

first, and above all, we must save Social Security for the 21st century.

Early in this century, being old meant being poor. When President Roosevelt created Social Security, thousands wrote to thank him for eliminating what one woman called “the stark terror of penniless, helpless old age.” Even today, without Social Security, half our Nation’s elderly would be forced into poverty.

Today, Social Security is strong. But by 2013, payroll taxes will no longer be sufficient to cover monthly payments. By 2032, the Trust Fund will be exhausted and Social Security will be unable to pay the full benefits older Americans have been promised.

The best way to keep Social Security a rock-solid guarantee is not to make drastic cuts in benefits, not to raise payroll tax rates, not to drain resources from Social Security in the name of saving it. Instead, I propose that we make the historic decision to invest the surplus to save Social Security.

Specifically, I propose that we commit 60 percent of the budget surplus for the next 15 years to Social Security, investing a small portion in the private sector, just as any private or State Government pension would do. This will earn a higher return and keep Social Security sound for 55 years.

But we must aim higher. We should put Social Security on a sound footing for the next 75 years. We should reduce poverty among elderly women, who are nearly twice as likely to be poor as our other seniors. And we should eliminate the limits on what seniors on Social Security can earn.

Now, these changes will require difficult but fully achievable choices, over and above the dedication of the surplus. They must be made on a bipartisan basis. They should be made this year. So let me say to you tonight, I reach out my hand to all of you in both Houses, in both parties, and ask that we join together in saying to the American people: We will save Social Security now.

Now, last year we wisely reserved all of the surplus until we knew what it would take to save Social Security. Again, I say, we shouldn’t spend any of it, not any of it, until after Social Security is truly saved. First things first.

Second, once we have saved Social Security, we must fulfill our obligation to save and improve Medicare. Already, we have extended the life of the Medicare Trust Fund by 10 years,

but we should extend it for at least another decade. Tonight I propose that we use one out of every \$6 in the surplus for the next 15 years to guarantee the soundness of Medicare until the year 2020.

But again, we should aim higher. We must be willing to work in a bipartisan way and look at new ideas, including the upcoming report of the bipartisan Medicare Commission. If we work together, we can secure Medicare for the next two decades and cover the greatest growing need of seniors, affordable prescription drugs.

Third, we must help all Americans, from their first day on the job, to save, to invest, to create wealth. From its beginning, Americans have supplemented Social Security with private pensions and savings. Yet today, millions of people retire with little to live on other than Social Security. Americans living longer than ever simply must save more than ever.

Therefore, in addition to saving Social Security and Medicare, I propose a new pension initiative for retirement security in the 21st century. I propose that we use a little over 11 percent of the surplus to establish universal savings accounts—USA accounts—to give all Americans the means to save. With these new accounts, Americans can invest as they choose and receive funds to match a portion of their savings, with extra help for those least able to save. USA accounts will help all Americans to share in our Nation’s wealth and to enjoy a more secure retirement. I ask you to support them.

Fourth, we must invest in long-term care. I propose a tax credit of \$1,000 for the aged, ailing or disabled, and the families who care for them. Long-term care will become a bigger and bigger challenge with the aging of America, and we must do more to help our families deal with it.

I was born in 1946, the first year of the baby boom. I can tell you that one of the greatest concerns of our generation is our absolute determination not to let our growing old place an intolerable burden on our children and their ability to raise our grandchildren. Our economic success and our fiscal discipline now give us an opportunity to lift that burden from their shoulders, and we should take it.

Saving Social Security, Medicare, creating USA accounts, this is the right way to use the surplus. If we do so—if we do so—we will still have resources to meet critical needs in education and defense. And I want to point out