Remarks in a Discussion on Strengthening Social Security in Omaha, Nebraska
February 4, 2005

_The President._ Thanks for being here. Thanks for inviting me back. One of the last times I was here, I remember, I was out there with Senator Hagel, and he said, “Give them your best fastball.” [Laughter] This wasn’t a political moment; this was the College World Series. [Laughter] I finally remember the college—Mr. Mayor, I appreciate you being able to extend the contract for the College World Series here to Omaha, Nebraska.

We’re not here to talk baseball today, and we’re certainly not here to talk college football—if you know what I mean. [Laughter] We’re here to talk public policy, about how to make America a better place.

I want to thank the Governor for joining us today. Governor, where are you? Thanks for coming. I appreciate you being here. I guess you kind of like my decisionmaking. I’ll be frank with you; I didn’t ask Johanns to join my Cabinet to make you Governor, although—I’m sure you’re going to do a fine job. I did it because, one, he’s a fine guy; two, agriculture is important to this country, and no doubt he’s going to be a fine Secretary of Agriculture.

I am pleased to be working with Senator Chuck Hagel. He is a smart, capable man. He loves his country. He loves Nebraska. Looking forward to working with you, Chuck, for 4 more years. I’m proud that Senator Ben Nelson is here. He is a man with whom I can work, a person who is willing to put partisanship aside to focus on what’s right for America. Senator, thanks for coming. Working my way through, Congressman Lee Terry is with us today. Congressman, proud you’re here. Thanks for coming. Congressman Jeff Fortenberry is with us today. Thank you, Congressman—[applause]—sounds like they’ve heard of you. And of course Congressman Tom Osborne is with us today.

Mayor, thanks for coming—former Mayor Hal Daub is with us today. Mayor, thank you for being here. He, by the way, is Chairman of the Social Security Advisory Board. The President needs a lot of advice. The country needs advice on Social Security, and that’s what we’re here to talk about after a while.

By the way, Tom Osborne and I had the honor of being at the National Prayer Breakfast Thursday. He gave a fantastic talk. He’s a humble, decent guy. I reminded people that the State of the Union was kind of like a giant prayer session—Members of Congress were praying I’d keep my speech short. [Laughter]

It’s good to be here on the—right after the State of the Union. See, I believe one of my responsibilities is to travel our country talking about problems and how we intend to solve them, reminding people that the job of a President is to confront problems, not to pass them on to future generations and future Presidents.

One of the problems we face is the war on terror. The war on terror goes on. And it’s important as the Commander in Chief that I speak as bluntly and frankly as I can about the perils we face. That’s why I told the Congress it’s important for the Congress to continue to support our men and women who wear our Nation’s uniform as they pursue the terrorists around the world.

It’s important for us to continue to work with our allies and friends to make the world a safer place. Every terrorist we bring to justice makes our children and grandchildren safer, and every country that accepts democracy as a way of life makes our children and grandchildren safer.
This has been a remarkable time in history. It has been an amazing time. In Afghanistan, millions went to vote in a country where, 3 years earlier, people had doomed those people to the life under the Taliban. Millions of people voted for a President for the first time in 5,000 years. It's an amazing moment in the history of mankind. And that matters. That matters to future generations of Americans because the more free countries there are in the world, the more likely it is we'll have peace.

The Ukraine voted for a President. The Palestinian people elected Abu Abbas [Abu Mazen].* And now I believe peace in the greater—in the Middle East is within our reach. I know that we'll achieve peace when the Palestinians develop a truly free, democratic society, which is what we're going to help them achieve. And then we'll be able to achieve a goal, two democracies living side by side in peace, Israel and the Palestine.

And finally, last Sunday an amazing thing happened in what used to be a dark and discouraged part of the world. Tyranny was firmly rejected, and the people of Iraq went to the polls in spite of violence, in spite of the ambitions of a few. They showed the United States of America, our coalition, and the whole world that deep within the soul of every human being is the desire to be free.

I was incredibly touched at the moment when the mom of the fallen marine hugged the woman from Iraq who had been given a chance to vote because of the sacrifices of this woman's son and people like her. It was a reminder that the people of Iraq truly appreciate the chance to live in freedom. It was a powerful moment when the country could see two women from different cultures embrace for the sake of peace.

