

# How CIRA Will Save Social Security

## Why the COL Social Security Retirement Replacement Plan is Best

1. It preserves social security retirement ... indefinitely!
2. When fully implemented, the COL retirement plan will be self-funding.
3. Social Security would be protected, as is, for those over the age of 49 (at program start), but Social Security as a program would be eliminated in the far future.
4. The COL eliminate all payroll taxes and replaces with a small income tax.
5. The COL would mandate that all individuals receive a wage increase equal to the entire payroll tax of 16.2%. See the *COL Tax Plan* white paper for the revenue plan.
6. For those under the age of 49, Social Security would be replaced by a new program called the Complementary Individual Retirement Account or CIRA.
  - a. All individuals will manage their personal CIRA (from approved retirement planners) using their own risk analysis.
  - b. CIRA will be funded by an income tax less than 3%.
7. CIRA will inject trillions into the financial capital markets stimulating economic growth.

## “Social Security Insurance” – What is the Purpose?

“The reality facing today's workers—that Social Security will not, nor was it intended to, constitute the entirety of U.S. workers' retirement income (DeWitt 1996)—has highlighted the importance of personal financial responsibility.”<sup>1</sup>

This is NOT political philosophy. This is what the social security administration says! Current social security benefits currently are set at approximately 10% above the poverty threshold ... not a hardy retirement but enough to protect the elderly from living in poverty.

## Retirement Planning – Whose Responsibility is it?

Social Security is exactly what it says it is: security FOR society (not individuals) FROM a large elderly population living in poverty. It is NOT, and never was, intended to serve as an individual's retirement plan. The government simply cannot adequately fund national retirement plans for all of citizens through taxation.

Retirement planning is an individual responsibility. Yet, statistically speaking, individuals will not provide themselves with adequate savings.

“[P]eople make an array of unsatisfactory choices and decisions, ranging from self-control failures to suboptimal asset allocation that cannot be readily explained by economic models nor entirely remedied by making additional information available.”<sup>2</sup>

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<sup>1</sup> Melissa A. Z. Knoll, *The Role of Behavioral Economics and Behavioral Decision Making in Americans' Retirement Savings Decisions*, *Social Security Bulletin*, Vol. 70, No. 4, 2010. <https://www.ssa.gov/policy/docs/ssb/v70n4/v70n4p1.html>

<sup>2</sup> *Ibid.*

Intervention is required. The current model will fail (due to lack of funding), and proposed “privatized” non-mandatory solutions would fail also (due to individual decision-making issues described above).

## How Does the COL Plan Work?

- All citizens will be divided into groups based on age.
  - Group 1: 26 and younger
  - Group 2: 27 to 48
  - Group 3: 49 to retirement
- Group 3 will receive social security benefits under the current system as promised.
- Groups 1 and 2 will participate in CIRA but their accounts will be funded under different sliding scales so that both groups will receive a fully funded CIRA at retirement.
- All citizens under the age of 49 at program start will be required to have a CIRA starting with the first year they begin working full-time or the first year they exit their chosen school program (high school, college, professional) or upon being claimed as an adult dependent.
- All citizens will pay an income tax without deduction that is less than 3% of total income.
- A non-working spouse must have a CIRA with the same annual contribution as the working spouse. A dependent of working age who is not in school must have a CIRA with the same annual contribution as the head of household.
- Individuals will manage their own CIRA.
- Individuals upon retirement may spend their retirement at a rate that would exhaust the account by average life expectancy (12 years minimum).
- Upon death, any remaining funds in the CIRA will return to the government as “reclaimed funds.”
- Reclaimed funds will cover the cost of the nation’s “social security” for those individuals whose CIRA is depleted due to long life.

## Budgeting Assumptions<sup>3</sup>

Budgeting Assumptions	Number
Program Start Year	2017
Maximum CIRA Income Tax	2.88%
GDP Growth Rate	1.02%
COL OASI Offset Increase	14%

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<sup>3</sup> Adjusting for population would serve some purpose due to an increase in retained MRAs as a majority of immigrants fall below the age of 35, impacting cost only slightly but increasing substantially the total value of retained MRAs due to death. The COL chose not to include the calculation as it supports “conservative” accounting principles of maximizing expense projections while minimizing revenue projections.

