

is. John, thank you for being here. I appreciate you coming. Thank you, sir.

We've got a lot to do in Washington, DC, and there's too much politics up there—[laughter]—pure and simple. I'm calling on Congress to do a couple of important things. One of them is to make sure we're wise about how we spend your money. If the program doesn't work, we ought not to be spending money on it.

I submitted a tough budget. Congress passed a tough budget, and now it's time for them to make sure they don't overspend when it comes time to appropriating your money. We've got a plan to cut our deficit in half in 5 years, and if they're wise stewards with your money, we will do that.

Secondly, 4 years ago, I submitted a strategy to the United States Congress to make us less dependent on foreign sources of energy. And we've had 4 years of debate. This is the year where they've got to stop debating an energy bill and pass an energy bill that will encourage conservation and a bill that will modernize the electricity grid, a bill that will spend money on clean coal technology. We've got a lot of coal in America. We can use technology to make sure we burn it cleanly. We've got to explore for oil and gas in environmentally friendly ways. We've got to spend money to use ethanol—so we can use ethanol and biodiesel. We've got a plan that will make us less dependent on foreign sources of energy.

Listen, I understand people are paying higher prices at the gas pump. I know that you're paying that tax—it's like a tax that goes—that money, and it's up because we're dependent. And the more dependent you are on somebody else's energy, the more likely it is you're going to pay a higher price for it. And so I put a plan up there to get us to diversify away from the old habits and the old ways. The bill passed the House. It passed the Senate committee. It's now on the floor of the United States Senate. For the sake of economic security and national security, the Senate has got

to get that bill passed. The House and Senate have got to reconcile their differences and get me a bill I can sign by August of this year.

I want to talk about Social Security. Franklin Roosevelt did a smart thing when he set up the Social Security system. There's a lot of people who depend upon their Social Security check. I suspect there's a lot of people in this part of the world that depend on that check. I want to start off by telling those of you in Kentucky who get a check now from Social Security, nothing is going to change for you. You're going to keep getting your check. I don't care what the politicians say. I don't care what the advertisers say. I don't care what the pamphleteers say. Nothing changes for you.

When you hear us talking about the Social Security system being in trouble, people who are getting their check have got to understand you're in good shape. It's the youngsters coming up who have a problem with Social Security. And I'll tell you why—let me tell you why. A lot of us are getting ready to retire. We're called baby boomers. See, my retirement age happens to be in 2008. I reached retirement age in 2008, which is a convenient year for me to retire. [Laughter] And there's a lot of baby boomers, and we're living longer than the previous generation. So you're beginning to get a sense of the new math. Baby boomers—I think when we fully retire, it's going to be about 73 million of us that the younger people are going to have to pay for. Right now there's over—a little over 40 million retirees. So there's a whole lot of new retirees getting ready to retire soon who are living longer, which means younger folks are going to have to keep paying into—paying for us longer and longer. And we've been promised greater benefits.

To complicate the problem for the younger generation of Americans, there are fewer people paying into the system for every retiree. In 1950, there were about

16 workers for every retiree. Think about that. So if the Government made a promise, there was 16 of you that were able to divide up the promise. Today, there are 3.3 workers per retiree. Pretty soon there will be two workers per retiree. You've got a lot of people getting ready to retire who will be living longer, drawing greater benefits, with fewer people paying in the system.

And we're paying into what's called a pay-as-you-go system. Now, that means you pay through payroll taxes, and we go ahead and spend. [Laughter] We, of course, spend on retirement benefits. But that's not all that Congress has been spending your payroll tax on. See, a lot of people think they're sending their payroll taxes in and the Government holds the money for them, and when it comes time to retire, you get your money back. That's not how it works.

People are paying their payroll taxes; the beneficiaries are receiving their benefits; and there's been money left over. And that money has gone to Government programs, and so all that's left in the Social Security trust is a file cabinet full of IOUs. And when those IOUs come due, somebody has to pay for them either through reduced benefits or greater taxes.

The pay-as-you-go system is—really isn't fair, if you think about it. The Government has said, "You're going to pay payroll taxes for your retirement," but they've gone ahead and spent your money on other Government programs. And as a result of the pay-as-you-go system, with more people retiring, in 2017, the system goes into the red. In other words, more benefits will be going out than payroll taxes coming in. That makes sense. If you got fewer people paying in and more people retired, pretty soon it's going to catch up with you. And it does in 2017.

That's not very far down the road. If you've got a 6-year-old child, that's—the system goes in the red when your child starts to drive. That is if you—you have driver's licenses at 18 here, Ernie? Yes, 18.

It was harrowing experience when our daughters—16, well, that's interesting, yes. [Laughter] Yes, let me know when they're on the road. [Laughter]

And every year thereafter the system gets worse, because more people are getting benefits, and they're living longer. In 2027, the amount of money coming in will be 200 billion less than the amount of money going out. Every year it gets worse from 2017 on. In 2032, I think it is, 300 billion a year. In other words, we're piling up an unsustainable system for younger workers. You've got younger workers paying into a system that is going to go bankrupt in 2042, unless we do something about it.

