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Groundwork Begins on Social Security Overhaul

By **REUTERS**

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WASHINGTON (Reuters) - A Senate panel will start laying the groundwork this week to revamp Social Security in an effort to push President Bush's individual account plan forward against solid Democratic opposition.

The Senate Finance Committee will hear on Tuesday from non-government experts who have developed their own plans to bring long-term solvency to the retirement program with and without the investment accounts Bush says must be a part of any overhaul.

Committee Chairman Charles Grassley, an Iowa Republican, said he wants the hearing to provide "further understanding" of what it will take to shore up Social Security's finances as the baby boom generation retires and help lawmakers explore several alternatives on individual accounts.

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Sen. Max Baucus of Montana, the top Democrat on the panel, said he expects the hearing to provide "more understanding that private accounts is not going to fly."

A coalition of private account opponents is planning a rally near the Capitol. The group, Americans United to Protect Social Security, says it expects thousands to show up along with Democratic lawmakers. The group also plans events across the country to underscore opposition to the plan.

At the same time, Bush plans an event in Galveston, Texas, where city employees do not participate in Social Security, but contribute to individual retirement accounts. His 60-day push to win public support for his account proposal ends on May 1, and an event is planned in Northern Virginia before then.

Despite Bush's effort, public opinion polls show declining support for private accounts and Grassley is struggling to build consensus on legislation.

REUTERS

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POLARIZED PROCESS

“This process has gotten more polarized,” said John Rother, policy director at powerful seniors lobby AARP. The group opposes Bush's plan to carve private accounts out of the existing program.

In the face of solid Democratic opposition, Grassley has abandoned hope of stitching together bipartisan legislation. He said last week he will begin with a Republican-only bill. But Grassley acknowledges it may be tough to win backing for Bush's account proposal even among his own Republicans.

“I would hope that a vast majority of Republicans would support accounts,” he said.

Sen. Olympia Snowe, a Maine Republican, has said she does not want to take money away from the existing Social Security program to finance individual accounts.

Opponents have been targeting other members of the committee including Sen. Gordon Smith, an Oregon Republican who has said he is keeping an open mind.

Bush has not offered a detailed proposal and no administration official is testifying on Tuesday. But the president wants to allow workers younger than 55 to be able to divert a portion of their Social Security taxes into individual accounts they can invest in stocks and bonds. He argues it will give them a better deal than the current Social Security program can offer.

Democrats say the accounts add too much risk to a program that has helped lift older Americans out of poverty and that diverting taxes into them will hasten the retirement program's cash flow problems. They want private accounts off the table before sitting down with Republicans to negotiate a package dealing with Social Security's solvency.

The program's trustees say that by 2017, Social Security will pay out more in benefits than it collects in taxes and by 2041 the trust fund will be exhausted.

Baucus said Democrats are worried that if they start negotiations on Social Security's solvency, the Republican majority will force investment accounts into the bill.


“Nobody wants to be baited and switched,” he said.

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