## Investment Saving Assumptions<sup>4</sup>

Investment Savings Assumptions	Number
<b>ROI While Working</b>	<b>7%</b>
<b>ROI In Retirement</b>	<b>4%</b>
<b>Annual Inflation</b>	<b>3%</b>
<b>Years of retirement income</b>	<b>12</b>
<b>ROI Adjusted for Inflation</b>	<b>104%</b>

## CIRA Groups

Complementary Individual Retirement Account (CIRA) Groups	Group Number	Start Age in 2017	End Age in 2017
Lifetime CIRA participant	1	18	18
CIRA participant where maximum CIRA tax would EXCEED necessary CIRA savings	1	18	25
CIRA participant where maximum CIRA tax would be LESS THAN needed CIRA savings, requiring federal matching funds	2	26	48
Participant remains in current Social Security Insurance Program	3	49	66

## Acronyms Used

Description	Acronym
Average Life Expectancy	ALE
Congressional Budget Office	CBO
Children of Liberty	COL
Gross Domestic Product	GDP
Complementary Individual Retirement Account	CIRA
Old Age Benefit of Social Security	OA
Return on Investment	ROI
Survivor's Insurance Benefit of Social Security	SI
Social Security Administration	SSA

<sup>4</sup> Adjusting for wage inflation or population growth would be useful for cost predictions but serve little benefit during planning. Since the CIRA tax is based on income, adjusting income for inflation will only change the nominal values but not the percentages of revenue to expense for the government.

## Key to Data Tables

Table	Description
T1	Complementary Individual Retirement Account (CIRA) program highlights
T2	Yearly Detail of Combined CIRA and Social Security Administration (SSA) Old Age (OA) Benefit Costs
T3	Yearly summary of CIRA program cost projections

## Data Tables<sup>5</sup>

Table 1. Complementary Individual Retirement Account (CIRA) highlights

Complementary Individual Retirement Account (CIRA) Program Milestones	Year
CIRA program begins	2017
CIRA injects \$250 billion into investments	2017
CIRA values exceed \$1 trillion	2020
CIRA program annual costs begin to decline	2025
CIRA investment values exceed \$5 trillion	2027
CIRA and SSA OA programs reach highest cost	2028
CIRA and SSA OA begin declining annual cost	2029
Annual CIRA and SSA OA cost falls below projected SSA OA cost	2031
CIRA investment values exceed \$10 trillion	2033
SSA OASI trust fund depleted without SSA reform	2034
Year of last SSA retiree with CIRA	2036
First year of CIRA retiree	2037
CIRA program annual surplus begins	2038
CIRA and SSA OA annual surplus begins	2048
CIRA investment values exceed \$20 trillion	2056
CIRA reduces average annual cost of SSA OA from 4.35% to 0% of GDP!	2065
CIRA program stabilizes at near \$0 cost	2066
CIRA 50 year cost savings over \$45 trillion	2066

<sup>5</sup> For a full list of all tables and long range projections, see *COL CIRA Spreadsheet*.

Table 2. Yearly Detail of Combined CIRA and Social Security Administration (SSA) Old Age (OA) Benefit Costs<sup>6</sup>

