



NEWS

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OTTER PROPOSES SOCIAL SECURITY CHOICE

CONGRESSMAN'S BILL WOULD ALLOW A PRO-RATED TAX DEDUCTION IN LIEU OF BENEFITS

WASHINGTON, D.C. – Congressman C.L. "Butch" Otter introduced legislation on Tuesday to provide a tax incentive for retirees who can afford to forfeit their Social Security cash benefit and help extend the solvency of the Social Security program.

The Social Security Alternative Voluntary Expenditure (SAVE) Act would give individuals the option – if they find themselves in solid financial condition after working, saving and investing for a lifetime – of receiving their earned Social Security benefit in the form of a tax deduction pro-rated over five years.

The total amount that could be deducted from taxable income during the five-year period would be equal to 80 percent of the earned Social Security benefit an individual has accumulated. No earmarked Social Security funds would be paid out.

At the same time, Congressman Otter's bill would help extend the Social Security program's life by requiring the federal government to repay any funds borrowed from it for other expenditures, along with a payment of fair-market interest charges determined by the average of prevailing market yields.

"We ought to have built into the system the chance for people who have the means and the inclination to choose an alternative to the traditional Social Security benefits payout. This is still their money, but the program should be flexible enough to ensure long-term stability by targeting resources where they're needed most," said Otter, whose bill was introduced just a week after Federal Reserve Board Chairman Alan Greenspan reiterated his concerns about Social Security's financial future.

"Keeping Social Security viable, keeping the promises that have been made to generations of working Americans, is going to mean thinking in new ways and finding new solutions," Otter said. "Along with adding the option of personal retirement accounts, I believe this is one of the tools we can use to help restructure the system and protect earned benefits for the future."