account. That is his money.

They do not have their hands on it anymore. This takes Social Security out of the control of Washington and it puts it into the people's control. They make the decisions of what to do and how to build their retirement.

Everybody is different. Families are different. Everybody's hopes and expectations are different. Right now, Washington gives us that cookie-cutter, one system, and that is it. Our plan gives all the options so the American people can provide and create a retirement system they want.

With a PRA, an average Minnesotan could receive at least three times their current projected Social Security income, at least, and some of the projections go as high as 5, 6, maybe even 10 percent.

The bottom line is, the system is under tremendous strain and we are going to have to do something to protect retirement benefits in this country. The question is, What type of retirement system do we want to leave our children and our grandchildren?

Again, there are going to be those out there and some on the campaign trail today for President who are going to be talking about maintaining the status quo. In other words, let's put a Band-Aid over this cancer, let's raise taxes a little bit, and we will get by for a while. When that Band-Aid is pulled off, that cancer is going to be even worse than it is today.

We have an opportunity today to make a decision that is going to be better for retirement; in other words, it is going to cost less and there will be less pain in the transition. The longer we wait, it is going to be harder and more costly to make any kind of decision. We need to do this soon.

Are we going to get it done this year? No, there is not enough time this year to do it. It should be on the front burner when we come back in the 107th Congress in 2001, with a new President and the next Congress. It should be one of the first items we should look at: How are we going to save and support future retirement for our kids and grandchildren in the future.

I am 52 years old today, but I have very few options. I might be stuck with the plan we have today because by the time we implement it, I will be 55, 56 years old. At that time, will I have the option to move into personal retirement accounts? Maybe not.

We have to give our children and grandchildren at least the option to provide a better retirement for themselves than what we have today. For many people on retirement, if they are getting $800 a month and they think that is great, maybe that is what they want their grandchildren to have. But if they have retirement benefits three or four times that, I think that is an option to give our children and grandchildren.

I hope to talk about this again in the near future.

I yield back the remainder of my time and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BROWNBACK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the previous order, the Senator from Kansas is recognized to speak for up to 30 minutes.

## ELIMINATE THE MARRIAGE PENALTY

Mr. BROWNBACK. Mr. President, I rise today to address a couple of items that are going to be coming before this body and the importance of our addressing them. One is the marriage tax that is so embedded in our Tax Code, and the other is lifting the Social Security earnings limit. Both of these issues need to be taken care of this Congress. It is in the power of this Congress, particularly this body, the Senate, to deal with both of these items, and it is time we do it. I am going to be speaking out often about this until we get these measures passed. They make sense. It is time we do it. The American people want us to do it. The House has passed both of these bills, and it is time we do so as well.

Our Tax Code is riddled with provisions that penalize America's families. If that is not clear to date, it should be, and it will become increasingly clear as we discuss both of these issues, the marriage penalty and the Social Security earnings limit. In fact, our Tax Code regarding marriage penalizes marriage in over 60 different ways, according to the American Association of Certified Public Accountants. That is a body of which the Presiding Officer has been a part in the past.

This is unacceptable. As my colleagues already know, one of the most egregious marriage penalties occurs in the marginal tax rate bracket and in the standard deduction. I want to go through this because everybody hears about the marriage penalty tax, and it occurs in over 60 places. The bill that passed the House and is currently being considered in the Finance Committee addresses it in several places, but not all 60, but they are in several of the most important places.

I want to particularly talk about the marginal tax rate bracket and the