

He would increase the deficit to pay the transition costs of creating voluntary personal accounts. Like Bush and Graham, Hagel envisions workers contributing as much as 4 percent of their wages to such accounts, via payroll taxes. Workers now pay 6.2 percent of their first \$90,000 in annual wages to Social Security. Employers match the payments, making the total contribution 12.4 percent.

In an interview Friday, Hagel defended his proposal to borrow the money needed to start personal accounts. With Social Security facing a \$3.7 trillion shortfall over 75 years, he said, it makes sense to shift some of that debt forward to kick off a program that will make the program healthier in the long run.

"I'm not putting America in any more debt than we're already in," he said. "I spread it out." Hagel, the oldest of four boys whose family relied heavily on Social Security after their father died when they were young, called his plan "a pretty rational, common-sense approach."

Graham's Plan

Graham, whose sister was 13 when their parents died, said he also knows the importance of Social Security. His plan would reduce the payroll tax rate from the current 12.4 percent to perhaps 11.9 percent. He would temporarily raise the \$90,000 cap on wages subject to Social Security taxes to about \$200,000. Over 10 years, Graham says, that would generate about \$1 trillion, approximately the "transition cost" of creating personal accounts.

He wants some form of "progressive indexing" of retirement benefits. Higher-paid workers would have their benefits tied to inflation, which would produce lower benefits than those generated by the current link to wages. (Wages rise more sharply than prices). Lower-paid workers -- those making less than \$30,000 or so -- would continue to have benefits tied to wages.

"If you want to save Social Security, you've got to make some hard choices," Graham said in an interview Friday. Democrats will not agree to personal accounts financed by huge deficits, he said, and conservatives must be willing to strengthen the safety net for poor Americans.

Bennett's Plan

Drawing less publicity than Hagel's and Graham's plans is a proposal being floated by Bennett, seen as more of a dealmaker than a maverick. It calls for a sliding scale of benefits, based on the retiree's income level. Americans in the top 1 percent income bracket would have their benefits tied to inflation. Those in the lower third of the income range would continue to have benefits tied to wage levels. Everyone in between would have benefits linked to a variable blend of wage and price increases, with higher-income retiree benefits tied more closely to inflation, and lower-income benefits tied more closely to wages.

"That's a benefit cut," Bennett acknowledges, but one that he says is justified to put Social Security on firmer ground.

Among Democrats, Nelson and Sens. Thomas R. Carper (Del.) and Mary Landrieu (La.) are part of a bipartisan group seeking a compromise. So far, they have resisted pressure from party leaders to rule out cutting a deal with Bush.

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Friday's Question:

President Bush on Thursday called blocking Osama bin Laden's attempts to attack the United States the country's "greatest challenge." Before yesterday, when was the last time the President mentioned bin Laden during a speech or press conference?

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December 2003

September 2004

January 2005

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