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Social Security adviser casts doubt on Bush plan

By David E. Rosenbaum and Edmund L. Andrews, New York Times News Service

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WASHINGTON -- Robert Pozen, the business executive who developed the theory behind President Bush's plan to trim Social Security benefits in the future, urged the president on Thursday to drop his insistence on using a portion of workers' taxes to pay for individual investment accounts.

This was one of two blows during the day to Bush's policies on Social Security and retirement saving. In the House, Rep. Bill Thomas (R-Calif.), chairman of the Ways and Means Committee, disregarded the methods favored by the president to encourage workers to save for retirement--mostly tax incentives for the affluent--and offered different proposals.

The president's Social Security and retirement measures have faced trouble in Congress all year, and the developments on Thursday raised further doubt about their prospects.

On the question of Pozen's defection, Trent Duffy, a White House spokesman, said, "The president is committed to a voluntary personal account as part of a comprehensive Social Security modernization plan."

On Thomas' stance on retirement saving, Duffy said Bush "understands and welcomes the chairman's ideas."

Pozen, a member of Bush's advisory commission on Social Security in 2001, said at a forum at the Treasury Department that the president's plan for investment accounts would destroy the chances for a Social Security bill in Congress and would make it more difficult to solve the system's financial problems.

He developed the technique known as progressive indexing that Bush embraced last month as the way to reduce the long-term cost of Social Security.

In indexing, retirement benefits of workers earning less than about \$20,000 would be fully protected, but other workers' benefits would be reduced as their income increased. In all cases, benefits would keep pace with inflation.

Pozen believes some form of private accounts could be useful but said Bush's proposals cut revenue too much.

"The accounts are just too large," Pozen said.

He suggested that Bush consider a surcharge on payroll taxes for people who earn more than \$90,000 a year, currently the ceiling on which Social Security taxes are paid.

At the Ways and Means Committee, Thomas offered at least one idea that seemed to have bipartisan support. He would require employers that offered their workers 401(k) plans to enroll the workers automatically unless the workers specifically opted out, instead of leaving it to workers to take the initiative to sign up.

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