

Retirement crisis

The concept of Social Security has two good features – forcing us to save for retirement and the insurance value of pooling benefits for those who live longer than the actuarial assumptions.

Too bad the government has botched up the program so badly. Over-promises have been funded by a population boom that has now flipped upside down, and the government has failed to save the money in the trust fund like they promised.

What should we do?

First, we must gradually extend the eligibility age to 72 or so. We index Social Security payments to the CPI; why not index the retirement age to the demographic realities?

Increasing the tax rate or the cap is the exact wrong thing to do. The current 12.4% rate on earnings up to \$90,000 is already too high. If we keep taxing the risk-takers and job-creators, we will stifle the growth of small business and increase dependence on already bloated government programs.

I like private investment accounts because they allow us the choice of higher yield investments in American industry and reduce the Fed's ability to borrow from itself.

People who deny that Social Security is broken are not considering the best interests of our children. I agree with the opinion of the Wall Street Journal: "The people who would really destroy Social Security are those who want to leave it alone."

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