

THE HEART OF THE MATTER – WE HAVE A REVENUE PROBLEM

Rebuilding Social Security for Sustainable Solvency, Financial Stability and Tax Equity

71 million people face a 17% income cut in eight years with every secular trend reducing tax paying headcount and assumptions about migration and fertility outdated and moving in the wrong direction (v91)

70%

of employee compensation inside the base

4.42%

of payroll — the actuarial deficit

2034

trust fund depletion

\$29.3tn

unfunded obligation

PROBLEM

Where we are

The funding gap

- Social Security pays out more than it takes in.
- 2026 Trustees Report projects the OASDI trust deplete in **2034**
- Payroll taxes will then cover only **83%** of scheduled benefits
- OASI runs short in late 2032 (78% payable);
- Long term shortfall is **4.42%** of taxable payroll from 3.82%, as high earners' wages grow faster than the taxable wage cap.

What beneficiaries get

- **~71 million** people receive benefits. New year **2.8% COLA** adjustment raised the average check by ~\$56 a month.
- Full retirement age is 67 for anyone born in 1960 or later.
- Taxable maximum rose to **\$184,500** from \$176,100.
- The shortfall is 8 years away (2034). Proposals include raising the cap, retirement age, payroll-tax rate or reducing COLA.

As of now - Structural reforms has not been enacted, the built-in benefit cut remains the default outcome

PROBLEM

Secular Trend - Demography

1.75

Ultimate fertility rate

Cut from 1.90 in a single report. Replacement is 2.1.

+0.60%

Deficit added in one year

3.82% to 4.42% of payroll. Fertility is the largest single contributor.

-17%

Workforce per generation

The compounding effect of sub-replacement fertility.

- The 2026 Trustees Report lowered the terminal fertility assumption from 1.90 to 1.75 children per woman. **The ACTUAL US fertility rate fell to roughly 1.6 in 2025, a record low, and there is no reason to believe it will return to replacement level or even to the Trustees' estimate**
- That single change is named by the Trustees as the largest contributor to the deficit rising from 3.82% to 4.42% of payroll.
- Fewer workers per beneficiary is not a forecast risk. It is already inside the official baseline.

PROBLEM

Secular Trend - Migration

1.20mn

Ultimate annual entrants

Cut from 1.35mn in the 2026 report. Emigration assumptions raised.

+\$12bn

Net annual contribution

Unauthorized workers paid \$13bn in, \$1bn out. SSA Chief Actuary.

\$0

Cost to raise or educate

Immigrants arrive already grown. The closest thing to free money the programme has.

- The 2026 report cut immigration three separate ways: lower entrants for 2022–25, a lower ultimate level, and higher assumed emigration.
- Unauthorized workers pay through mismatched Social Security numbers and rarely collect. SSA states the net effect on S/S is positive.
- Every reduction in working-age arrivals magnifies a fertility rate already below replacement and still official count is still understated

PROBLEM

Secular Trend - Artificial Intelligence

32–56mn

Jobs exposed

From 5.3mn paid to drive to 2.7mn in software and IT.

14.3–24.4%

Of the wage base

\$1,860bn of wages at risk on the narrow definition alone.

~10%

Within seven years

Cognitive displacement needs only software. Physical is gated by factory capacity.

- From BLS 2024 employment: 5.3mn paid to drive, 4.5mn warehouse, 2.7mn software and IT, 1.4mn vehicle mechanics, 4.0mn named professionals, plus the remainder.
- Social Security draws 96% of its revenue from wages. No other federal programme is so concentrated on a single factor of production.
- Software and IT averages \$120,536 — the highest-paid group in the set. Displacement is no longer confined to low-wage/manufacturing work.

PROBLEM

Secular Trend - Robotics

A \$60,000 robot

Cost per hour, 22x7x50 duty cycle	\$3.06
Mean loaded wage cost per hour, US	\$46.60
Robot Cost advantage	1,425%
Break-even human wage	\$2.14/hr

What each contributes

\$31,126

the human, per year

\$0

the robot

\$2.14 an hour is below the legal minimum wage anywhere in the United States. At these assumptions there is no lawful wage at which a person competes on cost alone.

- **Replacing one job with AI/robot destroys 100% of the position's Social Security contribution.**

SOLUTION

Solution Architecture

Tax the whole economy once, at one rate, with no exemptions and nothing to plan around.

