

THE KORSIN PLAN — REBUILDING SOCIAL SECURITY FOR SUSTAINABLE SOLVENCY, FINANCIAL STABILITY AND TAX EQUITY

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PROLOGUE — SIX DEVELOPMENTS ACCELERATING THE PROBLEM

- The 2026 Trustees Report fertility rate estimate is 1.75; the 2025 rate was 1.60. This is the most critical variable.
- The 2026 federal deficit is ~\$2.6tn with total debt of \$40tn, crowding out Social Security claims on the Treasury.
- Immigration cuts three ways — fewer entrants, lower end level, higher emigration — losing unclaimed revenue
- Rising income concentration erodes growth in a capped wage base.
- A worker replaced by AI or Robotics removes that workers contribution.
- The trifecta all at once: capital/labor and worker/retiree ratios, retiree longevity and falling fertility rates

THE PROBLEM – FUND EXHAUSTION, MANDATORY SEVERE BENEFIT CUTS, MASSIVE FISCAL CLIFF

Social Security has been cash-negative since 2021 spending \$1,696bn against \$1,425bn of dedicated revenue today, Treasury funds the \$271bn difference with borrowed money — \$3.2tn before the fund is exhausted. Since payments must match revenue, absent remedies, a permanent 17% cut to 71 million people and doubled senior poverty occurs in 2034, burdening the taxpayer indefinitely with a deficit of 4.42% of payroll, in perpetuity, against a shrinking workforce.

SOLUTION — ONE UNIFORM RATE OF 5.95% ACROSS THE BOARD

All income taxed once, withheld at source: wages by employers, pre dividends cash flow at source recipients not taxed on dividends; foreign-bound dividends, foreign-issued dividends, realized capital gains by broker; inheritance by probate.

Social Security payments tax-free and do not raise tax thresholds. Recipients over 65 receive a Senior Income Supplement up to 200% of the federal poverty guideline (FPL), flat across all ages 65+. Employment restrictions and penalties are eliminated. Recipients can work and collect Social Security unrestricted, with no tax impact. Employers do not pay employee social security payments. Employers with a cashflow surplus pay 5.95% on it. That is all.

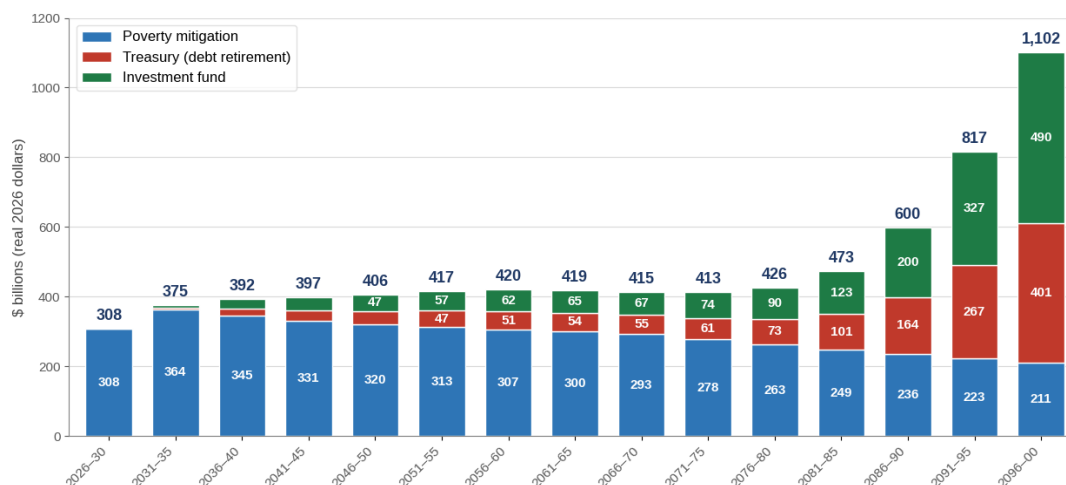
Source	Base \$bn	Revenue \$bn
1 Personal income — uncapped	13,529	805
2 Capital income — incl. retirement accounts	4,612	274
3 Business cash flow — after foreign dividends	9,860	587
4 Inheritances — at source, gross, incl. charitable transfers	2,662	158
5 Employer benefits — excluding health	698	42
6 Net rent — net of costs and allowance	275	16
7 Non-profits — gross operating surplus (BEA)	275	16
8 Foreign holders of US-source income	1,080	64
9 US persons working abroad — net of local tax	110	7
10 Government enterprises — operating surplus	124	7
11 Nonresident-alien student wages (F-1/J-1)	15	1
12 Residential property disposal gains	178	11
13 Insurance and annuity inside buildup	124	7
14 Section 1031 rollover gains	54	3
15 Lottery prizes and gambling winnings	137	8
16 Irrevocable trust retained gains	66	4
17 Royalties to individuals	53	3
TOTAL	33,852	2,014