So I saw a problem. If you take an objective look at the math, you can't help but see a problem. It's no problem for people who are getting their check today. If you're getting your Social Security here in Kentucky, you don't have a problem. But if you've got a grandchild, you do have a problem, or at least that grandchild does. And so I decided to put the issue up for discussion in Washington. I'll tell you why I did. The job of the President is to confront problems, is to deal with problems, not pass them on to future Presidents or future Congresses. That's the job of the President of the United States.

I suspect some in Washington wish I hadn't have brought it up, because some in Washington really don't want to deal with it. But every year we wait, we're saddling a younger generation with about \$600 billion in costs. I mean, it's conceivable, if we don't do anything, that the payroll tax will have to go to 18 percent in order to make—fulfill the promises for the baby boomers. And I don't think that's fair to a younger generation of Americans, to not have political courage and deal with the problem and pass on the problem to them. I just don't think it's right.

And so I've been traveling the country, spending a lot of time trying to impress the folks with two things right off the bat. One, we have got a serious problem, and

if we don't do anything about it, we're saddling a young generation with a huge problem. And two, if you get your check, nothing is going to change. I keep saying that because I understand the politics of Social Security. If you don't want to get anything done, all you've got to do is go around the country trying to scare seniors. And then the seniors will say to the Members of the Congress, "Please don't do anything." And so I'm going to spend a lot of time convincing seniors nothing changes and convincing folks there's a problem. Because once the people realize there's a problem, then the next question they ask to their elected Representative is, "We've got a problem, and I've sent you up to Washington to solve problems, and so what are you going to do about it? See, instead of just sitting up there, why don't you work with the President to see if you can't come up with a solution?"

I also have a duty to lay out some ideas, and so I have done so. I have suggested the following principles: One, that future generations should receive benefits equal to or greater than the benefits enjoyed by today's seniors. That makes sense to say to somebody who's paying in the payroll tax, "If you're a youngster, you're paying in, the system ought to at least yield benefits equal to or greater than the baby boomers, for example."

Secondly, I believe the system—I know the system can be designed so that someone who works all their life does not retire into poverty. That seems to make sense. You've got a lot of people working hard in America, and they're contributing to the Social Security system, and when they retire, they retire into poverty. To me, that's a system that is a flawed system. And so therefore, I supported an idea, what's called progressive indexing. That's long Washington words for this: Right now benefits rise at the rate of wage increases. And so I proposed that the poor Americans, those at the lower end of the income scale, have their benefits continue to rise with wages

and that the upper income folks have their benefits rise with inflation. In other words, all benefits go up, one set of benefits faster than others.

And if we're able to implement that plan, that solves a significant portion of the solvency issue for Social Security. Just think about that. By slowing down the rate of benefit growth—benefits still grow but at a slower rate, a rate in which Government can now afford, a younger generation can afford to pay in, at a slower rate—we solve a lot of the Social Security problem.

And so I put that on the table for people to consider. To me, it makes sense. To me, it's fair. Benefits go up; certain people's benefits will go up faster than others, depending upon their income level.

And so, then there's other options on the table that Congress needs to come and talk about. In good faith, they need to come—set aside their political party and say, "For the good of the country, why don't we come together and solve a significant problem."

I want to talk about one other idea that we're going to spend some time talking about today. In order to make Social Security a better deal for younger Americans—in other words, what I've just laid out is a way to permanently solve the issue. But I think we ought to make it—without raising taxes, by the way, without raising payroll taxes, which is important. I think we ought to let younger workers, if they decide—if they say, "This is something I'd like to do"—is to take some of their own money that they're paying into the system through the payroll tax and set that money aside in a voluntary personal savings account.

Let me tell you why it will be a better deal—and we're going to spend some time talking about this. Money grows over time. You hold money, and you get a decent rate of return on that money. It tends to compound. It grows. The growth accelerates. That's just how it works. It's called the compounding rate of interest. Right

now, when we collect your money, if you're a youngster out there working hard and paying into the system, you'll be displeased to know you get about a 1.8-percent return on your money—which is pitiful—rate of return. Heck, you can put your money in T-bills and do better than that.

I think we ought to allow younger workers to take some of their own payroll taxes—remember, it's your money and not the Government's—and set it aside and be able to invest in a conservative mix of bonds and stocks, if that's what you choose to do. I recognize some people, that makes them nervous in America. You don't have to do it. It's a voluntary idea. In other works, you say, "Here's your option, if this is what you think makes sense." A conservative mix of bonds and stocks, for example, can yield, over a period of time, 4½ percent rate of return. And that difference between the 4½ percent somebody gets or the 1.8 percent you're now getting, over a 30-year period, is a lot of money. It's a lot of money.

And so, when I say "better deal," it's a better deal for somebody to earn better interest on their own money. That makes sense. I mean, we tried it before, by the way. As a matter of fact, we're trying it now. This may interest you. This was such a good idea that Members of the United States Senate and the United States Congress decided that in the Federal retirement system called the Thrift Savings Plan, that people, if they so choose, ought to be allowed to set aside some of their own money to get a better rate of return on their money. So here's my attitude and my message to the people in Washington, DC: If you let yourself do it, if you think it's such a good idea for you who's been elected to the Congress, then you ought to let workers have that same option.