SOLUTION

Principles and Values

- The fiscal goal of social security is permanent solvency for the 75-year actuarial window under any economic scenario and black swan event including a multiyear recession and stock market crash for mandated benefits
- There is a one single rate, without exception, for every revenue stream supporting social security
- No income - capital gains, trusts, dividends, profits, real estate gains, inheritance, cash transactions or anything else is exempt from social security contribution.
- All income, from all sources, is taxed once, and only once, without exception.
- **Our guiding values are solvency, decency, consistency, simplicity, efficiency and transparency**

SOLUTION

A Note on Sourcing....

The solution is only as good as the logic of model and the data that drives it.
Major data sources for key model parameters include.

Source	Dataset
BEA	NIPA Tables 1.12, 1.14, 1.4, 2.1, 4.1, 6.2, 6.3, 7.10, 7.11; NPISH; Working Paper WP2022-8 (Highfill 2022)
SSA	2026 OASDI Trustees Report; Monthly Statistical Snapshot; Annual Statistical Supplement; Bulletin 71(2); Population Profile 2024; Office of the Chief Actuary provision scores; Numident
BLS	OEWS May 2024; Occupational Outlook Handbook 2024; ECEC March 2026; Employment Projections; Consumer Expenditure Survey; QCEW
Census Bureau	Current Population Survey; 2020 SIPP; ACS; 2017 economic microdata
HHS	Federal poverty guidelines, 2026
IRS	Statistics of Income Publication 1304, Table 1.4, TY2022
CRS	R47341, Income for the Population Ages 65 and Older
Damodaran, NYU Stern	histretSP.xls -- S&P 500 total return 1928-2025
Cerulli Associates	Annual wealth transfer flow -- basis for the \$2,600bn Base 2 input
Bipartisan Policy Center	Senate Special Committee on Aging, March 2026 -- RET repeal labour supply
ACLI	Life Insurers Fact Book -- death benefits paid
CMS / NCOA	Medicare Savings Program and Part D Extra Help enrollment
CBO	Earliest eligibility age work-response finding
CDC	US total fertility rate, 2025
US Model Tax Convention	Treaty withholding rate on dividends
SEVIS / DHS	F-1 and J-1 participant counts
FHLBanks Office of Finance	Combined annual report
Farm Credit Administration	Farm Credit System annual information statement
Federal Reserve	Annual report / remittances to Treasury
Tax Foundation	State and local combined sales and excise rates
Statute	Social Security Act secs. 202(a), 202(q), 216(l); IRC 3101, 3111, 3121(b)(19), 11(b)

- The solution is modelled in spreadsheet that captures the full actuarial 75-year window
- The data elements in these tabs drive the entire model, which is fully dynamic.
- Key data sources include but are not limited to the table
- Over 300 parameters drive the model which has over 10,000 formulas
- All assumptions, data sources and derived values are documented in the spreadsheet and accompanying methodology document

SOLUTION

Key Numbers

Lever	Value	
Terminal inflation (CPI)	2.40%	Federal Reserve Target / SSA uses this number for long range forecasts
Real market return (fund)	7.25%	An extension of the historical 6.5% all market return w/ dividends reinvested
Real market-cap growth	2.60%	Federal Reserve Financial Account
Real payroll growth — near term	2.10%	Federal Reserve's Financial Accounts of the United States, the Z.1 statistical release. Table L .223. corporate equities.
Real payroll growth — ultimate	1.10%	SSA Trustees Office of Chief Actuary
Real trust-fund interest — ultimate	2.30%	Long Range Real Yield Estimate special estimate
Levy rate (all seventeen sources)	5.95%	Standard all stream tax rate
Fund sweep / annual payout	4.00%	Amount of Social Security Equity Trust Fund
Share of Estimated social security surplus after the Supplement	45%	Dedicated to retiring federal debt
Fund: share to US securities vs Foreign Securities	70%	% of Social Security Equity dedicated funds to US securities
Per-issuer ownership cap	10%	The fund may not own more than 10% of the equity of any security foreign or domestic
Bonds: fund share counted toward the reserve	75%	Fund share counted toward one year of benefits before bonds are retired
Bonds: reserve target	1 year	Next year's scheduled benefits — the Trustees' adequacy standard
Senior Income Minimum	200%	The income supplement that raises Senior Incomes to 2x FPL
Beneficiaries, 2026	71	The Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds 2026
Beneficiary growth	0.7%	Trustees Report intermediate projection.
Ultimate fertility rate — Trustees assumption	1.75	Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds
Annual decline of percentage of seniors below the FPL	1.1%	Reflects experience of last 10 years

