

Thank you, Chairman Graham, Ranking Member Merkley, and my Senate colleagues for holding and inviting me to participate in today's hearing.

Everyone watching or sitting here living to retirement age will be affected by Social Security.

According to the most recent Social Security Trustees Report, over the next 75 years, payroll tax revenue will fall short of covering expected benefits by more than \$25 trillion in today's dollars if you don't factor in inflation, and \$674 trillion if you do.

By law, there has to be a cut in benefits so that you balance income with the amount of payments being made. If this occurs, the Social Security Actuaries project a 23 to 26% cut to benefits and to seniors and those who otherwise receive these benefits.

The Congressional Budget Office projects an even more dire cut of 28%.

We need to act to prevent these cuts.

Right now, the Social Security Trust Fund is bridging the gap, but this will be exhausted in 6-8 years.

Doing nothing will result in a benefit cut of 25% or borrowing close to \$700 trillion, which will put our debt-to-GDP ratio similar to that of Venezuela.

The Simpson-Bowles proposal of cutting benefits and raising taxes died politically.

We think there is a third option: The Save, Strengthen, and Secure It Choice.

This third option is what Congress has already done elsewhere: use a diversified investment fund.

This new fund would be entirely separate from the existing Social Security Trust Fund. It would be pre-funded with \$1.5 trillion and invested in the way that your 401k is invested. Funds would be held in escrow over 75 years, allowing the internal rate of return. As it does this, the balance in the escrow account can offset any borrowing required to pay scheduled benefits.

Now the good thing about what we're discussing is that it's been done before by Congress. In 2001, the federal railroad retirement system was going insolvent

because there were more retirees relative to workers. Congress, in 2001, allowed their trust fund to be put into an investment vehicle, just like we are proposing. And since then, the corpus used to pay those benefits has grown. Now, that fund is firmly in the black.

Every Democrat who is currently in Congress, and who was in Congress then, including those on this committee and those on the Senate Finance Committee, voted for that bill. The opposition actually came from some on the Republican party, but it's worked out fantastic. And so, we are modeling our proposal after that.

We are also modeling after best practices in the private sector. If you work for a corporation and they are planning to pay you benefits in the future, they have a pension investment fund that does this in the exact same way.

This is overwhelming popular with the American people and with every generation.

We would include strict legislative guardrails—modeled after what already worked for the Railroad Retirement Program—that would keep the fund independently managed, focused on maximizing returns, and protected from political interference.

Annual audits and full transparency would be required.

Social Security is deteriorating so quickly.

If we had done this ten years ago, actual market returns would have made the investment fund fully self-sustaining in 2033, the projected year of insolvency.

The more we wait, the harder it gets.

The question is Mr. Chairman and Mr. Ranking Member, are we going to fulfill our obligations to the American people in a way which is both politically and by policy viable to fix Social Security, not just now but for future generations.

I think this is a way we can do it on a bipartisan basis.