The personal savings account, the voluntary personal savings account, would be a supplement to your Social Security check. It would be a part of a Social Security system; it's not the Social Security system.

The Government is going to say, "You can't put all your payroll tax; you can put a portion of your payroll taxes," and so you'll end up with something in the Social Security system as well as your own nest egg that the Government cannot take away. It's your own nest egg that the Government can't spend on other Government programs. It's your money.

If you're a 20-year-old making \$8 an hour over your career—20 years old today, \$8 an hour over your career, and if the Government lets you put a third of your payroll taxes in a voluntary personal savings account, you'll end up with a nest egg of \$100,000 when you're 63. If you're a police officer and a nurse who started working in 2011 and you work your entire careers, when you retire, both of you will have a combined nest egg of \$669,000 as part of your retirement package. That's how money grows.

I think it makes sense to let people, if they so choose, have an asset they call their own. It's beneficial for society. One of the things I've tried to do as the President is promote an ownership society. We want more people owning their own assets. We want more people owning their own home. We want to encourage entrepreneurship, so people can own their own small business. I think it makes sense to have people from all walks of life owning and managing their own assets, if that's what they choose to do. I reject the idea, soundly reject the idea that the investor class, the so-called investor class, should be the only owners in America. I think ownership ought to be spread to every corner of America, from people of all walks of life, no matter what their demographic background may be or no matter what their income level is. I like the idea of moms and dads being able to pass on assets to whomever they choose.

A couple of other things—I'm getting a little windy, aren't I? [Laughter] A couple of other—

Audience member. You're on a roll.

The President. Thank you. She said I'm on a roll. [Laughter]

Just a couple of other points I want to make; then we'll go to some of our guests here—not some of our guests, all of our guests. First of all, there are rules. In other words, people say to me, “Well, you know, what happens if somebody makes a risky investment?” The idea of having a voluntary personal savings account does not allow for—you can't take your money to the lottery or the track. [Laughter] There's a conservative mix of bonds and stocks.

By the way, this happens all the time in our society where people are given some options in a rather conservative mix. It doesn't take much to get a better rate of return than Government gets for you now. I was with John McCain at one of these events one time. He said he thought—as he remembered, he got about a 7 percent rate of return on the conservative mix of bonds and stocks that he has held for about 20-something years. You put 7 percent onto a pretty good size of money, that grows rather quickly. And it's your money.

And so there will be rules. People say to me, “Well, Wall Street will benefit.” No, we're not going to let Wall Street gouge people on this. I mean, that's just not going to happen. There will be a—there will be reasonable fees. In other words, the Government will have an oversight role in all this business. It will be an opportunity for people if they so choose.

Let me tell you one other thing to—that I think you'll find patently unfair about this system. You got a husband and a wife, and they've worked all their life, both contributing into the Social Security. And the husband passes away, and the wife will then be in a position to either have her own benefits or her husband's benefits, but not both. In other words, somebody has been working, the spouse has been working, and one dies early, and both of them had been working all their life—think about this system—and when it comes time to retire, the surviving spouse, man or woman, gets

to choose his or her benefits or the deceased spouse's benefits, which is ever higher, but not both. That means somebody has worked all their life and put money into the system that at some point in time just goes away.

Now these are hard-working people we're talking about in America, people who have worked hard and paid that payroll tax. And if you're a youngster who just entered the workforce, you know what it means to give some payroll tax. That's that first shock you get when you see that payroll tax coming out of your check. Imagine a system where you've worked all your life, and it's not there. And so one of the reasons—another reason I like somebody to be able to have assets that they can pass on to whomever they choose. Here's an instance—the example I just gave you says that a husband or a wife will have an asset base upon death to be able to pass on to the surviving spouse to help them out during this incredibly difficult period.

And so Congress needs to consider this idea. And I repeat, if it's good enough for you in the Congress, it ought to be good enough for working people here in America.

Rick Paxton. Welcome, Rick, thank you. Where do you live?

Richard C. Paxton. Yes, sir, I live right here in Hopkinsville, Kentucky, here.

The President. Good place to live, isn't it?

Mr. Paxton. It's a wonderful place to live.

The President. Thanks for coming. Tell everybody what you do.

Mr. Paxton. I'm a financial consultant with Hilliard-Lyons, have been for the last 15 years.

The President. Good. I ask—on these panels I always ask somebody who—to come who knows what he or she is talking about, an expert.

Mr. Paxton. Uh-oh. [Laughter]

The President. Usually it's a Ph.D. I know you're not one. And I—[laughter]—and I like to tell people, “He's a Ph.D.

I'm a C student—was a C student—and look who the adviser is.” [Laughter] So all you C students out there, work hard, but there's hope for you. [Laughter]

All right, Rick. Rick studies markets and investments. Let her rip.

Mr. Paxton. Yes, sir. Well, first, I have with me today my wife, Anne, and my two wonderful children, Chris and Elizabeth.

The President. Well, good. Welcome.

