

Social Security Fund Permits Uncle Sam To Build Reserve Fund That Earns Bond Profit

By JAMES MARLOW

WASHINGTON—(AP)—Do you ever wonder what happens to the social security tax you pay into the old-age pension plan? There are arguments over how that tax money is handled. But there is no sign that the present system will be changed.

The arguments will be outlined briefly here. But, first, here is the background.

If you're covered by the pension plan, you and your boss each pay yearly one percent of your salary up to the first \$3,000.

That's a total of two percent you and your boss pay. The government now is collecting yearly about \$1,800,000,000 that way.

Out of that, it's paying yearly in pensions and other benefits about \$700,000,000, leaving a yearly reserve of around \$1,100,000,000.

Since 1937, when it first started collecting this tax, the Social Security system has built up a reserve of around \$11,700,000,000.

The money doesn't lie idle. Congress said it should be invested in government bonds, which now pay around 2.18 percent interest.

So the Social Security Reserve fund, invested in those government bonds, is earning money. So much for that for a moment.

The government has a debt of \$255,000,000,000. It got into that debt mainly in the war and depression days.

That's when the cost of running the government far exceeded the money it was able to collect, mostly in income and corporation taxes.

So, as it got further and further into debt and needed extra money to keep going, it borrowed money.

It did the borrowing by selling bonds to banks, life insurance companies, you and me, and to the Social Security Reserve fund.

On all the bonds it sold, of course, including bonds sold to the Social Security Reserve fund, the government must pay interest.

Double Taxation Apparent
So the government has a double job in handling that debt: to pay off some of the debt while at the same time paying interest on it.

The man and his employer who pay a total of two percent social security tax on the man's first \$3,000 of salary, also pay income taxes.

And—part of their income is used for paying off some of the interest on the debt—including the interest on the government bonds bought by the social security fund.

Critics of the present system say this is double taxation. They suggest that the old-age pension plan be placed on a pay-as-you-go basis, which means:

Instead of collecting enough social security taxes every year to pay out social security benefits for that and still have enough left over to build up a reserve that can be invested in government bonds, the government should collect yearly from the people in old-age pension coverage enough money to pay the old-age pension expenses for that year.

Those in favor of the present system argue if the government had borrowed from banks or other private organizations, by selling them bonds, the government would have had to pay interest

Richters Move From Camas To Roseburg Home

Mr. and Mrs. Ralph Richter moved over the weekend from Camas Valley into their new home at 2600 N. Stephens St.

They spent the last five months at their Camas Valley home while Mr. Richter was engaged White, in the operation of the mill with his son-in-law, Wilmer Richter and White sawmill, nine miles west of Camas Valley on the Signal Tree road.

The mill has been closed for the winter season. Mr. Richter reports, and machinery and equipment is being prepared for the long shut-down. Operation will be resumed in the spring.

The plant is on a high elevation where winter snows often reach eight feet in depth, limiting the operating season to about five months of each year.

Mock Gun Duel Of Boys Ends In Death Of One

PORTLAND, Oct. 10—(AP)—A playful duel between two young brothers Saturday caused the death of an 8-year-old by gunshot.

County Fireman Donald Young was among the first aid crewmen who rushed to the home, where Young discovered the victim was his own son, Michael Lee.

Eleven-year-old Donald Young Jr. sobbed out the familiar story of playing cops and robbers. He had picked up a .38 caliber pistol and aimed it at his younger brother while they romped in mock duel in a bedroom. The mother had gone shopping.

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YOU KNOW, I'VE DISCOVERED IT'S THE LONG ISLAND I LIKE, NOT THE DUCKLING!

FROM NINE TO FIVE By Jo Fischer



You will have to get up gentlemen, just put your feet on the table the way you usually do.

Diving Bird

Answer to Previous Puzzle

HORIZONTAL

- 1 Depicted feathered creature
- 2 Astronomy muse
- 3 Anger
- 4 Kings (ab.)
- 5 Always
- 6 Network
- 7 Consider
- 8 Unoccupied
- 9 Verb intransitive
- 10 Follower
- 11 Observe
- 12 Rates
- 13 Laughter
- 14 Sound
- 15 Fastener
- 16 Traps
- 17 Soldiers
- 18 Waken
- 19 School book
- 20 Entice
- 21 Inborn
- 22 Expunges
- 23 Italian town
- 24 Flesh food
- 25 On time (ab.)
- 26 Burden
- 27 Ruminant
- 28 Unit of energy
- 29 Secreted
- 30 Area measure
- 31 Artificial language

VERTICAL

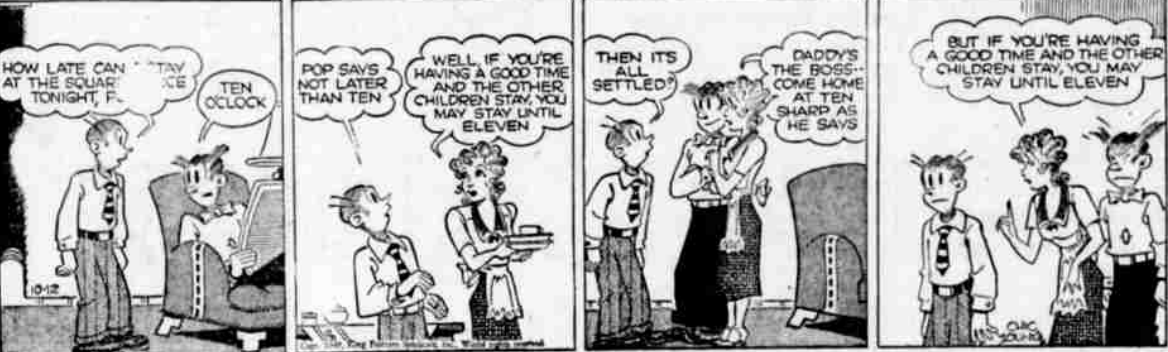
- 1 Pertaining to Denmark

FUNNY BUSINESS By Hershberger



"I stuck out my hand as we went through a flock of wild geese!"

BLONDIE By Chic Young



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