We're making progress in Iraq because the Iraqi people do want to be free. Our strategy is clear. We're going to help the Iraqis defend themselves. We'll accelerate training. We'll make sure there's a chain of command so that the troops that are trained can effectively operate. We'll help them stand up a high-quality security force. And when that mission is complete and Iraq is democratic and free and able to defend herself, our troops will come home with the honor they have earned. And we will be able to look back and say that this is a part of a more peaceful future for our grandchildren. You see, free societies will be peaceful societies. And peace in the greater Middle East will be a legacy that our generation can be proud of for generations to come.

I was pleased to see our economy added 146,000 new jobs in the month of January. That's a good sign. More people are going to work around our country. The unemployment rate dropped to 5.2 percent. But we shouldn't be content. I'm looking forward to working with the Members of Congress to create the conditions for continued economic expansion.

Look, I'm worried about a society in which there's too many lawsuits. I believe all these lawsuits make it hard for people to form capital. I've called upon Congress for legal reform, reasonable, commonsense legal reform to keep our economy growing. But I also understand what these lawsuits are doing to health care. Whether it be rural health care or urban health care, we've got too many lawsuits that are running up the cost of medicine and running too many good docs out of practice.

We've got to get us an energy plan. We've been talking about it for 4 years. Now is the time for Congress to get a good plan to my desk. I'm looking forward to working with Members of Congress on both sides of the aisle to encourage conservation, to encourage renewable sources of energy whether it be ethanol, biodiesel, or clean nuclear power. We're going to spend money on new technologies that will help us leapfrog the old command-and-control debate, so we can burn coal in clean

* White House correction.
ways that people couldn’t imagine 20 years ago. I mean, there’s things to be moving this process forward in a practical way. But one thing is for certain: We need an energy plan to make us less dependent on foreign sources of energy.

I’m going to submit a budget on Monday. They’ve been—the people in Congress on both sides of the aisle have said, “Let’s worry about the deficit.” I said, “Okay, we’ll worry about it again.” My last budget worried about it; this budget will really worry about it. And I’m looking forward to working with Members of Congress to make tough choices. As I said in the State of the Union, we’re going to eliminate or vastly reduce 150 programs that aren’t meeting needs, aren’t meeting priorities, and are not getting the job done. It’s time to be wise with the people’s money.

Anyway, we got work to do, and I’m looking forward to it. We got a lot of work to do when it comes to fulfilling the promises of our society as well. I talked about Social Security in the State of the Union. Now, that should signal that we got a problem. Otherwise, most Presidents have shied away from talking about Social Security—except to make the benefits better. I see a problem, and I used time at the State of the Union to speak directly to the American people about the problem. That’s why I’ve come to Omaha—besides saying hello to friends—is talking about the problem.

And here’s the problem. When the Social Security system was designed, the average life expectancy was about 60 years old, and benefits were at a certain level, and the number of payers into the system were significantly greater than they are today. As a matter of fact, in 1950, some 14 years after the system was designed, there were 16 payers into the system for every beneficiary, as that chart says. And that’s important, because the more beneficiaries there are paying into the system, the more likely it is a beneficiary is going to get paid.

Secondly, what has changed since then is that we’re living longer. The life expectancy is now 77 years old. And as a result of living longer, you’ve got people who have been made promises by the Government receiving checks for a longer period of time than was initially envisioned under Social Security. Secondly, the benefits that had been promised are increasing, so you’ve got more—and thirdly, baby boomers like me and Hagel and a bunch of others are getting ready to retire. So you’ve got more people retiring, living longer, with the promise of greater benefits.

The problem is, is that the number of people putting money into the system is declining. So you can see the mathematical problem, right? Greater promises to more people who are living longer, with fewer payers. That’s a problem, particularly when you start doing the math. And it’s summed up by this chart that says in 2018—the facts are, in 2018, that the amount of money going out of Social Security is greater than the amount of money coming into Social Security. And as you can see from the chart, it gets worse every year. That’s what that red means.

