

HOUSE RESOLUTION NO. 6011

By Committee on Federal and State Affairs

3-20

A RESOLUTION requesting the federal government to encourage Americans to save for retirement to supplement but not replace social security benefits.

WHEREAS, For over 60 years social security has provided a stable platform of retirement, disability and survivor annuity benefits to protect working Americans and their dependents; and

WHEREAS, The American and world economies continue to encounter periods of high uncertainty and volatility that make it as important as ever to preserve a basic and continuous safety net of protections guaranteed by our society's largest repository of risk, the federal government; and

WHEREAS, Social security affords protections to rich and poor alike. No citizen, no matter how well off today, can say that tomorrow's adversities will not create future dependency; and

WHEREAS, Average life expectancies are increasing greatly and people are commonly living into their 80's and 90's, making it more important than ever that each of us be fully protected by defined retirement benefits; and

WHEREAS, Medical scientists are daily discovering more creative ways to preserve the lives of the profoundly disabled, thus making it more important than ever that each of us be protected against the risks of our own dependency, against the risk of becoming a burden to relatives, and against the risk of succumbing to a disability unrelated to the duration of life; and

WHEREAS, The lives of wage earners and their spouses are seldom coterminous. One spouse often outlives the other by decades, making it crucial to preserve a secure base of protection for family members dependent on a wage earner who may die or become disabled; and

WHEREAS, The children of working Americans require protection against the untimely death or disability of their wage-earning parents, contingencies that are too often uncovered by working Americans and their employers; and

WHEREAS, The costs of administering social security are less than 1% of the benefits delivered; and

1 WHEREAS, The single purpose of social security is to provide a
2 strong, simple and efficient form of basic insurance against the adversities
3 of old age, disability and dependency; and

4 WHEREAS, Social security was founded on the sanctity of work and
5 the preservation of family integrity in the face of death or disability; and

6 WHEREAS, Social security, in current form, reinforces family cohe-
7 siveness and enhances the value of work in our society; and

8 WHEREAS, Congress currently has proposals to shift a portion of
9 social security contributions from insurance to personal investment ac-
10 counts for each wage earner; and

11 WHEREAS, Social security, our largest and most fundamental insur-
12 ance system should not be splintered into individualized stock accounts.
13 Social security cannot fulfill its protective function if it must also create
14 and manage millions of small risk-bearing investments out of a stream of
15 contributions intended as insurance. Private accounts cannot be substi-
16 tuted for social security without eroding basic protections for working
17 families. For these protections to be strong, they must be insulated from
18 economic uncertainty and be backed by the entity best capable of spread-
19 ing risk, the American government; and

20 WHEREAS, The diversion of contributions to private investment ac-
21 counts would dramatically increase financial shortfalls to the social se-
22 curity trust fund and require major reductions in the defined benefits
23 upon which millions of Americans depend. To administer 150,000,000
24 separate investment accounts would create an ever proliferating bureauc-
25 racy. The resulting expense and the cost of converting each account to
26 an annuity upon retirement would consume much of the profit, or ex-
27 acerbate the loss, realized by each participant; and

28 WHEREAS, It is an entirely different question whether part of the
29 social security trust fund should be diversified into investments other than
30 government bonds. For the fund to invest collectively in a broad selection
31 of equities and private bonds may well increase returns over time and
32 thus enhance the capacity of the fund to meet its obligations to pay ben-
33 efits as presently defined. The central management for those investments
34 would be a minor expense compared to the staggering cost of overseeing
35 millions of splintered accounts. Central investment also preserves the
36 spreading of risk across the entire spectrum of social security participants.
37 Individualized accounts, by contrast, would create an array of winners
38 and losers, thus converting part of our retirement system into a national
39 lottery. Those who become disabled, those who must retire early and
40 dependents with the earliest and greatest need would receive the least in
41 return. The system would be perversely contrary to basic principles of
42 insurance and risk distribution; and

43 WHEREAS, Diverting social security contributions to private ac-

1 counts is redundant to existing programs. Through amendments to the
2 Internal Revenue Code of 1986, Congress has created a full menu of
3 provisions by which working Americans and their employers may con-
4 tribute by choice to tax-sheltered accounts that are open to the oppor-
5 tunities and exposed fully to the risks of our speculative and vigorous
6 investment markets. One-half of American families are already covered
7 by these recently created systems; Now, therefore,

8 *Be it resolved by the House of Representatives of the State of Kan-*
9 *sas:* That the federal government is respectfully requested to take ap-
10 propriate steps to encourage workers and their employers to save or invest
11 for retirement to supplement the basic benefits of the Social Security
12 Program, but not as a substitute for the core protections that are vital to
13 American working families; and

14 *Be it further resolved:* That the Chief Clerk of the House of Repre-
15 sentatives be directed to send enrolled copies of this resolution to the
16 President and Vice President of the United States, the Speaker of the
17 House of Representatives, the Majority Leader of the Senate, and each
18 Senator and Representative from Kansas in the Congress of the United
19 States.

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