Year	CIRA Net Capital Increase		CIRA Total Capital	CIRA Tax	CIRA Capital Reclaim	CIRA Total Revenue	CIRA Transition Matching Expense	CIRA ALE Expense	CIRA Total Expense	CIRA Program Cost	CIRA OA Expense	Combined Program Costs	Combined Program GDP %	OA Portion of SSA Yearly Cost	Annual Cost Difference	Program Running Cost Different	OA GDP %	GDP % Different
2017	273	7.4%	273	67	0	67	159	0	159	92	739	831	4.54	648	182	182	3.54	1.00
2018	310	8.2%	583	63	1	64	160	0	160	96	750	846	4.53	658	188	370	3.52	1.01
2019	348	9.0%	931	60	1	61	162	0	162	100	767	867	4.55	673	195	565	3.53	1.02
2020	389	9.9%	1,320	57	2	59	163	0	163	105	799	904	4.65	701	203	767	3.61	1.04
2021	431	10.7%	1,751	53	3	56	164	0	164	108	842	950	4.80	738	212	979	3.73	1.07
2022	475	11.6%	2,226	50	3	54	165	0	165	112	880	992	4.91	772	220	1,199	3.82	1.09
2023	520	12.5%	2,746	47	4	51	166	0	166	115	919	1,035	5.02	806	228	1,427	3.91	1.11
2024	564	13.3%	3,310	44	6	50	165	0	165	115	956	1,071	5.09	839	233	1,660	3.99	1.11
2025	611	14.1%	3,921	43	8	51	164	0	164	114	998	1,112	5.18	875	236	1,896	4.08	1.10
2026	659	14.9%	4,580	40	10	50	163	0	163	113	1,039	1,152	5.27	911	241	2,137	4.16	1.10
2027	709	15.7%	5,289	37	12	50	163	0	163	113	1,084	1,197	5.36	946	251	2,388	4.24	1.12
2028	762	16.5%	6,051	35	15	50	162	0	162	112	1,129	1,241	5.45	979	262	2,650	4.30	1.15
2029	809	17.2%	6,860	33	18	51	155	0	155	104	1,128	1,232	5.30	1,016	216	2,866	4.38	0.93
2030	857	17.9%	7,717	32	21	53	149	0	149	96	1,033	1,129	4.77	1,050	79	2,944	4.43	0.33
2031	908	18.6%	8,625	31	25	55	144	0	144	88	946	1,034	4.28	1,085	-51	2,893	4.49	-0.21
2032	961	19.3%	9,586	29	28	58	139	0	139	81	866	947	3.84	1,120	-172	2,721	4.54	-0.70
2033	1,016	20.0%	10,601	28	32	60	134	0	134	74	793	867	3.45	1,153	-286	2,435	4.59	-1.14
2034	1,060	20.4%	11,662	28	40	68	123	0	123	55	792	847	3.31	1,182	-335	2,100	4.61	-1.31
2035	1,110	21.0%	12,772	29	48	77	114	0	114	37	725	762	2.91	1,215	-453	1,648	4.65	-1.73
2036	1,162	21.5%	13,933	29	57	86	105	0	105	19	664	683	2.56	1,246	-563	1,085	4.67	-2.11
2037	540	9.8%	14,474	30	60	90	91	0	91	1	607	608	2.23	1,275	-667	417	4.69	-2.45
2038	509	9.1%	14,983	32	63	95	78	0	78	-16	556	540	1.95	1,303	-763	-346	4.70	-2.75
2039	479	8.4%	15,462	34	65	99	67	0	67	-31	509	477	1.69	1,329	-852	-1,198	4.70	-3.01
2040	451	7.7%	15,914	35	68	103	58	0	58	-45	464	419	1.45	1,358	-939	-2,137	4.70	-3.25

<sup>6</sup> All non percentage numbers (except Year) in billions.

Year	CIRA Net Capital Increase		CIRA Total Capital	CIRA Tax	CIRA Capital Reclaim	CIRA Total Revenue	CIRA Transition Matching Expense	CIRA ALE Expense	CIRA Total Expense	CIRA Program Cost	CIRA OA Expense	Combined Program Costs	Combined Program GDP %	OA Portion of SSA Yearly Cost	Annual Cost Difference	Program Running Cost Different	OA GDP %	GDP % Different
2041	425	7.1%	16,339	37	70	107	49	0	49	-58	421	364	1.23	1,383	-1,019	-3,156	4.70	-3.46
2042	400	6.6%	16,739	38	72	110	41	0	41	-69	378	309	1.03	1,408	-1,099	-4,255	4.69	-3.66
2043	376	6.1%	17,114	40	74	114	34	0	34	-80	327	248	0.81	1,431	-1,183	-5,438	4.67	-3.86
2044	352	5.6%	17,466	42	76	118	28	0	28	-89	258	168	0.54	1,457	-1,289	-6,727	4.66	-4.12
2045	329	5.1%	17,795	43	78	121	23	0	23	-98	203	105	0.33	1,475	-1,371	-8,097	4.63	-4.30
2046	307	4.7%	18,102	45	80	125	19	0	19	-106	160	54	0.16	1,502	-1,448	-9,546	4.62	-4.46
2047	285	4.2%	18,386	47	81	128	15	0	15	-113	126	12	0.04	1,521	-1,508	-11,054	4.59	-4.55
2048	263	3.8%	18,649	48	83	131	11	0	11	-120	99	-21	-0.06	1,546	-1,566	-12,621	4.57	-4.63
2049	241	3.5%	18,890	50	84	134	9	16	24	-110	78	-32	-0.09	1,568	-1,600	-14,220	4.54	-4.64
2050	220	3.1%	19,111	51	86	137	6	30	37	-100	61	-39	-0.11	1,590	-1,629	-15,850	4.52	-4.63
2051	203	2.8%	19,314	53	87	140	5	45	49	-91	48	-43	-0.12	1,613	-1,656	-17,505	4.49	-4.61
2052	186	2.5%	19,500	55	88	143	3	58	61	-82	38	-44	-0.12	1,639	-1,683	-19,188	4.48	-4.60
2053	169	2.2%	19,670	56	89	145	2	71	73	-73	30	-43	-0.11	1,662	-1,705	-20,893	4.45	-4.57
2054	153	2.0%	19,823	57	90	148	1	82	83	-65	24	-41	-0.11	1,689	-1,730	-22,623	4.43	-4.54
2055	137	1.7%	19,960	58	91	150	0	91	92	-58	19	-39	-0.10	1,720	-1,759	-24,382	4.43	-4.53
2056	120	1.5%	20,080	60	92	152	0	100	100	-52	15	-37	-0.09	1,747	-1,784	-26,167	4.41	-4.50
2057	104	1.3%	20,183	60	93	153	0	107	107	-45	13	-32	-0.08	1,782	-1,814	-27,980	4.41	-4.49
2058	87	1.0%	20,271	60	93	153	0	113	114	-39	12	-27	-0.07	1,818	-1,845	-29,825	4.41	-4.48
2059	71	0.8%	20,342	60	94	154	0	119	119	-34	11	-23	-0.05	1,854	-1,877	-31,703	4.41	-4.46
2060	55	0.6%	20,397	60	94	154	0	124	124	-30	10	-20	-0.05	1,891	-1,911	-33,614	4.41	-4.46
2061	46	0.5%	20,443	60	95	154	0	128	128	-26	9	-17	-0.04	1,933	-1,950	-35,563	4.42	-4.46
2062	37	0.4%	20,480	60	95	155	0	132	132	-23	9	-14	-0.03	1,964	-1,978	-37,542	4.40	-4.43
2063	29	0.3%	20,509	60	95	155	0	135	135	-20	8	-12	-0.03	2,007	-2,019	-39,561	4.41	-4.44
2064	20	0.2%	20,528	60	96	155	0	138	138	-17	7	-10	-0.02	2,047	-2,057	-41,618	4.41	-4.43
2065	10	0.1%	20,539	60	96	155	0	140	140	-15	7	-8	-0.02	2,092	-2,101	-43,718	4.42	-4.44
2066	5	0.1%	20,544	60	96	155	0	142	143	-13	6	-7	-0.01	2,138	-2,145	-45,863	4.43	-4.44

