

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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THE HONORABLE
SENATOR JOHN BREAUX &
SENATOR CONNIE MACK

HOW TO TRANSFER FROM THE PRESENT SOCIAL SECURITY SYSTEM
TO THE NEW OWNERSHIP SOCIETY. START IT NOW.

THREE GROUPS (1) BORN AFTER 12/31/84. (2) BORN AFTER 12/31/49
BUT PRIOR TO 1/1/85. (3) BORN PRIOR TO 1/1/50.

GROUP 1 (BORN AFTER 12/31/84) EMPLOYEES WILL BE REQUIRED TO
PAY 1.45% ON WAGES OVER \$90,000.00 FOR HEALTH INSURANCE (MEDICARE)
AND WILL BE REQUIRED TO PAY 8.0% OF THEIR FIRST \$90,000.00 INTO THEIR
OWN PRIVATE OWNERSHIP ACCOUNT WITH THE OPTION OF PAYING IN
UP TO 12.0%. ALL PAYMENTS INTO PRIVATE OWNERSHIP ACCOUNTS WILL
BE FREE OF FEDERAL INCOME TAXES GOING IN AND ALSO FREE OF
FEDERAL INCOME TAXATION AT THE TIME OF DISTRIBUTION. SOME
PROVISION WILL HAVE TO BE MADE TO TRANSFER SOME IF NOT MOST
OF THE SOCIAL SECURITY MONEY ALREADY PAID IN BY POST 12/31/84
EMPLOYEES TO THEIR INDIVIDUAL ACCOUNTS.

THE EMPLOYERS OF GROUP I PEOPLE WILL CONTINUE TO PAY
7.65% ON THE FIRST \$90,000.00 AS FOLLOWS: 1.20% FOR DISABILITY
INSURANCE AND 2.90% FOR HEALTH INSURANCE (MEDICARE)
FOR THEIR EMPLOYEES, THE BALANCE 3.55% WILL GO TO THE
PRESENT SOCIAL SECURITY SYSTEM. THE EMPLOYER WILL
CONTINUE TO PAY 1.45% FOR MEDICARE ON ALL WAGES OVER \$90,000.00.
INDEPENDENT CONTRACTORS WILL BE REQUIRED TO PAY 8.0% WITH THE
OPTION OF 12.0% OF THE FIRST \$90,000.00 AND ALSO REQUIRED
TO PAY 2.90% ON ALL WAGES FOR MEDICARE AND 1.20% ON THE

FIRST \$90,000.00 FOR Disability INSURANCE AND will be EXCUSED FROM paying 3.55% TO THE SOCIAL SECURITY SYSTEM.

GROUP 2 (BORN AFTER 12/31/49 but prior to 1/1/85) will HAVE THE OPTION OF INVESTING 4.0% OF THEIR 11.2% OSAI TAX INTO THEIR OWN PRIVATE OWNERSHIP ACCOUNT FEDERALLY TAX FREE BOTH IN AND OUT.

GROUP 3 (BORN PRIOR TO 1/1/50) will CONTINUE UNDER THE PRESENT SOCIAL SECURITY SYSTEM.

How do we CONTINUE TO FINANCE THE CURRENT SOCIAL SECURITY SYSTEM?

1) Group 1 Employers will pay 3.55% OF THE 7.65% TAX INTO THE PRESENT SOCIAL SECURITY SYSTEM.

2) Group 2 will CONTINUE TO pay INTO THE PRESENT SOCIAL SECURITY SYSTEM LESS THE 4.0% OF THOSE WHO CHOOSE THE PRIVATE ACCOUNT OPTION.

3) Group 3 will CONTINUE TO pay UNDER THE SOCIAL SECURITY SYSTEM.

4) ALL TAXABLE INCOME OVER \$100,000.00 REGARDLESS OF SOURCE (INDIVIDUALS, PARTNERSHIPS, CORPORATIONS ETC.) will HAVE A 2.0% SOCIAL SECURITY TAX APPLIED TO IT AND THE TAX MONEY will go INTO THE SOCIAL SECURITY SYSTEM TO pay BENEFITS. PROVISION will BE MADE TO INCREASE OR DECREASE THE TAX by $\frac{1}{2}$ OF ONE PERCENT INCREMENTS AS NEEDED. THE TAX MONEY REGARDLESS OF SOURCE will NOT BE USED IN DETERMINING SOCIAL SECURITY BENEFITS.

5) WE ALSO HAVE A SOCIAL SECURITY TRUST FUND THAT IS STATED TO HAVE OVER ONE AND ONE-HALF TRILLION DOLLARS IN FEDERAL

I.O.U.'s AND THIS AMOUNT AT PRESENT IS GROWING BY HUNDREDS OF MILLIONS OF DOLLARS EVERY DAY. WHEN WE WILL HAVE TO INSTITUTE THE TAX DESCRIBED IN 4 ABOVE AND WHAT PERCENTAGE WILL BE APPLIED WILL DEPEND TO SOME EXTENT ON WHEN AND HOW THE FEDERAL GOVERNMENT PAYS BACK THE MONEY IT HAS BORROWED AND CONTINUES TO BORROW ON A DAILY BASIS FROM THE SOCIAL SECURITY TRUST FUND. IF WE TAKE THE RIGHT STEPS NOW BY THE LAST QUARTER OF THIS CENTURY WE WILL HAVE THE END OF THE PRESENT SOCIAL SECURITY SYSTEM IN SIGHT. CONCERNING MYSELF I WAS BORN IN 1935 AND STARTED RECEIVING SOCIAL SECURITY IN 1997.

CC: PRESIDENT GEORGE W. BUSH Very Respectfully Yours

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