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Committee on Financial Services
House of Representatives
Generations Working Together: Financial Literacy and Social Security Reform

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Chairman Oxley, Ranking Member Frank, and members of the committee thank you for this opportunity to speak before you today. My name is Jonathan Swanson, and I am a senior at Yale University. I am the Co-Founder and National Director of Students for Saving Social Security. It is an honor to represent my generation today on an issue of such crucial importance to our future.

Students for Saving Social Security is a non-partisan, grassroots movement on campuses across the country advocating for Social Security reform through personal ownership. Started less than a month ago by myself and Patrick Wetherille (senior at Haverford College), SSSS has received a stunning response from students across the nation. Within the first week of placing our website (www.secureourfuture.org), 25 campus chapters sprung up around the nation. Today, two weeks later, there are over 75 chapters.

College students across the nation want Social Security reform and for the opportunity to save our money in personal accounts. Every day we receive more and more emails from students who want to get involved. All across the nation, students are writing editorials in their school newspapers, sponsoring debates, and holding rallies on their campuses.

We believe SSSS has received such a stunning response from students because college students know Social Security is the defining issue for our generation. And the more financially literate students become the more likely they are to support Social Security reform through personal ownership. Most students already know there is a problem. As a Third Millennium poll showed, our generation is more likely to believe that UFOs exist than to believe that we will receive our Social Security benefits. But many students do not know that in 2017 Social Security will begin to spend more than it takes in and, unless there is reform, Congress must either reduce benefits by 25% or raise our taxes by as much as 50%. Or that the Trust Fund has zero net worth, that it is only an accounting illusion, and is filled with self-referential IOUs. Or that the Supreme Court, in *Fleming v. Nestor*, ruled that we have no legal claim to Social Security benefits, that when we retire Congress can give us nothing, and we can do nothing about it. Or that Social Security is 70 years old, that it has been tinkered with for decades, and that payroll taxes have already been raised 40 times. Support for personal accounts by my generation is already very high; when students are educated about these basic facts, support for personal accounts is simply overwhelming.

As college students, Social Security concerns us not only because it imperils our future but because it affects us right now. Our jobs and salaries are on the line. One out of every eight

dollars from our very first paychecks is going into a broken system that may not be there for us. Without personal accounts, we may not get that money back. It's no wonder the late Senator Daniel Patrick Moynihan (D-NY) derided Social Security as "outright thievery" from our generation.

As young Americans we want to care for our parents and grandparents as they retire, but we also want the opportunity to save for our own future through personal accounts. My grandfather, who was raised by poor immigrant parents, became a small-town optometrist who paid Social Security taxes twice – once for his small business and once for himself. Working until he was 70, he payed into Social Security all along the way. But since he worked until he died, he never received a single Social Security check. He received nothing in return for his 40 years of contributions. If he would have had the option to save his money in his own personal account, he could have passed the fruit of his hard work on to his wife and children.

Social Security was a bad deal for my Grandfather, but it is even worse for me and my generation. When my Grandfather started paying into Social Security, he only paid 1 out of every 50 dollars from his paycheck into Social Security. My generation is already paying 1 out of every 8 dollars into Social Security. Some members of Congress are suggesting my generation should pay even more.

As college students, we want two things in any Social Security reform. First, let us have the opportunity to save our own money in personal accounts. Freedom and choice are fundamental American values, and we deserve to choose how our money is saved. This is not a radical request – we simply want the opportunity to save our own money. Don't force us to invest – but don't deny us the opportunity either. Personal accounts will allow us to see the product of our hard work grow, making my generation eager to start working and saving for our own future.

Second, do not increase Social Security taxes right as we are about to start looking for full-time jobs. We know that increasing the payroll tax makes it more costly for businesses to hire us. As the workers with the least experience, a tighter job market will hurt us the most. Social Security taxes have been raised 40 times since my Grandfather started paying – another tax hike will hurt my generation and only pass the problem on to the next generation.

Without reform along these two principles, the Social Security system will wreck economic havoc on my generation. Just look across the Atlantic to the two largest economies in Europe: France and Germany are both saddled with the burdens of retirement systems ill suited for the rising generation. France just reported an unemployment rate over 10 percent. Germany's economy just shrank in the last quarter. If Social Security is not reformed, only a few decades separate my generation from Europe's youth today.

But declining employment and salaries and an anemic economy need not be the fate of our generation. Genuine reform of Social Security, by curbing the growth of promised benefits and the introduction of personal accounts, will increase national savings by billions of dollars each year, spurring significant increases in national investment, productivity, wages, and jobs. Harvard economist Martin Feldstein estimates that Social Security reform would add \$10-\$20

trillion to our economy: this would create at least a million new jobs for my generation as we enter the workforce and increase our incomes by \$5,000 for a family of four.

Personal accounts also advance many of the deepest values of my generation. First, personal accounts will be an unprecedented step towards equality. The wealthy in America will always find ways to save for their future – personal accounts will give the young and the working poor our first real opportunity to save for our future. Second, personal accounts give us the freedom of choice. Without personal accounts, we are denied the very freedom of how to save our own money. And finally, personal accounts permanently fix Social Security. Our generation does not want to carry the burden of an unreformed Social Security system, and we do not want to pass the problem on to our children either. Let's fix the system for good.

For these reasons Social Security is not a partisan issue for my generation. College students may be divided over some of the President's policies, but we are not divided on Social Security reform. We receive emails and calls every day from students saying "I voted for Kerry because of Iraq, but I support personal accounts because I want the opportunity to save for my future" or "I dislike the President's stance on gay marriage but I realize something must be done about Social Security." Students are united behind Social Security reform through personal ownership.

Representatives in Congress should know that this entire generation of young voters will be politically molded by the issue of Social Security reform. We ask that you give us the freedom of choice to save our money in personal accounts, not another tax hike. Giving us the opportunity to save for our own future through personal accounts will be a wonderful gift from older Americans to my generation and would, as President Clinton said, renew "the ties that bind us across the generations."¹ Restore my generation's faith in Social Security. Secure our future by giving us the opportunity our parents and grandparents never had to save through personal accounts.

Thank you for listening.

¹ ADDRESS BY THE PRESIDENT TO A NATIONAL FORUM ON SOCIAL SECURITY -- April 7, 1998