Mr. Paxton. And on behalf of my children, I just want to thank you for being brave enough to take this on. I know it's politically been a thing that's been talked about. I can remember 30 years ago in a college economics class, the professor talking about the coming problem because of our generation, the baby boomers.

The President. Yes.

Mr. Paxton. And I just want to commend you for taking this on.

The President. Well, thanks Rick. You're kind to say that, thank you. That's what you're paying me to do. Go ahead.

[At this point, Mr. Paxton made further remarks.]

The President. Yes, that's interesting. I hope everybody understands what he's saying. If you keep your money and it grows, it tends to—it accelerates; it snowballs, I guess. It's not a very sophisticated terminology, I recognize—

Mr. Paxton. That's very good.

The President. Thank you. Well, I did pay attention to some courses. [Laughter] Anyway, but it grows.

You told me an interesting story about some of the seminars you conduct.

Mr. Paxton. Yes, sir. One of the jobs that I have is to go into companies and work on the retirement plans with them. And we address rooms of people who are planning for their retirement and enrolling in the retirement plan. For 15 years I've been doing this, and the first question I ask them and have for 15 years, “Is there anybody in this room who thinks that they'll be able to depend on their Social Security

when they get there? Do you think it will be there for you in retirement?” And in 15 years, I've never had a hand go up.

The President. Interesting, isn't it? Think about a Government that has this program where we're taking a lot of money out of your pocket. And he goes in a room and says, “Anybody think they're going to see a check”—these are younger workers he's talking to—“or think the system will be there for them,” and they don't raise their hand.

What are the—Government must build trust. And one way you build trust is you say that when you put money into something, you're going to get something out of it. Now, if you're an older American, you're in good shape. But the dynamics have shifted. And what the amazing thing is, a lot of youngsters understand what he's talking about. They're beginning to see the realities of a Social Security system that is not solvent for them. It's solvent for their dads and granddads and grandmoms. It's not solvent for them.

You know, they tell me—somebody told me about a survey one time where the youngsters said they're more likely to see a UFO than a Social Security check. [Laughter] It's got to be a little disheartening if you're a person who believes you're more likely to see a UFO than get a Social Security check and you're paying into the system, hoping that the system is available for you. And that's why I keep trying to explain to people—or do explain to people, this is a generational issue. Grandmoms and granddads ought to be worried about their grandchildren coming up and putting money in a system that's not going to be available for them.

What else you got? I've got a question for you. I've got an interesting—you know what's interesting about our society—and there is some concern. I readily understand that people are nervous about maybe investing their money, particularly older Americans that aren't used to it. But think about what's taking place in society today—

401(k)s. You look like kind of an older fellow. Were you aware of a 401(k) when you were 20 years old?

Mr. Paxton. I wish they were around then.

The President. Yes, 401(k)s are investment vehicles for workers to watch their own money grow. It's part of retirement. A lot of people have them. I was in an automobile factory in Mississippi, talking to line workers. I said, "How many of you all invest your—watch your own money grow and make investment decisions for your money through a 401(k) plan, in this plant?" I'm telling you, hands went up—a lot of hands, people from all walks of life. The culture is changing. We've got investors now all across America, people from all walks of life learning to invest. IRAs—I'm sure you're spending a lot of time on that.

Mr. Paxton. Sure.

The President. So when you hear people say, "Well, I'm not so sure if America is ready for this," two things come to my mind. One, a lot of Americans already are watching their own money grow. And two, you can learn pretty quick when you're watching your own money. You know what I'm saying? You ask a lot of questions when it's your money, and you learn really fast.

And so, Rick, thank you for coming. I appreciate it.

Mr. Paxton. You're welcome, sir. Thank you for inviting me.

The President. We've got Clay Walton. Speaking about younger—I don't know about UFOs and Social Security checks; I do know you're a farmer. Isn't that right?

Charles Clayborn Walton III. Yes, sir.

The President. Well, say something, then. [Laughter]

Mr. Walton. That's correct.

The President. Okay. What do you farm?

Mr. Walton. I'm from here in Hopkinsville.

The President. Like what crops?

Mr. Walton. I grow alfalfa hay.

The President. Very good. Is the market all right? I shouldn't have asked that—it's never all right if you're a farmer, is it?

Mr. Walton. You can buy some, if you want. [Laughter]

The President. Take it back to Crawford. [Laughter]

So tell me, has this family farm been around for a while?

Mr. Walton. Yes, sir, it sure has.

The President. Good.

Mr. Walton. My father and my grandfather and even my great-grandfather.

The President. Really? Which brings up another subject. We've got to get rid of the death tax forever. We want to keep this asset in this man's family. Talk about passing assets from one generation to the next, farmers are pretty good about that. It doesn't make sense to tax a person's assets twice—when you're living and then when you die.

Anyway, sorry to interrupt, just a thought that popped into my head—[laughter]—happens occasionally. [Laughter]

What's your concerns on Social Security?

Mr. Walton. Well, my concern is, being a farmer, Social Security is really the only thing I have. Nobody offered me a 401(k) or anything when I started farming. And I'm paying into it all these years, and I'm really counting on it, and I would kind of like it to be there when I retire.

