

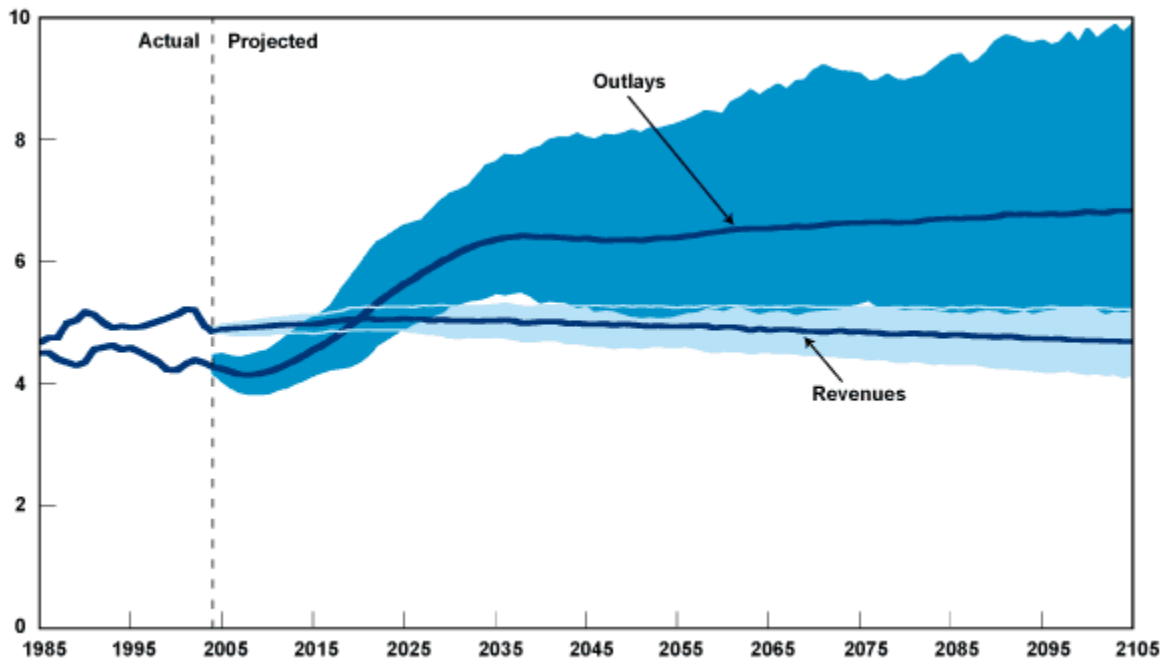
**LIBERTARIAN U.S. SENATE
CANDIDATE SAYS THE TIME FOR
SOCIAL SECURITY REFORM IS NOW;
PROPOSES SOLUTION**

Atlanta, July 2, 2008 – Allen Buckley, the Libertarian Party's 2008 U.S. Senate candidate seeking the seat currently held by Saxby Chambliss, has called for **immediate** reform of the Social Security system pursuant to a plan he has created.

In 2007 and again in 2008, the U.S. Department of the Treasury and the Social Security Administration, reported that Social Security faces a \$13.6 Trillion shortfall in present-value terms. The Treasury Department also reported that, absent reform, today's children will receive benefits the present value of which is much lower than the present value of the Social Security taxes they will pay. The Treasury Department stated: "Delaying changes to Social Security reduces the number of cohorts over which the burden of reform can be spread. Not taking action is thus unfair to future generations. This is a significant cost of delay."

Mr. Buckley is an attorney and CPA who primarily works in the employee benefits area of law. Attached to his website is an article titled "The Social Security Hypocrisy." The article describes the federal laws that would be broken if the Social Security system was subject

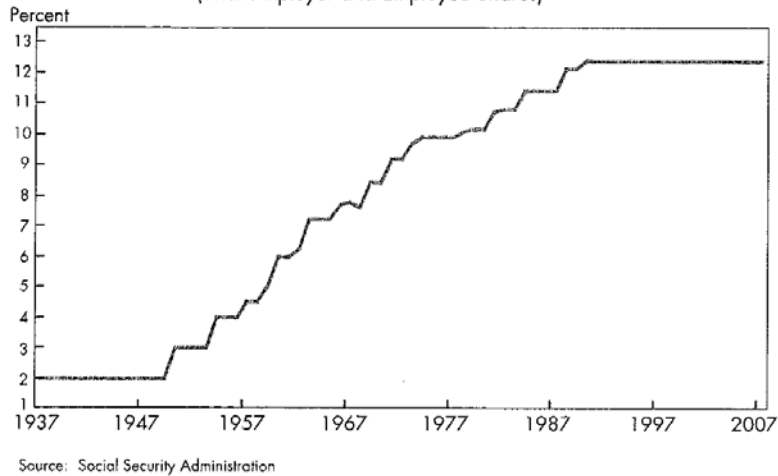
to federal pension laws. The article also notes that Social Security has run surpluses of over \$2 Trillion since 1983, but those surpluses have been spent by Congress. IOUs without any assets to back them have been received by the Social Security trust fund. If those surpluses had been invested and had returned 8 percent, the total surplus assets would now equal approximately \$4 Trillion. The surpluses are expected to expire in 2017.