So, like, for example, in 2027, the amount of money required for the Government to come up with to meet the promises is 200 billion above the payroll taxes collected. And some 13 years later, the system is broke. In other words, in 2042, it is flat bust. So, because more people are receiving higher benefits and living longer, with fewer people paying into the system, the system goes into the red in a pretty short order. And every year it gets worse—200 billion in 2027, about 300 billion in 2032. And so it just accumulates. And if we wait, it gets worse. In other words, it’s more costly to solve the problem. So we have a problem.

And I’m going to spend a lot of time traveling our country talking about the problem, because I fully understand that in the Halls of Congress, if people do not believe we have a problem, nothing is going to happen. There’s no need to take risk
on a solution if you’re not willing to address the problem.

[At this point, there was a disruption in the audience.]

The President. We love free speech in America. I think it’s important for people to be open about the truth when it comes to Social Security. That’s what we’re here to talk about. And I also have an obligation to help come up with solutions. It’s one thing for a President to say we’ve got a problem. A President, in my judgment, also needs to come up with solutions. At the State of the Union, I said there have been some interesting suggestions, all of them on the table. I’m willing to work with anybody, Republican or Democrat or independent, who wants to come in and discuss ways to solve the problem. Everything is on the table except raising payroll taxes.

I came up with an interesting idea that I want to discuss with you. I know some of our panelists will discuss it with you as well. I believe that younger workers ought to be able to set aside some of their own payroll taxes in what’s called a personal retirement account. And let me tell you why. I’ll tell you why I think it makes sense. First of all, a personal retirement account will earn a greater rate of return than that which your money earns in the Social Security trust. That’s an important point for people to understand. If you invest your money in conservative stocks and bonds, you’re likely to get around a 4 percent rate of return, which is greater than double than the money you’re earning right now in the Social Security trust. And over time, that means your own money will grow faster than that which is in the Social Security trust. In other words, you’ll have more money when it comes time to retire. That’s what that means.

And that’s an important concept, and it’s going to take a while to explain to people, but it’s called the compounding rate of interest. And it means your money grows.

Some people say, “Well, sure, that’s easy for the President to say, ‘It’s going to grow,’ but what happens if somebody puts it in the lottery—you know, ‘I hope it grows really big—or shoots it in dice or something like that?’” Look, there’s going to be guidelines, and that’s important for people to understand. If we ever get the concept of personal retirement accounts started, there will be investment guidelines. You cannot take risks with your money. In other words, there will be certain mixes of stocks and bonds that are conservatively constructed to help get a better rate of return than that which is in the Social Security trust and, at the same time, helps manage risk.

Secondly, people say, “Well, can you draw it all out at some point?” No, it’s like a part of the Social Security system. It’s your retirement account, but you can only draw money out on a regular basis to help complement the money you’ll be receiving from the Social Security system.

Thirdly, there are ways to mitigate risk for market downturn. But the truth of the matter is, when you look at the history of the stock market, over time the market has always increased with a conservative mix of stocks and bonds.

Fourthly, this makes sense to me because it gives people an ownership. We want people owning more things in America. This is your account. Government cannot take it away from you. It’s a part of your legacy to your family.

And so just some guidelines to make what I think is a practical plan to make Social Security more available for younger workers. And it will be phased in over time. I know you have all these wild estimates of costs—“Bush wants to spend this, that, and the other.” Look, this plan needs to start slowly and gradually so, one, workers can get used to it, and, two, we can better afford the plan within projected cashflow needs.

It makes sense to me, and I want the Congress to seriously debate it. And one
of the things—one of the reasons I’m traveling the country is not only to say, “We got a problem. Let’s come together and fix it.” Here’s an interesting part of the solution.” I fully recognize a personal retirement account is not the only thing needed to make—to solve Social Security permanently. But it’s a part of a solution. And I believe I have a responsibility, as someone who has put the issue on the table, to be a constructive voice in coming up with a solution that will save Social Security for younger workers.

Let me say one other thing, and then we’re going to have a discussion. It’s probably hard to tell these panelists are here to be able to talk with me, talking as much as I am. One of the problems that people in the political world have is dealing with the issue of our seniors who have already retired. In other words, seniors hear “Social Security” and they say, “Really what he’s going to do is take away my check or part of my check.” It is really important for our senior citizens, those who’ve retired and those near retirement, to know nothing changes. When I talk about a Social Security trust going bankrupt in 2042, there is enough money in the system to take care of the promises for those who have retired and those who are near retirement. That’s a fact. We can argue about a lot of other issues, but one fact is certain: Social Security is in good shape and will meet its promises to those who’ve retired or nearly retired.