The President. Interesting, isn't it. Here's a sole proprietor, kind of a man out there on his own, and he's paying into the system and sounds like to me—I don't want to put words in your mouth, but it sounds like you might be a little nervous about whether it's going to be there.

Mr. Walton. Oh, absolutely.

The President. Yes. Congress has got to understand you've got a 29-year-old farmer working hard, putting money in the system. He's sitting right up here in front of all these cameras saying, "I'm not so sure the system is going to be there for me." That's the problem. And that's the problem that

I'm going to spend whatever time is necessary talking about to get the folks up there to get something done on behalf of this good man. He works hard enough to [not]* have to worry about whether or not Congress can do the right thing with his money.

What else you got?

Mr. Walton. I have a new wife.

The President. Well, that's a good move. [Laughter] That's the smartest thing you did. [Laughter] Good, I'm looking forward to meeting her.

Mr. Walton. All right, you will.

The President. Have you ever thought about the personal accounts at all? Has that thought ever—

Mr. Walton. Oh, I think that's a very good idea. I mean, you know, anybody that's just giving their money away, they—you know, having choices and options for a little bit of our money seems reasonable to me.

The President. Yes, seems like it is to me. I mean, what's wrong with Government saying, "If you so choose"? I recognize that's maybe a little different philosophy than some have in Washington. But it says, "We trust you." After all, who should Government trust? Government ought to trust the people. That's how this Government is formed. That's the strength of our country, is trusting people. And after all, we're trusting you with your own money. You said you're working hard; you're paying in the system. I just want you to recognize—I recognize whose money it is. It's not the Government's; it's yours.

You're doing fine. Is it raining enough for you?

Mr. Walton. Growing a little bit more now.

The President. That's good. All right, Erica.

Good job. When were you married, by the way?

* White House correction.

Mr. Walton. A little over 6 months ago.

The President. Should have invited me. [Laughter] Never too late, get a couple of matchbooks or something. [Laughter]

Erica Campbell—thank you, good job. Erica, welcome.

Erica Campbell. Hello.

The President. What do you do?

Ms. Campbell. I'm a full-time nursing student and part-time medical assistant at OB GYN Associates.

The President. Awesome. Need a little medical liability reform in Washington, DC, by the way, to keep these ob-gyns in practice.

Ms. Campbell. Yes, we do.

The President. You've also got a—your most important job, however, is—

Ms. Campbell. I'm a mother.

The President. There you go.

Ms. Campbell. I have a 4-year-old daughter named Kyler.

The President. Fantastic. Is she here?

Ms. Campbell. She's right over there. Hi, Kyler.

The President. Sound asleep.

Ms. Campbell. Asleep? Okay.

The President. Laura told me not to talk too much. I put her asleep, didn't I? [Laughter] This is—I love this story by the way. Here's a single mom, working hard, working a job—two jobs—mom, first, a—what did you say you were, an ob-gyn?

Ms. Campbell. A medical assistant.

The President. Medical assistant.

Ms. Campbell. And a full-time nursing student.

The President. Now going—a student, becoming a student, which is great. I appreciate you doing that. It's—you're doing your duty. Now, here you are talking about Social Security. Tell—give me some thoughts.

[*Ms. Campbell made further remarks.*]

The President. Let me stop you right there real quick. Isn't it interesting, a mom sitting here talking about a 401(k) or an

IRA. These are investment vehicles that encourage people to save their own money.

Now, tell me what it's like on a 401(k). I mean, do you get a monthly statement, quarterly statement?

Ms. Campbell. We get—it seems like every day we get a piece of paper from it. [Laughter] But it's like every 2 weeks—

The President. Oh, that's good.

Ms. Campbell. —I think we get a statement from it. It's taken out of my paycheck before I ever see it, so I don't miss it. And it's right there, and I get to keep up with it.

The President. And you get to look at it.

Ms. Campbell. It's actually through Hilliard-Lyons.

The President. That's good. Doesn't it make sense to have a society in which people are constantly reminded about growth of their assets? It seems like to me it would cause people to pay pretty close attention to what the Government's decisionmaking process is like. I mean, here's a young woman who opens up on a bimonthly basis her statement, reminding her that she owns that. That's part of an ownership society.

Keep going. [Laughter]

[*Ms. Campbell made further remarks.*]

The President. This is what we're talking about. We're talking about giving a worker, a fellow American, the opportunity, if she so chooses, to take some of her own money, watch it grow just like she's doing in a 401(k), building up a nest egg, an asset base which will give her peace of mind. In other words, an asset that she can pass on to her young daughter.

Now, this asset will grow over time, as we talked about. The interest compounds at a reasonable enough rate. It grows. And I just—I cannot believe that people in Washington, DC, are—don't understand the power of this idea for a person like Erica and wouldn't be willing to give Erica the opportunity, if she chooses—her

choice—to set aside some of her own money, just like she just said she wants to do.

And—is it hard to invest? I mean, do people—I hear people say, “Well, it may be too difficult.”