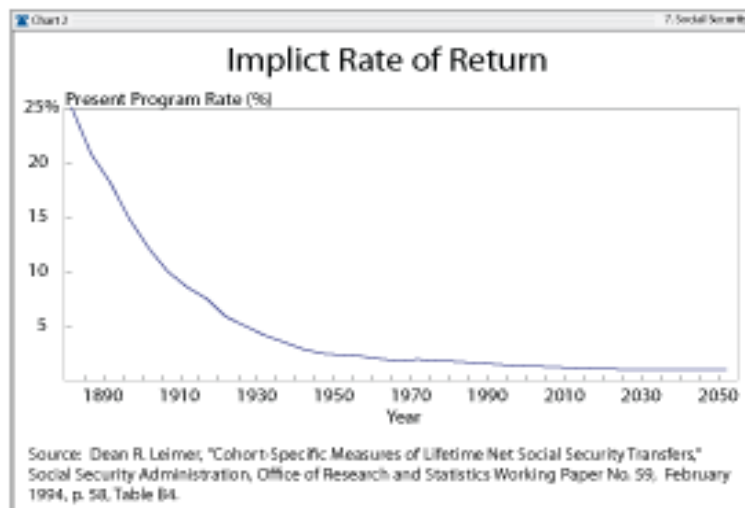
Source: Congressional Budget Office.

Over time, both the annual amounts subject to tax and the tax rate on employer and employee compensation has increased. The initial rate in 1937 was 1 percent on each. In 1968, it was 3.8 percent. Today, it is 6.2 percent on each.

Figure 1: OASDI Tax Rates by Year
(Total Employer and Employee Shares)



Initial recipients of Social Security received very substantial returns-many over 25 percent-on their investment. As time has passed, returns have diminished.



Buckley said: “What is happening with respect to Social Security is absolutely wrong. Good people who seek justice and people who have children for whom they care need to wake up and take action. Otherwise, between the debt now being created and the interest that will accrue, the Medicare and Medicaid entitlements

system and Social Security, our children's lives will be very difficult.”

Buckley proposes a plan for Social Security that has three primary pieces. First, unlike past and current practice, the surpluses that are expected to run through 2017 would not be loaned to the federal government for IOUs. Instead, they would be invested in stocks and bonds and similar pension assets, with asset managers paid based on productivity, and with individuals given the right to invest their shares of the annual surpluses (instead of being invested by asset managers), with commensurate adjustments to benefits (increases or reductions) based on individual investment returns. If an annual return of 8 percent was experienced, the Surpluses would carry forward and cover costs through 2025.

Second, a “seven-eleven” national referendum would be held to decide whether the tax rate should be increased from 6.2 to 7.0 percent, in order to keep benefits constant until approximately 2052, or instead the 6.2 percent rate retained with an eleven percent benefit reduction. If a tax increase was approved, the assets produced and not used to pay benefits would be invested in stocks and bonds, subject to taxpayers' rights to invest their respective shares, as described above. If the referendum outcome was against an increased tax, then the benefit reduction would be phased in over 3 years. Surpluses would be

invested as described above. Annual benefit increases would be tied to seniors' cost-of-living increases.

Third, dollar-for-dollar matching contributions would be added for people born after 1985, on the first 2 percent of compensation contributed to an IRA, pension plan, etc., provided that matchable compensation would be limited to average full-time worker's compensation. Employee deferrals made to produce matching contributions would be tax-deductible for income tax purposes. The matching contributions would produce roughly 150 percent of the (20-24 percent) foregone benefits that are anticipated in 2052 and thereafter. However, the matching contributions would be forfeited if the contributions that created them were distributed prior to Social Security retirement age or disability. A phase-in of matching contributions would apply to people born prior to 1986, but expected to live beyond 2052. People working full-time and earning less than an average worker who participated in a 401(k) plan, etc. could elect to receive 2 percent matching contributions on a one percent 401(k) elective deferral—i.e. without a separate contribution. For such a person, if no such plan was available, then the 2 percent match could be received on a one-percent contribution to an IRA or qualified plan, except that a phase-out of the one-percent provision would exist for people making 80 percent or more but less than 100 percent of an average worker's compensation.

Distributions would be subject to income tax. Beginning in 2052 and thereafter, Social Security tax receipts would be used exclusively to pay benefits based on the traditional defined benefit formula, and no surpluses would exist.

Buckley also said: “I challenge Saxby Chambliss and the Democratic candidates for U.S. Senate to provide their solutions to the potentially disastrous and grossly unfair Social Security situation.”

Mr. Buckley’s web site is www.buckleyforsenate.com. Mr. Buckley can be reached at (404) 962-1042.