The problem exists for younger workers. And that’s why in my State of the Union, I put this issue in a generational context. I said to Congress, we have a duty to leave behind a better America for generations to come, and part of that duty is to make sure the retirement system is sound and solvent.

All right, I’ve been talking enough. If Laura were here, she’d have said I’ve been talking way too much. [Laughter] By the way, she sends her best regards. What a fabulous woman she is. She’s a—she’s doing great.

Syl Schieber is with us. Syl, where do you live and what do you do?

Sylvestor “Syl” Schieber. I live in—just outside of Washington, DC, in Chevy Chase, Maryland.

The President. Yes, good.

Dr. Schieber. And I have worked on retirement issues for some 30, 35 years now——

The President. Wrote a book.

Dr. Schieber. ——and wrote several books on this, two on Social Security so far—may write another one someday.

The President. Good. Nonfiction. [Laughter]

Dr. Schieber. I’ve tried my best. There’s a lot of fiction—a lot of fiction in this area.

The President. That’s good. Syl is an expert on the subject. In other words, he’s spent a lifetime studying Social Security. I’ve asked him to come so he can maybe explain what I just tried to say—in English. [Laughter] Take Texan and convert it to English. [Laughter] Why don’t you let her rip? Let people know what’s on your mind on this issue.

[Dr. Schieber, vice president of research and information, Watson Wyatt Worldwide, Chevy Chase, MD, made brief remarks.]

The President. Good job. Thanks for coming.

Rose Davis.

Rose Davis. Yes, sir.

The President. Welcome, Rose.

Ms. Davis. Thank you.

The President. What do you do?

Ms. Davis. I’m a college professor at Metropolitan Community College.

The President. Community college, yes—big backer, by the way, here of community colleges. I think they’re really important.

Ms. Davis. I know you approve of them.

The President. Yes, they’re doing—they’re good.

Ms. Davis. I teach social science, human relations, and criminal justice.
**The President.** Good. Thanks. Do you want to be known as “Rose” or “Professor”?

**Ms. Davis.** Beg your pardon?

**The President.** Rose or Professor?

**Ms. Davis.** Rose is fine.

**The President.** Rose is fine, good.

[**Laughter**] You have had an issue with Social Security. Why don’t you describe to the people your view.

[**Ms. Davis made further remarks.**]

**The President.** Yes. What she’s saying is really an interesting point, isn’t it? Mom dies at what age?

**Ms. Davis.** She died at 67.

**The President.** Sixty-seven, so she really didn’t live long enough to take advantage of the money she had put in the system. And yet because of survivors—and there are survivor benefits, but there’s an age limit on survivor benefits—the survivors receive nothing. And so Mom’s lifetime of savings went into the system to pay for somebody else. And one of the benefits of personal accounts, a personal retirement account is that you leave something behind for your children or grandchildren.

And I think it’s fair. I think there’s a group—the life expectancy of certain folks in our country is less than others, and that makes the system unfair. In other words, if you’re dying earlier than expected, the money you put in the system simply goes to pay somebody else. One of the benefits of an ownership society is that you could decide what to do with your own assets. Remember, it’s your money to begin with. You’ve worked; it’s payroll tax.

**Ms. Davis.** That’s why it’s important to say that you’re not lying to the American people because I’m living this right now.

**The President.** Right.

**Ms. Davis.** You’re not lying.

**The President.** That’s right.

You know, one of the interesting things, by the way, again, on personal accounts—admittedly, new concept, hard for some to understand, and it’s just going to take a while for people to hear the debate and get used to the concept. The principles are easy to understand: your money; you own it; you can pass it on to whoever you want; you get a better rate of return. But it’s been done before. In other words, this isn’t the first time the thought of a Thrift Savings Plan has been advanced. As a matter of fact, Federal employees can now take some of their own money and put it into five different conservative portfolios of stocks and bonds as a part of their retirement package. It’s an easy statement to say, but something I believe is if it’s good enough for Federal employees, it ought to be good enough for younger workers.