Ms. Campbell. I did it. I didn't think it was too hard. I'm not a rocket scientist, but whenever you sign up for your job, they just set it down and explain it to you right then, and you sign up for it, and you don't have to do anything else if you don't want to.

The President. See, there's plenty of help. And you've got advisers, people who are going to—and these 401(k) plans, for example—and I'm—there will be a whole group of people that will be available to give people reasonable advice about what to do with their own money. And it's really important for our fellow citizens to understand it doesn't take much to get a better rate of return than the Government is getting for you now. And that differential makes a huge difference for future savings for our fellow citizens.

Erica, thank you. Looking forward to meeting Kyler.

Ms. Campbell. Thank you.

The President. We better not wake her up yet, though, right?

Ms. Campbell. We're waking her up for the picture. [Laughter]

The President. Yes, okay, good. Thanks for coming.

Lindsay Freeman. Lindsay, right here from Hopkinsville?

Lindsay Freeman. Right here in Hopkinsville, 68 years.

The President. Really, and that's how old you are?

Mr. Freeman. Yes, sir. [Laughter]

The President. So therefore, you were born here.

Mr. Freeman. Yes, sir.

The President. And you were a major general?

Mr. Freeman. I retired from the Army Reserve as a major general, yes.

The President. Thanks for serving. Good job. You get—you're eligible for Social Security?

Mr. Freeman. Yes, sir.

The President. Are you getting it?

Mr. Freeman. That's a big part of my income today, is my Social Security.

The President. A lot of people like Lindsay in America—"a big part of my income." "How I live my life depends upon the Social Security check." And there's thousands and thousands of people like Lindsay. They're saying, "I need my check, Mr. President. Don't take it away from me. Don't mess with it." And he doesn't have to worry about it. I hope that message has sunk in.

Mr. Freeman. Well, I'm not worried about it for me, but I'm worried about it for my daughter who is out here, Elizabeth. And she works for the drug court. And we're worried about it for my son who is an equine veterinarian out in Utah.

The President. Really. That's good. That's what I'm hearing a lot more of, by the way. Once we've convinced seniors there's nothing to worry about, then they're starting to say, "Well, Mr. President, I'm not worried about me, but what are you—what do you all intend to do in Washington about my children or my grandchildren?"

This is—folks, this is a generational issue we're talking about. This is an issue that really does relate to a younger generation of Americans who are just starting in the workforce and coming up.

What else you got on your mind?

Mr. Freeman. Well, I need to introduce my wife, Nancy, who is a former schoolteacher, is here. And she's the one in the wheelchair over there with the broken leg. And then my daughter's friend, Kenneth Stoll is a firefighter—

The President. Fantastic.

Mr. Freeman. And then my sister-in-law, TC Freeman, works for Senator Bunning. So we have a diverse family.

The President. Yes, well—fortunately, you don't have a large family. Otherwise we'd still be—[laughter].

Let me say something about your wife. First of all, thanks for being a schoolteacher. One great way to serve our Nation is to teach school, and it's a wonderful profession.

Mr. Freeman. Well, I worked in a family business for almost 50 years, and of course, I paid self-employment tax for all those years. And I just wish that I'd have had an opportunity to invest some of my own money 50 years ago. And I would have invested it in a real safe mutual fund. And based on Rick's statistics, I'd have been a millionaire.

The President. That's right. Well, he's not kidding, though. You put enough money aside, and you hold it long enough, and you get a decent rate of return, money grows. That's what people have got to understand. We're missing that opportunity in America. One way to make this system work better, a better deal for people who are putting hard-earned money, is just give them a chance to watch their money grow in a conservative mix. And that's what you're talking about.

I appreciate you reminding people of that. I'm also beginning to hear more people saying, "I wish I'd have put a little something aside or had the opportunity, if I so choose, to put money aside." And that's all we're saying. We're saying, "If you want to, you can put it aside." The Government is not saying, "You have to." We're saying, "You ought to be able to," which seems reasonable. After all, they get to.

What else you got, General?

Mr. Freeman. Well, I still work part-time for BMAR & Associates, which is located here in Hopkinsville, and Terry Hamby is the president, and he has about 1,400 employees. And he really pushes your Social Security program, I'll tell you.

The President. Well, I appreciate that. Tell him thanks.

You know, one of the interesting things that Lindsay said, there are a lot of businesspeople who contribute 12.4 percent into the Social Security, a lot of sole proprietors. They pay the whole deal. You know workers pay 6.2 percent, but if you're self-employed, you're liable to pay 12.4 percent, which doubles the pain if you're a young self-employed person, when you think nothing is going to be there.

And so we're really dealing with an issue that not only relates to a person being able to retire—in other words, listen, Social Security has been a safety net—let's put it that way—and there's a big hole in the safety net for a younger group of Americans, and we're trying to bind that hole up.

But we're also giving people a chance to pass on assets from one generation to the next. That's what a free society is all about, isn't it? People work hard; they benefit from the freedom of America; and then they're able to pass something on to the next generation, if that's what they choose to do. To me, that brings stability to our society. It's an incentive. It gives people peace of mind. It gives a young mom peace of mind.

