✓CC: S. Trahern

004225 DEC 4 90

Christmas card
12-17-90

C-Spann
400 N. Capitol St #650
Washington, D.C. 20001

November 29, 1990

Dear Sir:

I am an avid fan of CNN. I also believe your two programs are doing a great service in keeping U.S. citizens informed about our government.

I have enclosed an essay giving my thoughts on the Social Security Tax and Government Retirement Programs. I have never seen either of these issues discussed in these veins.

Please present in a future program both social security and government retirement programs along the outline of my essay.

Yours truly,

[redacted]

[redacted]
Alpine, TX 79831

[redacted]

Enclosure: The Two Biggest Pork Barrels

11/26/90
[redacted]

THE TWO BIGGEST PORK BARRELS

Webster defines pork barrel as Government appropriations for political patronage. The two biggest pork barrels we have today are Social Security and government retirement programs. The latter applies to both Federal, State, County and Cities.

Social Security in its first form was to apply as an aid in retirement to only the individuals that contributed funds to his/her **SS**. It wasn't long before our Congressmen recognized that **SS** could be used as a large pork barrel. Our elected representatives started spending this unending source of funds on all types of political patronage.

What a wonderful way to please many constituents(voters). Examples: 1. Senior citizen couples, neither having paid into **SS**, are big voters. Pass laws making them **SS** recipients. The author's father and mother and father and mother in-laws never paid anything to **SS**. However, both mother and mother-in-law each received **SS** checks after their husbands died. These, along with frequent raises, continued for over 10 years until they died. The checks would not have been accepted if they been called welfare. 2. Children were placed on **SS** whose fathers were killed in accidents. 3. Medicare funded out of **SS** takes care of all **SS** recipients. 4. The retarded, disabled, etc, are now receiving **SSI** checks paid out of **SS** funds.

Our Legislatures must think this is easy. We help all these deserving people(voters). All we have to do is raise the amount of **SS** that private industry and employees pay to take care of these voters. The problem is, however, most employees now are paying more in **SS** than they pay in Federal taxes. Remember, the original purpose of **SS** was to add to other funds a person had set aside for his/her retirement.

How much are our elected representatives taking from the average private industry employee thru the **SS** tax? Assume the following and dollars are constant over the next 30 years:

a. $30,000 annual salary
b. 15.3% current **SS** tax(1/2 paid by employer)
c. **SS** is cancelled
d. Funds go into an **IRA** (Individual Retirement Account)
c. Funds are invested at 10% in government or high grade corporate bonds.

The employee would then have $755,500 that he could draw out in cash or roll over in an **IRA** retirement plan. This would pay him/her $6,296 per month in todays dollars. Say, at the end of 30 years the dollar is worth only 1/10 of what it is today. Then the same employee would have $7.5 million in cash or $62,960 per month.

Now for the other biggest pork barrel, government retirement programs. Our elected officials every year vote **COLAS** (Cost Of Living Adjustments) plus Medicare benefits for all **SS** recipients, voters.

The Federal Government last year, According to the October

1990 Readers Digest, "How Bureaucrats Pad Their Pensions," paid $54 billion in unfunded liabilities to retired civil servants. Included in these funds were pensions for Representative Jim Wright and Senator Mike Mansfield, $88,212 and $136,000, respectively. The total unfunded liability today is $486 billion. Combine that with the military, railroad employees and other Federal employees, the total unfunded liability tops $1.0 Trillion. But wait, there are over 6,000 State, County and local governments. Most do not set aside retirement funds for their employees. This makes up another $127 billion in unfunded liabilities. This debt dwarfs the the Savings & Loan debacle. Your elected representatives are hoping this debt, continuing to increase daily, does not come to your attention until they get their big retirements. Remember, also, our elected representatives passed laws to insure private industry does not have unfunded liability retirement plans. Private industry has to place their employees' retirement funds into a protected trust fund.

What can be done? We must stop these unfunded liabilities before they force the United States into bankruptcy.

SS, phase it out now! Turn the 15.3%, as **IRAs**, over to private industry employees that are now starting to work. Continue **SS** for those retirees that are now in it. Phase out into welfare programs all individuals that have not paid into **SS**.

Government retirement programs. All that are now retired, continue to fund through appropriations. Fund all new employees including military retirement programs with **IRAs**, the same as private industry. The employee pays 1/2 and the government pays the other 1/2 of the 15.3%. Employees, not the governments, would manage their **IRAs**, the same as existing **IRAs** are managed today.

The Federal, State, County and local governments, would very shortly be lenders rather than debtors. Plus, unlimited capital would be available for our industries to compete with other nations. Further, elected representatives would no longer be able to use **SS** and retirement programs as pork barrel issues. Welfare programs would then be handled properly, not buried in **SS**. Finally, both government and private industry employees retirement programs would be equal, ie, the salary would determine the size of the **IRA**.

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