Mary is with us. Mary Mornin. How are you, Mary?

**Mary Mornin.** I’m fine.

**The President.** Good. Okay, Mary, tell us about yourself.

**Ms. Mornin.** Okay, I’m a divorced single mother with three grown, adult children. I have one child, Robbie, who is mentally challenged, and I have two daughters.

**The President.** Fantastic. First of all, you’ve got the hardest job in America, being a single mom.

**Ms. Mornin.** Thank you.

**The President.** You and I are baby boomers.

**Ms. Mornin.** Yes, and I am concerned about—that the system stays the same for me.

**The President.** Right.

**Ms. Mornin.** But I do want to see change and reform for my children because I realize that we will be in trouble down the road.

**The President.** It’s an interesting point, and I hear this a lot—“Will the system be the same for me?” And the answer is absolutely. One of the things we have to continue to clarify to people who have retired or near retirement—you fall in the near retirement.

**Ms. Mornin.** Yes, unfortunately, yes.

[**Laughter**]
The President. Well, I don’t know. I’m not going to tell your age, but you’re one year younger than me, and I’m just getting started. [Laughter]

Ms. Mornin. Okay, okay.

The President. I feel great, don’t you?

Ms. Mornin. Yes, I do.

The President. I remember when I turned 50, I used to think 50 was really old. Now I think it’s young, and getting ready to turn 60 here in a couple of years, and I still feel young. I mean, we are living longer, and people are working longer. And the truth of the matter is, elderly baby boomers have got a lot to offer to our society, and we shouldn’t think about giving up our responsibilities in society. Isn’t that right?

Ms. Mornin. That’s right.

The President. Yes, but nevertheless, there’s a certain comfort to know that the promises made will be kept by the Government.

Ms. Mornin. Yes.

The President. And so thank you for asking that. You don’t have to worry.

Ms. Mornin. That’s good, because I work three jobs and I feel like I contribute.

The President. You work three jobs?

Ms. Mornin. Three jobs, yes.

The President. Uniquely American, isn’t it? I mean, that is fantastic that you’re doing that. Get any sleep? [Laughter]


The President. Well, hopefully, this will help you get your sleep to know that when we talk about Social Security, nothing changes.

Ms. Mornin. Okay, thank you.

The President. That’s great.

Jerry Rempe is with us. Jerry, tell them what you gave me.

Jerry Rempe. I came today because I’m married and have three children——

The President. No, tell them what you gave me as—to make me look good at the household.

Mr. Rempe. I work for Omaha Steaks, so we presented the President with Omaha steaks today.

The President. They know something about beef in this State, isn’t that right?

Mr. Rempe. We know a little bit here.

The President. About beef. That’s the good thing about Johanns is he knows something about beef too. And he’ll—he’ll make sure the cattlemen as well as the grain growers and soybean growers all across the country are well represented in the Ag Department.

Anyway, sorry to interrupt you, but I was just trying to get you kind of a subtle plug. [Laughter]

Mr. Rempe. We appreciate that.

The President. Yes.

[Mr. Rempe, quality assurance assistant manager, Omaha Steaks, Omaha, NE, made further remarks.]

The President. Yes, it’s interesting—I want to—a real interesting point he made, when our folks were coming up, there wasn’t anything like a 401(k). That was just numbers and a letter in the alphabet. [Laughter] And his dad, interestingly enough, said, “Join.” In other words, there’s been a shift of attitude in our society over time. The 401(k) represents that shift, where more and more people are saving for their own. In other words, savings used to be done by third parties. Social Security is saving by a third party, the Federal Government. Here, what he’s talking about is the company plans encourage individual savings, empower the individual to make decisions, had the individual look at the portfolio decisions, had the statement of the person’s savings go directly to the individual on a quarterly basis.

And basically what we’re talking about here is helping evolve the Social Security system, modernize the system to reflect the current ways people save. And your dad was wise to give you that advice.

Mr. Rempe. I appreciate it.
The President. Yes, and you were wise to listen——

Mr. Rempe. It looks amazing now.

The President. ——as you now know.