Table 3. CIRA program transition matching costs by year

Age	Birth Year	Age to Retire	Year to Retire	Average Annual Wage	Current Expected Monthly Payout	Current Expected Annual Payout	Percent of Average Earnings	Average SSA Payout	Total Annual Matching Cost	Annual Retirement Saving Rate for Equal SSA Payout	CIRA Income Tax	Federal Matching Percent	Total Workers (in thousands)
18	1999	67	2066	\$26,140	1,467	17,604	0.67	211,248	0	1.80%	2.88%	0.00%	1,555
19	1998	67	2065	\$26,140	1,467	17,604	0.67	211,248	0	1.90%	2.88%	0.00%	1,555
20	1997	67	2064	\$26,140	1,467	17,604	0.67	211,248	0	2.10%	2.88%	0.00%	2,804
21	1996	67	2063	\$26,140	1,467	17,604	0.67	211,248	0	2.10%	2.88%	0.00%	2,804
22	1995	67	2062	\$26,140	1,467	17,604	0.67	211,248	0	2.20%	2.88%	0.00%	2,804
23	1994	67	2061	\$26,140	1,467	17,604	0.67	211,248	0	2.40%	2.88%	0.00%	2,804
24	1993	67	2060	\$26,140	1,467	17,604	0.67	211,248	0	2.60%	2.88%	0.00%	2,804
25	1992	67	2059	\$38,248	1,467	17,604	0.46	211,248	0	2.70%	2.88%	0.00%	3,287
26	1991	67	2058	\$38,248	1,467	17,604	0.46	211,248	314	2.90%	2.88%	0.02%	3,287
27	1990	67	2057	\$38,248	1,467	17,604	0.46	211,248	4,896	3.20%	2.88%	0.32%	3,287
28	1989	67	2056	\$38,248	1,467	17,604	0.46	211,248	7,757	3.40%	2.88%	0.52%	3,287
29	1988	67	2055	\$38,248	1,467	17,604	0.46	211,248	11,918	3.70%	2.88%	0.82%	3,287
30	1987	67	2054	\$38,248	1,467	17,604	0.46	211,248	14,435	3.90%	2.88%	1.02%	3,261
31	1986	67	2053	\$38,248	1,461	17,532	0.46	211,248	18,175	4.20%	2.88%	1.32%	3,261
32	1985	67	2052	\$38,248	1,461	17,532	0.46	211,248	23,025	4.60%	2.88%	1.72%	3,261
33	1984	67	2051	\$38,248	1,461	17,532	0.46	211,248	26,269	4.90%	2.88%	2.02%	3,261
34	1983	67	2050	\$38,248	1,461	17,532	0.46	211,248	30,545	5.30%	2.88%	2.42%	3,261
35	1982	67	2049	\$45,665	1,461	17,532	0.38	210,384	41,208	5.70%	2.88%	2.82%	3,112
36	1981	67	2048	\$45,665	1,442	17,304	0.38	210,384	46,998	6.20%	2.88%	3.32%	3,112
37	1980	67	2047	\$45,665	1,442	17,304	0.38	210,384	52,332	6.70%	2.88%	3.82%	3,112
38	1979	67	2046	\$45,665	1,442	17,304	0.38	210,384	57,209	7.20%	2.88%	4.32%	3,112
39	1978	67	2045	\$45,665	1,442	17,304	0.38	210,384	62,908	7.80%	2.88%	4.92%	3,112
40	1977	67	2044	\$45,665	1,442	17,304	0.38	207,648	66,826	8.30%	2.88%	5.42%	3,139
41	1976	67	2043	\$45,665	1,411	16,932	0.37	207,648	72,662	9.00%	2.88%	6.12%	3,139
42	1975	67	2042	\$45,665	1,411	16,932	0.37	207,648	79,000	9.80%	2.88%	6.92%	3,139