RESULTS — 75 YEARS, AGAINST THE 2026 TRUSTEES BASELINE

- From -4.42% to +0.74% actuarial balance, including funding the Senior Income Supplement in all 75 years,
- No beneficiary loses anything: earliest claiming stays at 62 and every current-law benefit is paid in full
- Reserves never fall below one year of benefits, counting the trust fund's bonds plus 75% of the investment fund.
- \$6.6tn of publicly-held debt retired by 2100. The \$2.1tn of trust-fund bonds is not cancelled: it stays as the reserve and is retired only as the investment fund grows to replace it, starting 2033 and complete by 2086.
- \$50bn p.a. average in federal debt interest never paid — \$3.7tn over 75 years, not counted inside social security
- A \$1.7tn investment fund by 2060; \$16.6tn by 2100, peak ownership 4.0%, inside the 10% Section 16 ceiling.
- 6.5 MN people lifted from poverty; 26.0 MN lifted to the floor - 200% of the federal poverty guideline, flat
- Tax equalization across all business classes, labor and capital.

¹SURPLUS DISPOSITION — A STRICT WATERFALL

- Benefits as defined by current law.
- Medicare taxes and benefits are completely outside the plan and unchanged by this plan.
- Senior Income Supplement - 26.0 MN people over 65+ lifted to 200% of the FPL, flat across all ages 65+
- Operating surplus split 45/55 federal debt retirement/Social Security Equity Trust Fund — 70% US, 30% global;
- US securities 3 years listed, 4 quarters of revenue growth, 10% per-issuer cap.
- Debt retirement goes to publicly-held debt first. The trust fund's \$2.1tn of bonds is held as the reserve: it covers any shortfall first and is retired only as the investment fund replaces it.



NET BENEFICIARIES

- Recipients: the 43% or 26.0 million seniors whose income is lifted to 200% of FPL permanently
- Employers: with US cash flow plus stock comp. below 1.042x of US taxable payroll pay less.
- Business community: about \$111bn a year of new, rules-based demand for US equities.
- Taxpayers: earning below \$192,252 pay less, because 5.95% is under the 6.2% payroll tax.
- Federal, State, Local Gov., School Districts, non-profits and households reduced wage costs by ~\$125bn;
- State and local government gain ~\$8bn a year— sales and excise tax on added consumption, state SSI supplements displaced, senior caseload reduction. ~\$66bn combined with the wage-cost reduction.
- Conservatives: self-funding — no new appropriations; federal debt retired; new equity capital to US business
- Social democrats: 6.5 million lifted out of poverty, and 26.0 million to 200% (all ages 65+) of the FPL
- Adults with aging parents: 4.3 million adults whose reason for supporting their parents financially is removed

Sector Savings	Net Change (\$bn)
Military -- DoD & DHS, uniformed and civilian	(\$12.2)
Rest of federal government and agencies	(\$8.5)
Federal enterprises -- USPS, TVA	(\$1.7)
State & local government; K-12; public universities	(\$58.1)
Non-profit sector	(\$43.3)
Private households as employers (BLS)	(\$1.7)
Employer Savings	(\$125.5)
Parental Income Support from Children	(\$40.0)
All-source savings	(\$165.5)

NET CONTRIBUTORS

- High earners: Levy is uncapped, income above \$192,252 pays more. Everyone below pays less.
- Inheritors: 5.95% withheld; no filing; real assets, businesses, family farms paid over 10 years, farms 20
- Investors: interest, dividends, realized gains net rents pay 5.95%. IRA and Roth accounts pay on withdrawal.
- Public, GSE enterprises: when 5.95% of cashflow before dividends is greater than 6.2% of wages
- Firms with an extremely high profit to employee ratio

¹ Tested against a 2008-scale collapse — equities down 45% and revenue down 5% for three years, imposed in 2035 while the fund is still small. Not one year of the Supplement is lost: still 75 of 75, balance unchanged, absorbed by the trust fund's bonds, with reserves dipping to 0.88 years of benefits. With equities down 60% and revenue down 10% for five years, still 75 of 75.