SOLUTION

Plan Architecture

- Single rate for all income streams
- Salary liable for social security is uncapped
- All income taxed equally - wages, profits, net interest, dividends, capital gains, non-profit operating surpluses
- No Social Security tax shields - gains from trusts, real estate, inheritance, royalties are subject to social security tax
- Employer contribution is eliminated
- Social security income is untaxed, doesn't appear in AGI and doesn't affect the tax rate of any other income
- A recipient can continue to work while drawing social with no penalty on Social Security payments
- Guaranteed minimum income for social security recipients at 65 and over
- Social Security Equity Trust fund invests operating surplus in curated all stock index
- Social Security solvency for the 75-year actuarial period

SOLUTION

Plan Design

- Source: 5.95% tax rate on uncapped on salaries paid to employees
- Source: 5.95% tax rate on cashflow prior to deduction of dividends and net interest, realized capital gains
- Source: 5.95% tax rate on beneficial withdrawal from untaxed trust and retirement account earnings
- Source: 5.95% tax rate on inheritance, deducted at source through probate
- Source: 4% of total value withdrawal annually from Social Security Equity Trust Fund
- Sink: Current benefits, in full, regardless of employment and income status, tax free and AGI invisible
- Sink: Income-tested floor, no asset test, marriage or cohabitation penalty at 65 (2X\$15,960) = \$31,920 p.a.
- Sink: Surplus allocated 55% equities (70% domestic/30% global) 45% US debt retirement
- Sink: SSI program is replaced by social security for 65s and older
- Externalities: *Federal and state program means-testing exclude Senior Income Supplement payments*

SOLUTION

Current and Korsin Plan Sources and Sinks Compared

Revenue Source	-	what is the source of the revenue being taxed
Current Base	-	Dollar amount of that source
Current Revenue	-	Social Security raised today 12.4% of wage base under 184,500 p.a.
Planned Base	-	Social Security new revenue sources (5.95% of all income from all sources)
Planned revenue	-	Social Security revenue @ 5.95%
Net Gain/Loss	-	For each revenue segment and total net result (Red pays more, green less)

EFFECTIVE RATES	QTY
Current-law OASDI rate, employee+employer	12.40%
Plan levy rate, employee side only, uncapped	5.95%
Current revenue as a share of the current base	13.02%
Planned revenue as a share of the planned base	5.95%
Planned base as a multiple of the current base	3.07x

