

Congressman Pat Tiberi
Congressman Ron Kind

Re: Pension/Retirement Tax Reform Working Group

Dear Congressmen Tiberi and Kind:

I have been working in the tax field for over twenty five years and am dismayed by what I continually hear from Congress on the topic of tax reform. All this talk of foundational change is not necessary and will only throw uncertainty into a marketplace already reeling from too much government intervention.

On the topic of Pension and Retirement reform, I would like to share my **“Reality Ratio”** approach to saving social security and returning it to its original intent:

<u>Recipient</u>	<u>Percentage of Benefits</u>
Born 12/31/1949 or earlier	Receive 100% of current law benefits
Born 1/1/1950 – 12/31/1959	Receive 90% of current law benefits
Born 1/1/1960 – 12/31/1969	Receive 80% of current law benefits
Born 1/1/1970 – 12/31/1979	Receive 70% of current law benefits
Born 1/1/1980 – 12/31/1989	Receive 60% of current law benefits
Born 1/1/1990 and later	Receive 50% of current law benefits

- Those born in the 1960’s and before will not be materially impacted by the cutbacks and should review their current spending habits to prepare themselves for retirement with a smaller contribution from Uncle Sam. Those born in 1970 and beyond will in fact realize significant cuts in the amount of Social Security and should immediately increase the percentage of their income they are saving for retirement. Fortunately, the latter group has a minimum of twenty three years to prepare for the inevitability.
- Expand individual benefits under the current 401-k regime to stimulate private retirement savings by younger Americans.
- President Franklin D. Roosevelt said it himself in a 1939 message to Congress, “...We shall make the most lasting progress if we recognize that Social Security can furnish only a base upon which each one of our citizens may build his individual security through his own individual efforts.”

This is an extremely simple plan for setting the Social Security Trust Fund on the path to solvency and does so by not expanding the drain of resources from the marketplace. The taxpayers of today will appreciate the fact that the government will stay committed to the promise they made to their parents and grandparents, while empowering the citizens to control a greater share of their retirement.

Very truly yours,

John L. Clausen
