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AARP Opposes Bush Plan to Replace Social Security With Private Accounts

By **ROBERT PEAR**

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WASHINGTON, Nov. 11 - Gearing up for battle over the future of Social Security, AARP, the influential lobby for older Americans, said Thursday that it opposed [President Bush's](#) plan to divert some payroll taxes into private retirement accounts. But it supports new incentives for private accounts that supplement Social Security.

Working closely with Congress and the White House, AARP helped shape legislation adding drug benefits to Medicare last year. Social Security is an even bigger issue, politically and financially, and lawmakers said Congress was unlikely to make major changes in Social Security over the organization's objections.

Marie F. Smith, president of the organization, said, "AARP adamantly opposes replacing any part of Social Security with individual accounts." But Ms. Smith added that the group supported incentives for people to establish personal retirement accounts in addition to Social Security.

John C. Rother, the organization's policy director, said, "We favor private accounts when they are in addition to Social Security, but not as a substitute."

The fight over Social Security, pitting Mr. Bush's vision of an "ownership society" against the Democrats' determination to preserve a cornerstone of the New Deal, is reflected in a battle over the proper terminology.

The White House dislikes the word "privatization," which it sees as a misleading and imprecise way to describe Mr. Bush's ideas for Social Security. Democrats insist that the term is accurate.

E-mail messages circulated within AARP in recent weeks indicated that the group would avoid the word whenever possible.

One message, by an editor of an AARP magazine, says, "There is a new forbidden word at AARP: Social Security privatization."


Another e-mail message, by a manager of its Web site, says, "The term 'privatization' is stricken from our vocabulary forever."

David M. Certner, the organization's director of federal affairs, said "privatization" had no fixed meaning or definition. To some people, he said, it means "getting rid of the entire program" - a goal

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not favored by the White House.

Martis J. Davis, a spokesman for the organization, said it was sensitive to the views of younger workers and retirees.

"Younger people think private accounts make sense," Mr. Davis said. "Polls by some organizations suggest that young people believe in flying saucers more than in Social Security. We have a problem with that. We don't want to end up being perceived as dinosaurs, and we don't want to be labeled as greedy geezers, because we are not."

In interviews this week, three Republican members of Congress - Representative E. Clay Shaw Jr. of Florida and Senators Lindsey Graham of South Carolina and John E. Sununu of New Hampshire - said Mr. Bush would make a major effort next year to overhaul Social Security.

"The election results have given new life to proposals for Social Security reform," Mr. Graham said.

Mr. Sununu said, "The president is very committed to an approach based on personal accounts."

House Democrats have begun to devise a strategy to oppose private accounts.

"Privatizing Social Security will divert trillions of dollars from the trust funds and force significant benefit cuts," said Representative Robert T. Matsui, Democrat of California.

In general, Social Security payroll taxes are credited to the Social Security trust funds, and revenues not needed to pay benefits in the current year are invested in government securities. White House officials and many Republicans in Congress say workers could get higher rates of return if some of their retirement savings were invested in private stocks and bonds rather than in government securities.

Mr. Shaw, who is chairman of the House Ways and Means subcommittee on Social Security, said private accounts were "the only way we can take care of our kids in the future, when we'll have more retirees and fewer workers."

White House officials said it was unfair to portray the president as supporting privatization.

"I do not favor 'privatization' of Social Security," Mr. Bush wrote last month in the AARP Bulletin. "Those workers who do not want a personal account would continue to receive their benefits from the federally administered Social Security system. Even those who choose a personal account would continue to draw traditional Social Security benefits."

Mr. Bush said his proposal would give workers ownership and control of their accounts, allowing them to pass wealth to their heirs. But AARP says retirees would bear a substantial investment risk and would have to accept lower guaranteed benefits under the president's plan.

The Cato Institute, a libertarian research center, established a Project on Social Security Privatization in 1995, but in 2002 it was renamed the Project on Social Security Choice.

"Republicans in Congress do not like the word 'privatization' because it does not poll well," said Michael Tanner, director of the project. "The word polls more poorly than the actual concept, in part because people do not understand what it means."

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