Revenue source	Current base (TN)	Current revenue	Planned base (TN)	Planned revenue	K-Plan Net Change	Note
Source 1 -- Wages, commissions, bonuses, equity comp	\$ 11,035	\$ 732.06	\$ 13,529	\$ 805.0	\$ (72.91)	Base includes all wages, uncapped
Base 2 -- Inheritances and death benefits	\$ -	\$ -	\$ 2,662	\$ 158.4	\$ (158.40)	Inheritance taxes including all trust types
Base 3 -- Corporate and private business cash flow	\$ -	\$ 478.92	\$ 9,860	\$ 586.7	\$ (107.75)	Taxed before dividends, after CAPEX
Base 4 -- Realized capital gains, interest, dividends	\$ -	\$ -	\$ 4,612	\$ 274.4	\$ (274.41)	
Base 5 -- Employer non-health benefits	\$ -	\$ -	\$ 698	\$ 41.5	\$ (41.55)	Health care excluded -- a different problem
Base 6 -- Net rent, individually-owned property	\$ -	\$ -	\$ 275	\$ 16.3	\$ (16.33)	Real profit, after loan payments and maintenance
Source 7 -- Non-profit gross operating surplus	\$ -	\$ 63.81	\$ 275	\$ 16.4	\$ 47.44	ONLY Excess operating margin
Source 8 -- Foreign holders of US-source income	\$ -	\$ -	\$ 1,080	\$ 64.3	\$ (64.26)	All sources pay 5.95% -- no exceptions
Source 9 -- US persons working abroad	\$ -	\$ -	\$ 110	\$ 6.6	\$ (6.55)	they will ultimately collect
Source 10 -- GSEs and government enterprises	\$ -	\$ 0.39	\$ 124	\$ 7.4	\$ (6.97)	any profits - taxable
Source 11 -- Non-resident alien student wages	\$ -	\$ -	\$ 15	\$ 0.9	\$ (0.89)	All sources pay 5.95% -- no exceptions
Base 12 -- Residential sales, Inflation adjusted net gain	\$ -	\$ -	\$ 178	\$ 10.6	\$ (10.59)	Inflation-indexed basis; invoiced capital improvements deductible
Source 13 -- Insurance and annuity inside buildup	\$ -	\$ -	\$ 124	\$ 7.4	\$ (7.37)	Cash-value life insurance and nonqualified annuities
Source 14 -- Section 1031 rollover gains	\$ -	\$ -	\$ 54	\$ 3.2	\$ (3.19)	Real property gains rolled over under Section 1031
Source 15 -- Lottery prizes and gambling winnings	\$ -	\$ -	\$ 137	\$ 8.1	\$ (8.15)	Levied at source on prizes and identified winners
Source 16 -- Irrevocable trust retained gains	\$ -	\$ -	\$ 66	\$ 3.9	\$ (3.93)	Annual retained gain, levied at the trustee
Source 17 -- Royalties to individuals	\$ -	\$ -	\$ 53	\$ 3.2	\$ (3.18)	Oil, gas, minerals, patents, copyrights; withheld by payer
Private households (employer share)	\$ -	\$ 1.82	\$ -	\$ -	\$ 1.82	Paid in house help
State and Local SSI Relief	\$ -	\$ 1.80	\$ -	\$ -	\$ 1.80	Social Security assumes this SSI Payment
State and local government (employer share)	\$ -	\$ 66.96	\$ -	\$ -	\$ 66.96	employer share of social security payments/sales tax
Federal government (employer share)	\$ -	\$ 24.38	\$ -	\$ -	\$ 24.38	employer share 0, no operating surplus
Federal Government SSI relief	\$ -	\$ 16.70	\$ -	\$ -	\$ 16.70	Social Security assumes this SSI Payment
Federal Government Interest on Federal Debt saved	\$ -	\$ 49.77	\$ -	\$ -	\$ 49.77	Avg annual interest on federal debt retired, real 2026\$
TOTAL	\$ 11,035	\$ 1,437	\$ 33,852	\$ 2,014	\$ (577.56)	

SOLUTION

Net Beneficiaries

- People
 - 26 million seniors in the lowest 5 deciles of income over 65 who will receive a guaranteed, inflation adjusted, sustainable and sustaining minimum income
 - 4.3 million people who send \$40 BN (2020 Census SIPP, uprated) to their parents no longer need to
 - 31 million schedule C filers whose Social Security drops from 12.4% to 5.95%. 30 million of whom make less than the social security maximum and receive the full benefit of the change
- Organizations
 - Federal government realizable annual savings of \$90.9 BN between the civil service, the military employer social security payment elimination, interest and SSI absorption by Social Security
 - State and local government have identifiable saving between employer contribution savings, reduced social welfare expenses and increased sales tax \$67BN
 - Non-profits will pay 5.95% on their operating surplus, if any. That is more than offset by the savings on employer payroll tax for a net benefit of \$43.28 BN

SOLUTION

Net Contributors

- People
 - ~11 million earn above the current taxable maximum of \$184,500 — about 6% of workers, with ~18% of earnings. Earners above \$192,250 pay more; below, the rate cut outweighs uncapping.
- Organizations
 - Companies whose profits exceeded 105% of their Social Security payments, around 3-3.5 million
- Magnificent 7 (Amazon, Apple, Meta, Google, Nvidia, Tesla, Microsoft)
 - Payroll is not a proxy for ability to pay.
 - Seven companies hold 15% of corporate profit while contributing ~1.2% of employer Social Security tax
 - Payroll tax: employer-side OASDI tax is about \$0.6T, and these seven pay about 1.2% of it, or \$7.4bn
 - US corporate profits run about \$4T a year, these seven are 14–15%, or \$600bn: Under the new plan 5.95% of their \$631bn levy base yields \$37.5bn for just those 7
 - Ratio: profit ÷ employer SS tax is about 6–7× for the whole economy, versus ~80× for these seven.

