Private Accounts Are Risky, Many Young Workers Say

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OSTON, Feb. 3 - President Bush called his plan to shift Social Security into personal investment accounts "a better deal" for younger workers. But those he was claiming to help did not necessarily agree.

About 15 workers in their 20's and 30's interviewed here on Thursday said they had not counted on Social Security for anything more than a little extra cushion by the time they retire in three or four decades. But they worried that the stock market was too unreliable, or that people were too unschooled in managing money for Mr. Bush's plan to work.

Some expressed concern for their parents or others in their early 50's who might end up shortchanged in the stock market because any money diverted to a private account might not earn enough money by the time they retire. Others said they feared they would end up bailing out their peers who failed to invest well.

"Social Security is supposed to be a guaranteed safety net," said Teresa McMains, 28, a newly married software consultant who lives in Waltham, a suburb west of here, and voted for Senator John Kerry in the 2004 election. "If you invest it in the stock market, you take away the guaranteed returns. Even if there is opportunity for greater returns, there is inherent risk in the stock market."

Like most of those interviewed here, Ms. McMains said she was counting on her investments, a 401(k) and an I.R.A., for retirement. Still, she said, she did not want Social Security taken away, or given over to the vagaries of the market: "I don't trust the government to invest my money."

Ryan Purcell, 23, an actuary, agreed: "The stock market is set up to be risky. Risk should not be inherent in somebody's retirement."

There was general agreement that Social Security had to be fixed. But many said they preferred other solutions: raising the retirement age, or meting out benefits on a sliding scale according to income level.

Some of those interviewed were confused about the requirements involved in the accounts; some people feared, incorrectly, that workers would be given the portion of their earnings that now goes to Social Security and told they could invest or spend it, and would choose to spend.

"People who don't make a lot can't afford to save," said Paul Vivieros, 36, a software engineer who was taking a lunch break with Ms. McMains in the Back Bay. His father fixed sewing machines in a factory in Rhode Island, he said, and he and his brother were the first generation to go to college. "My parents very much depend on the money they get from the government," he said. "If they had had the opportunity to spend it on other things, they might have."

Social Security has hardly allowed his parents to live well in their retirement, he said, and that made him determined to invest more of his earnings elsewhere. Still, he said, he likes knowing there is a fallback.

And Mr. Vivieros, who said he did not vote in the last election, worries about having to float other people. "When we get to 70, will they say, 'Well, there are people who are poor now, so we have to tax you even more?'"
Only one person interviewed approved of private accounts. Aaron Kotok, 28, a law student at Harvard who voted for President Bush, called private accounts "a no-brainer."

"Private accounts do what Social Security was supposed to do," Mr. Kotok said, "put the money into a fund that grows."

He said he believed that the program could build in protections so that people do not risk too much, especially close to retirement age.

"I trust in the market, long term," Mr. Kotok said. "I don't trust that an entirely government-run system is going to work."

Democrats, he said, were sticking their heads in the sand to deny what he, and Mr. Bush, call a "crisis."

"I don't believe I'm going to get Social Security, and I definitely don't think she is," Mr. Kotok said, nodding at his 3-week-old daughter, Ella. "We have a responsibility to our grandchildren. People keep saying we have a responsibility to our grandchildren in terms of national security. Why don't they think about it that way in terms of financial security?"

Michael Baker, 23, a graduate of Amherst College who works with Mr. Purcell as an actuary, agreed that Social Security had problems. But he saw little in the president's plan to address it. "It moves money from one place to another," he said. "Social Security is not an investment scheme, it's someone's retirement."

He trusts the market, said Mr. Baker, who said he campaigned for Mr. Kerry, but not investors, who he fears might be overly aggressive.

"People generally think they're better than they really are at managing their own money," Mr. Baker said. "You shouldn't have risk in this basic level of what we think people need to survive when they're older. People don't know how to plan over their entire life."

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