What he’s also talking about is, over time a person’s assets grow with the compounding rate of interest—as $1,000 earns a 4 percent rate of return, for example, that accumulates over time. The base is bigger the next year, and the 4 percent means more, and it continues to grow. And that’s what he’s witnessing here.

Now, we’ve got Amanda Temoshek with us. Amanda, thank you for coming. What do you do?

Amanda Temoshek. I own my own company, which is called Heartland Campaign Management.

The President. Good—which does what? Heartland Campaign Management.

Mrs. Temoshek. It does fundraising campaigns, consults on fundraising campaigns for nonprofit organizations.

The President. For nonprofits—great, thank you for doing that. You know, one of the great strengths of the country is the fact that we’re a compassionate nation. Many nonprofits exist to help heal broken hearts, and if you’re a part of that effort, thank you for being a soldier in the army of compassion.

Mrs. Temoshek. Well, you’re welcome. I love the opportunity to help the nonprofits.

The President. I also love the entrepreneurial spirit in America. It’s strong. I mean, the truth of the matter is, a way forward for many minorities and women is through owning their own business. And we’ve got to promote entrepreneurship in America. So, good going.

Mrs. Temoshek. Thank you.

The President. Why are you sitting here? [Laughter]

Mrs. Temoshek. Well, the reason why I’m interested in Social Security—first of all, because I do own my own business, I’m not only paying my portion of the Social Security; I’m paying the employer’s portion. So I’m paying the whole portion of Social Security, and I write out that check myself. Right out of my company checkbook, I write that check.

And I was married last year to my husband, Darren.

The President. Where is he?

Mrs. Temoshek. He is right back there.

The President. Darren, good going. You did well. [Laughter]

[Mrs. Temoshek made further remarks.]

The President. This is an interesting question many young Americans are asking, “Will there be benefits available?” I don’t remember asking that question when I was your age. I don’t think many baby boomers were sitting around saying to their moms and dads or elected officials, “Was Social Security going to be around?” We never asked that. Actually, we were asking, “Are they going to keep increasing benefits?” We never said—and there was no doubt in our mind.

And what’s shifted on Social Security—and I saw this firsthand during my campaigns for the Presidency—what has shifted is there are a lot of younger folks in America who wonder out loud, who come right here on the stage with the President and say, “Will the Social Security system not only be around for me, but will it be around for my children?” That is what’s shifted in the debate. Millions of younger Americans wonder whether or not the Social Security system will be healthy. And once we assure senior citizens nothing changes, or those who are soon to be senior citizens—well, not that soon, but one of these days will be senior citizens—nothing changes, the debate should really shift to those who’ve got the most at stake in inaction. The status quo is unacceptable to younger workers, and younger workers understand that in America.

I want to thank our panelists—did a fine job. [Applause] Yes, thanks for coming. I hope you’ve enjoyed this discussion. I certainly have. I look forward to—I like to get out of Washington. It’s good to get
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February 4, 2005

The President. Please be seated. Thanks for coming. It’s great to be back in Little Rock. Thanks for inviting me. Thanks for coming. I’ve got something on my mind, which is how to make sure this country is safe for generations to come and how to make sure this country is financially secure for generations that are coming up.

So thanks for coming. As you can see, I’m joined on the stage here by some fellow citizens who are willing to discuss the Social Security issue. But before I get there, I’ve got some other things on my mind I want to share with you. First, I want to thank the Governor, Mike Huckabee, for doing such a fine job as the Governor of the State of Arkansas. I want to thank his Lieutenant Governor, Win Rockefeller, for doing such a fine job. Thank you all for being here.

I know we got members of the state-house who are here, the State senate and the State legislature. I appreciate you all serving. I appreciate you all coming. I hope you find this dialog as interesting as I think you’re going to. This is going to be an interesting discussion about a big issue, and I believe those in the legislative branch appreciate somebody from the executive branch who is willing to set a big agenda. See, the job of the President and the job of a Governor is to confront problems, not pass them on to future generations, future Congresses, or future Presidents. And that’s what we’re here to discuss today.

I want to thank Mayor Pat Hays from North Little Rock for joining us. I appreciate you coming, Mayor. I want to thank all the local and—thanks for coming, Mayor. Fill the potholes and everything will be fine. [Laughter] Huckabee is probably