SOLUTION

The Wealth Concentration Distortion

- A Musk estate of \$1 trillion is plausible — conceivably more.
- Not a dime of it is subject to Social Security. Not the assets, not the profits.
- His genius created the economic value. The cash that realized it came from all of us.
- On paper the estate faces 40% estate tax. In practice, tax at that scale is elective — trusts, discounts and foundations reduce it to a fraction, estate tax currently raises about \$32bn a year from the whole country
- Under the new plan the Musk estate pays 5.95% — **\$59.5bn** — withheld at source, immediately or over 10 years at Treasury rates (20 for family-owned farms). No valuation dispute or structure to avoid Social Security tax
- One estate, 186% of a year's estate and gift tax collected for the entire United States under the current system
- This is not confiscatory. It is what great fortune owes the citizens whose spending created it.

SOLUTION

Sink - Trust Fund Treasury Debt Claims

- Currently Treasury must raise ~\$3.2tn between now and 2034 — \$2.6tn of redeemed special issues plus the interest owed. Currently : \$271bn, \$356bn - 2030, \$468bn by 2033-34.
- Treasury borrows to redeem trust-fund securities, increasing public debt.
- The plan holds the \$2.1tn of bonds as its reserve and retires them only as the fund replaces them (see next page)
- The program keeps a one-year reserve (bonds plus 75% of the fund); beneficiaries are paid from system funds flow
- Retiring debt reduces supply, lowering rates and the hurdle rate for private investment.
- Capital freed from financing deficits supports private investment, profits, jobs and new tax revenue
- Foreign holdings fall, reducing external leverage over US fiscal policy
- It is fair: every current beneficiary has lived on the debt this retires.
- Retiring \$6.6tn of publicly-held debt means saving \$50 BN interest (average annual)
- Debt repayment and interest savings to the general fund are not credited in the +0.74% balance.
- Every current recipient has benefited from the debt this retires. Savings are back-loaded

Precision: benefits are funded by new revenue, so the special issues are rarely called. They stay as the reserve, earn interest and pay any shortfall first; they are retired, non-cash, only once the fund holds the reserve they backed. Every debt-retirement dollar retires publicly-held debt — \$6.6tn real by 2100, paydown beginning 2033, net of \$0.2tn of bonds cashed for the Supplement in 2027–32. Gross federal debt falls as bonds are retired, 2033 to 2086.

SOLUTION

Sink – Senior Income Supplement 65+ SSI Replacement

- Federal /State SSI functions for the over 65's are handled by and conform to standard SSA rules
- Social Security subsumes both under the 2xFPL guarantee
- Federal and state budgets are relieved of \$16.7 and \$1.8 billion SSI obligations respectively
- Means tested Federal/State programs disregard the SIS supplement
- Medicaid programs depending on SSI formulas continue as designed w/o the SIS supplement
- SSI administration costs are ~15x Social Security per dollar paid
- State Medicaid eligibility rules cannot fall below 209(b) minimums
- The administrative burden falls hardest on those least able to carry it. Removing it allows the program to reach people the current program often currently does not.

The cumulative cost and assault on the dignity of the recipients is relieved - asset tests, in-kind support maintenance rules, living-arrangement determination, couple rate, periodic redeterminations; fifty separate supplementation programs disappear

SOLUTION

Sink – Social Security Equity Trust Fund

- 70% US equities, 30% global equities, equally weighted max holding 10% of any 1 security
- 3 years listed , 4 consecutive quarters of revenue growth, not under criminal investigation
- US \$11.6tn by 2100; \$5.0tn foreign securities supporting jobs, profits, capital investment, Social Security revenue and federal tax receipts.
- The fund becomes a permanent domestic source of patient capital.
- Long-term foreign currency assets across the Americas, EU and UK, and Asia excluding China (rule of law, not politics) support the dollar and fund imports the economy depends on

SURPLUS DISPOSITION ALGORITHM

- 1) Benefits paid as defined by law
- 2) 4% of the portfolio swept annually for benefits
- 3) 200% FPL guaranteed for low income deciles
- 4) 45/55 debt retirement / Investment
- 5) Investment split 70/30 US / global companies
- 6) US and Global Portfolio curated
 - 1) 3 years publicly traded
 - 2) Rolling 4 quarters of revenue growth
 - 3) Not under SEC/criminal investigation
 - 4) Not China (rule of law)
- 7) Portfolio rebalanced quarterly
- 8) Maximum 10% ownership of eligible equities
- 9) Maximum 30% by value foreign securities
- 10) Remaining surplus retires more federal debt

Plan Outcomes

Tax the whole economy once, at one rate, with no exemptions and nothing to plan around.

