

MEMO# 13481

May 4, 2001

PRESIDENT ESTABLISHES SOCIAL SECURITY COMMISSION; PERSONAL ACCOUNTS TO BE CONSIDERED

[13481] May 4, 2001 TO: BOARD OF GOVERNORS No. 23-01 FEDERAL LEGISLATION MEMBERS No. 7-01 PRIMARY CONTACTS - MEMBER COMPLEX No. 32-01 PUBLIC INFORMATION COMMITTEE No. 13-01 RE: PRESIDENT ESTABLISHES SOCIAL SECURITY COMMISSION; PERSONAL ACCOUNTS TO BE CONSIDERED The President announced the establishment of a commission to reform Social Security on May 2. The President's Commission to Strengthen Social Security will be guided by the following principles: • modernization must not change Social Security benefits for retirees and near-retirees; • the entire Social Security surplus must be dedicated to Social Security only; • Social Security payroll taxes must not be increased; • the Government must not invest Social Security funds in the stock market; • modernization must preserve Social Security's disability and survivors components; and • modernization must include individually controlled, voluntary personal retirement accounts, which will augment the Social Security safety net. The Commission is composed of 16 members appointed by the President - eight Republicans and eight Democrats. Former Senator Daniel Patrick Moynihan and Richard Parsons, Co-Chief Operating Officer of AOL Time Warner, will co-chair the Commission. The other members of the Commission are Robert Pozen, Vice Chairman of Fidelity Investments; Sam Beard, founder and President of Economic Security 2000; John Cogan, Deputy Director of the Office of Management and Budget under President Reagan; Robert Deposada, Executive Director of the Hispanic Business Roundtable and President and CEO of ONE Research and Marketing, Inc.; Bill Frenzel, former Congressman from Minnesota; Estelle James, World Bank consultant; Robert Johnson, CEO of Black Entertainment Television; Gwendolyn King, former Social Security Administration Commissioner; Olivia Mitchell, Wharton University professor; Gerry Parsky, Assistant Secretary of the Treasury under President Ford; Tim Penny, former Congressman from Minnesota; Thomas Saving, Texas A&M University Director of Private Enterprise Research Center and Social Security Public Trustee; Fidel Vargas, Vice President of Reliant Equity Investors and former Mayor of Baldwin Park, California; and Carolyn Weaver, Resident Scholar at the American Enterprise Institute. 2Public hearings will be held at the call of the co-chairs, in consultation with the President. The Commission will submit an interim report describing the challenges facing the Social Security system and the criteria by which the Commission will evaluate reform proposals. A final report setting forth the Commission's recommendations regarding how to strengthen Social Security with personal accounts will be submitted during the fall of 2001. We will inform you of further developments. Matthew P. Fink President

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