Age	Birth Year	Age to Retire	Year to Retire	Average Annual Wage	Current Expected Monthly Payout	Current Expected Annual Payout	Percent of Average Earnings	Average SSA Payout	Total Annual Matching Cost	Annual Retirement Saving Rate for Equal SSA Payout	CIRA Income Tax	Federal Matching Percent	Total Workers (in thousands)
43	1974	67	2041	\$45,665	1,411	16,932	0.37	207,648	85,704	10.70%	2.88%	7.82%	3,139
44	1973	67	2040	\$45,665	1,411	16,932	0.37	207,648	91,586	11.60%	2.88%	8.72%	3,139
45	1972	67	2039	\$46,832	1,411	16,932	0.36	203,184	98,085	12.40%	2.88%	9.52%	3,205
46	1971	67	2038	\$46,832	1,371	16,452	0.35	203,184	105,428	13.60%	2.88%	10.72%	3,205
47	1970	67	2037	\$46,832	1,371	16,452	0.35	203,184	112,584	14.90%	2.88%	12.02%	3,205
48	1969	67	2036	\$46,832	1,371	16,452	0.35	203,184	120,302	16.40%	2.88%	13.52%	3,205
49	1968	67	2035	\$46,832	1,371	16,452	0.35	203,184	0	0.00%	2.88%	0.00%	3,205
50	1967	67	2034	\$46,832	1,371	16,452	0.35	197,424	0	0.00%	2.88%	0.00%	3,324
51	1966	67	2033	\$46,832	1,321	15,852	0.34	197,424	0	0.00%	2.88%	0.00%	3,324
52	1965	67	2032	\$46,832	1,321	15,852	0.34	197,424	0	0.00%	2.88%	0.00%	3,324
53	1964	67	2031	\$46,832	1,321	15,852	0.34	197,424	0	0.00%	2.88%	0.00%	3,324
54	1963	67	2030	\$46,832	1,321	15,852	0.34	197,424	0	0.00%	2.88%	0.00%	3,324
55	1962	67	2029	\$47,692	1,321	15,852	0.33	190,224	0	0.00%	2.88%	0.00%	2,964
56	1961	67	2028	\$47,692	1,346	16,152	0.34	190,224	0	0.00%	2.88%	0.00%	2,964
57	1960	67	2027	\$47,692	1,346	16,152	0.34	190,224	0	0.00%	2.88%	0.00%	2,964
58	1959	67	2026	\$47,692	1,346	16,152	0.34	190,224	0	0.00%	2.88%	0.00%	2,964
59	1958	67	2025	\$47,692	1,346	16,152	0.34	190,224	0	0.00%	2.88%	0.00%	2,964
60	1957	67	2024	\$47,692	1,346	16,152	0.34	193,824	0	0.00%	2.88%	0.00%	2,031
61	1956	66	2022	\$47,692	1,123	13,476	0.28	193,824	0	0.00%	2.88%	0.00%	2,031
62	1955	66	2021	\$47,692	1,123	13,476	0.28	193,824	0	0.00%	2.88%	0.00%	2,031
63	1954	66	2020	\$47,692	1,123	13,476	0.28	193,824	0	0.00%	2.88%	0.00%	2,031
64	1953	66	2019	\$47,692	1,123	13,476	0.28	193,824	0	0.00%	2.88%	0.00%	2,031
65	1952	66	2018	\$45,270	1,123	13,476	0.30	161,712	0	0.00%	2.88%	0.00%	985
66	1951	66	2017	\$45,270	1,123	13,476	0.30	161,712	0	0.00%	2.88%	0.00%	985
67			2025	\$45,270									985