We've got an interesting person with us here. That would be you. [Laughter] Cecil Ferrell.

Cecil Ferrell. Right.

The President. Microphone—I'm a little hesitant to tell her anything after that—she reminds me of my mother a little bit. [Laughter]

Mrs. Ferrell. I thought I was just supposed to hold it; I didn't know I was supposed to talk in it. [Laughter]

The President. Well, we're trying to get some wisdom from you. I'm really hungry. [Laughter]

Mrs. Ferrell. You are?

The President. Can you help me out?

Mrs. Ferrell. Well, I tell you, the only thing is to bring you a hamburger. [Laughter]

The President. That's it. Cecil Ferrell was one of the founders and owners of Ferrell Hamburgers. When did you all start the deal—start your business?

Mrs. Ferrell. We started in Owensboro in 1929. We had two places there. My husband and his four brothers were all in together. And so when they built the one in Hopkinsville, David and I moved down here and took over. So we've been here for 69 years.

The President. Whew, that's a lot of burgers.

Mrs. Ferrell. That's right. A lot of water under the bridge. A lot of water under the bridge. [Laughter]

The President. That's right, a lot of water under the bridge.

Mrs. Ferrell. I have—my husband died in 2001, and my daughter died in 2002—

The President. You've had a tough go.

Mrs. Ferrell. My son is here. He—

The President. Where is he?

Mrs. Ferrell. He's over here, Phillip.

The President. Are you still telling him what to do? [Laughter]

Mrs. Ferrell. No, you don't tell him anything. [Laughter]

The President. You're doing good.

Mrs. Ferrell. His wife is with him, Carolyn, and one of my grandsons, David, lives in Bowling Green. He drove down.

The President. That's good. You have a family reunion.

Mrs. Ferrell. Just to see you.

The President. Just to see you. [Laughter] I take it you're eligible for Social Security?

Mrs. Ferrell. Well, I'm getting that way. [Laughter] I'm 86 years old. I go to work every morning at 4 o'clock. [Applause] How about that?

The President. You're doing good.

Mrs. Ferrell. I stay there usually around 12 hours a day. On Monday, I go in at 3, and I stay for about 12 hours. So that's a pretty full life.

The President. I'd say so. See if we can kind of track back toward Social Security here. [Laughter]

Mrs. Ferrell. Okay. Well, I draw—

The President. Are you getting a check?

Mrs. Ferrell. I draw my husband's Social Security.

The President. Right, you draw the—

Mrs. Ferrell. Mine, I wasn't getting anything, so—[laughter].

The President. Remember what I told you? She had a choice, the higher of the two. So the payroll tax you put in there just, poof, just went away.

Mrs. Ferrell. Yes, it just went the way of the balloon.

The President. Yes, it went in to pay for some of those Government programs in the pay-as-you-go system.

Mrs. Ferrell. Right.

The President. And you're getting a check. Any doubt you'll get a check?

Mrs. Ferrell. No, I don't have any doubt. And I think that—

The President. That's good to hear.

Mrs. Ferrell. —I think the system that you're working up is going to work if people will just get with it and hang in there with you.

The President. I think it will. I appreciate you saying that.

Mrs. Ferrell. Is my face red?

The President. No, not at all. You're doing good. [Laughter] You know what the problem is in Washington?

Mrs. Ferrell. What?

The President. There is kind of a zero-sum attitude. See, if we do this, so-and-so might look good or such-and-such party might benefit, and, therefore, let's do nothing. It's not the right attitude, you know that?

Mrs. Ferrell. No.

The President. This country expects better out of the elected officials. Don't you?

Mrs. Ferrell. People have to learn how to work together.

The President. Well, that's right. And my attitude is this: The President's job is to lay the problem out. I've done so here today. I will continue doing so around the

country. I'm heading down to Crawford, but after that I'm going to head back out again, and I'm going to spend time talking about Social Security every week until something gets done, because that's my job. And my job also is to remind people of both political parties that there's a time to set all that business aside and focus on what's good for the American people.

And what's good for the American people is to hear the truth. The truth is we've got a problem. The truth is people who have retired are going to get their checks; they have nothing to worry about. And the truth is they've got a younger generation of Americans coming up that are going to be paying into the payroll—paying through payroll tax into the Social Security system, into a system that's going to be bankrupt in 2041.

And now is the time. Now is the time for people to come together. And when they do, there will be plenty of credit to go around, plenty of credit for whoever is willing to come to that table and do what's right for the American people.

I want to thank you all for joining us. I want to thank you all for coming out today on a rainy day to say hello. I appreciate you giving me a chance to come and explain one of the really vital issues for the United States, an issue that will affect generations of Americans to come. We're going to get something done, folks. You know why? Because when it's all said and done, the American people are going to rise up and say, "Solve this problem. Then you can go on to the next."

Thanks for coming. God bless.

NOTE: The President spoke at 2:30 p.m. at the Hopkinsville Christian County Conference and Convention Center. In his remarks, he referred to Gov. Ernie Fletcher of Kentucky; E.O. and Ginny Whitfield, parents of Representative Ed Whitfield; and Mayor Richard G. Liebe of Hopkinsville, KY.

