

STATEMENT OF THE HONORABLE WM. LACY CLAY
Before the
Committee on Financial Services
“Banking on Retirement Security; A Guaranteed Rate of Return”
June 23, 2005

Good morning Chairman Baucus, Ranking Member Sanders, Members of the Committee and Witnesses.

I oppose any form of privatizing Social Security because it is the wrong choice for American workers. I am committed to strengthening and preserving Social Security. Social Security has offered a priceless assurance that those who have spent their lives working hard will receive guaranteed benefits; this safety net must not be destroyed by risky investments in an often volatile and always unpredictable market.

According to the Congressional Budget Office (CBO), Social Security will be able to pay *full guaranteed benefits* for all participants for nearly 50 years and even after that it will still be able to pay 80 percent of all benefits. Congress must work in a bipartisan manner to modernize Social Security and prevent any future cuts in benefits, but we should not destroy a program that has well served the American people for the past 70 years.

Now we have new proposals that would create individual retirement accounts from the surplus left over after program expenses and benefit packages are paid. There is a Senate version and a House version of these proposals. They both look very pretty on paper. However, this is simply another method or excuse to borrow money from social security.

Leave Social Security alone!! The American People want Social Security made solvent, not changed. If you want new programs, that is fine. Just create them somewhere else and not in the Social Security program. If the programs are so great, they don't need Social Security to back them up. Additionally, Social Security is not a cover for ill advised tax cuts. Leave Social Security alone!!

Too many seniors, particularly those with lower incomes, have difficulties saving for their retirements. Stock market returns are never guaranteed as we realized between 2001 and 2003 when the NASDAQ lost 75 percent of its value. Relying on risky financial markets to acquire a secure retirement is not the answer. A comfortable retirement rests on a three-legged stool: pensions, personal savings and Social Security. Social Security is the most reliable leg of that stool and continues to be the foundation for a secure retirement.

It is morally wrong to make today's workers bear the transition costs of switching to privatized Social Security accounts.