Memorandum on Strengthening Information Sharing, Access, and Integration—Organizational, Management, and Policy Development Structures for Creating the Terrorism Information Sharing Environment
June 2, 2005

Memorandum for the Heads of Executive Departments and Agencies

Subject: Strengthening Information Sharing, Access, and Integration—Organizational, Management, and Policy Development Structures for Creating the Terrorism Information Sharing Environment

The Federal Government collects information pursuant to law for many purposes, including to protect the Nation against international terrorism and other threats to the Nation's safety and well-being. The Federal Government faces great challenges in ensuring timely, effective, and lawful collection, processing, analysis, and dissemination of such information. It is of particular importance to ensure that Federal agencies have appropriate access to the information they need to perform their homeland security, diplomatic, defense, foreign intelligence, and law enforcement functions, and that State, local, and tribal authorities have appropriate access to the information they need to perform their homeland security functions. Ensuring appropriate sharing and integration of and access to information, while protecting information privacy rights and other legal rights of Americans, remains a high priority for the United States and a necessity for winning the war on terror.

Section 1016 of the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458) (IRTPA) calls for the creation of an "Information Sharing Environment" to provide for Federal, State, local, and tribal access as appropriate to terrorism information and for the designation of a program manager "responsible for information sharing across the Federal Government." Section 1016 supplements section 892 of the Homeland Security Act of

2002 (Public Law 107-296), and Executive Orders 13311 of July 29, 2003, and 13356 of August 27, 2004, and other Presidential guidance, which address various aspects of information access. On April 15, 2005, I designated the program manager (PM) consistent with section 1016(f) of IRTPA, and on April 21, 2005, my memorandum entitled "Effective Dates of Provisions in Title I of the Intelligence Reform and Terrorism Prevention Act of 2004" placed section 1016 in effect.

The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction (Commission), in its report of March 31, 2005 (Chapter 9), stated that "[t]he confused lines of authority over information sharing created by the intelligence reform act should be resolved." To that end, the Commission recommended that "[t]he overlapping authorities of the [Director of National Intelligence (DNI)] and the Program Manager should be reconciled and coordinated—a result most likely to be achieved by requiring the program manager to report to the DNI."

Consistent with the Constitution and the laws of the United States, including section 103 of the National Security Act of 1947 and sections 1016 and 1018 of IRTPA, and taking appropriate account of the recommendations of the Commission, I hereby direct as follows:

1. The DNI shall promptly designate the PM, and all personnel, funds, and other resources assigned to the PM, as part of the Office of the Director of National Intelligence (ODNI) pursuant to section 103(c)(9) of the National Security Act of 1947 and shall administer the PM and related resources as part of the ODNI

throughout the initial 2-year term of the PM's office.

2. During the initial 2-year term of the PM's office, the DNI:

- (a) shall exercise authority, direction, and control over the PM;
- (b) shall ensure that the PM carries out the functions of the PM under section 1016 of IRTPA and this memorandum—
 - (i) in a manner that facilitates the effective accomplishment of Federal homeland security, diplomatic, defense, foreign intelligence, and law enforcement functions and that facilitates provision to State, local, and tribal authorities of appropriate access to information they need to perform their homeland security functions; and
 - (ii) consistent with applicable law and Presidential guidance relating to information access, including Executive Orders 13311 and 13356; and
- (c) shall ensure that the PM has employed by, or assigned or detailed to his office personnel with substantial information sharing experience relating to homeland security, national defense, law enforcement, and State and local governments to the maximum extent possible;

3. Heads of executive departments and agencies shall, to the extent permitted by

law and pursuant to section 1016(i) of IRTPA, provide assistance and information to the DNI and the PM in the implementation of this memorandum.

4. This memorandum:

- (a) shall be implemented in a manner consistent with applicable law, including Federal law protecting the information privacy and other legal rights of Americans, and subject to the availability of appropriations;
- (b) shall be implemented in a manner consistent with the statutory authority of the principal officers of departments and agencies as heads of their respective departments or agencies;
- (c) shall not be construed to impair or otherwise affect the functions of the Director of the Office of Management and Budget relating to budget, administrative, and legislative proposals; and
- (d) is intended only to improve the internal management of the Federal Government and is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity by a party against the United States, its departments, agencies, or entities, its officers, employees, or agencies, or any other person.

GEORGE W. BUSH

Remarks at a Dinner for Senator James M. Talent in St. Louis, Missouri June 2, 2005

Thank you all for coming. Thanks for the warm welcome. Please be seated. My arm still hurts from the last time—or one of the last times I came to St. Louis. I tried to fire a 90-mile-an-hour fastball on opening day—[laughter]—got up there about 60, maybe. [Laughter] But I love coming to your town. Thanks for having me. Thank you all. Those of you who have

traveled—I want to thank those of you who traveled from outside this great city of St. Louis to come to support Talent.

The “Show Me” State—my attitude is, show me a good Senator, and I’m going to back him. And we’ve got a great Senator in Jim Talent. I appreciate his spirit. I appreciate his working with the White House. He’s an independent enough guy to tell