OUTCOMES

Outcome Summary

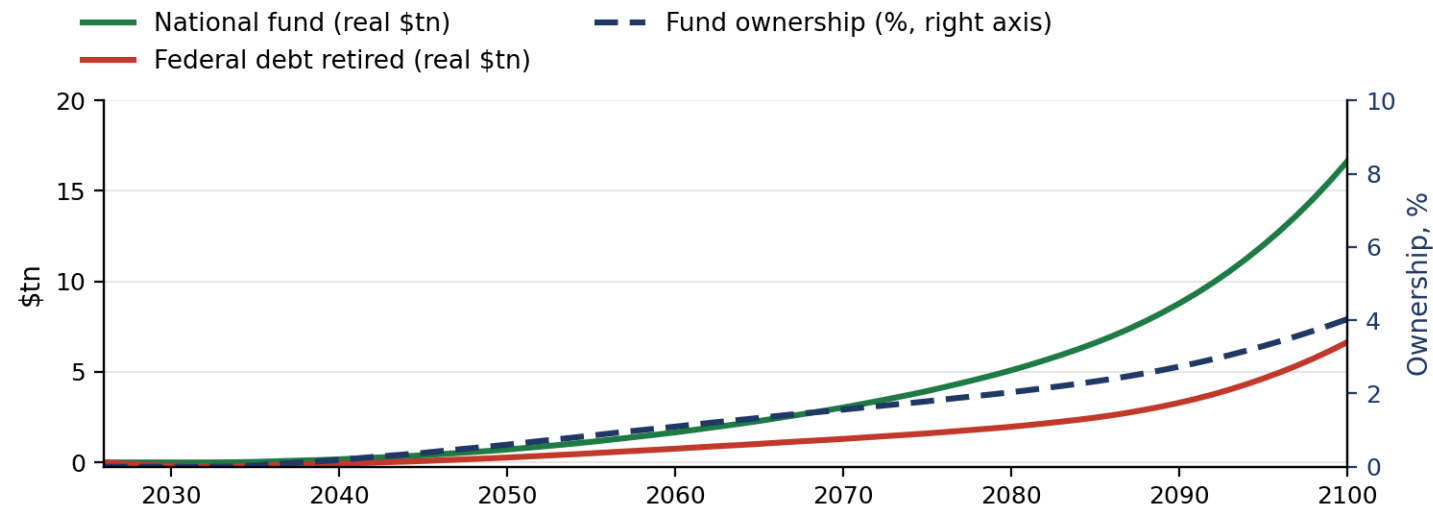
- People
 - Income floor set at 2x FPL lifts 26 million Americans' living standards to basic decency
 - For seniors otherwise on SSI, elimination of income, asset and lifestyle tests
 - Halves the Social Security payment of 31 million sole proprietors, from 12.4% to 5.95%
 - Tax free social security payments; Social Security excluded from IRS 1040 AGI and tax rate calculations
 - Eliminates all work penalties for seniors on social security, removing barriers to income and savings
 - Allows concurrent collection of wages and social security, if Social Security eligible
- System
 - Social Security fully funded for the entire 75-year actuarial period and solvent through a 2008/9 shock
 - Removes the Senior Income Supplement uplift from all other benefit calculations
 - Pension portability, inflation protection, guaranteed solvency, income floor protection
 - Labor capital neutrality supporting the highest and best use of capital, removes high-tech subsidy
 - Foreign Leverage reduced
 - Federal spending reduction of 90.9BN (averaged)
 - Deficit reduction, fiscal stability, capital formation and social justice delivered in one package

“If something cannot go on forever, it will stop” – Herb Stein

OUTCOMES

At a Glance

The plan at a glance



	2030	2050	2075	2100
National fund (\$tn)	0.0	0.7	3.9	16.6
Debt retired (\$tn)	-0.2	0.3	1.6	6.6
Fund ownership	0.0%	0.6%	1.8%	4.0%

5.95%

One flat levy rate, forever

No brackets, no cap, no carve-outs, no scheduled revisit

\$16.6tn

Social Security Equity Trust Fund, 2100, real 2026\$

The Supplement is delivered in full in all 75 years; reserves never fall below one year of benefits

\$6.6tn

Federal Debt Retired

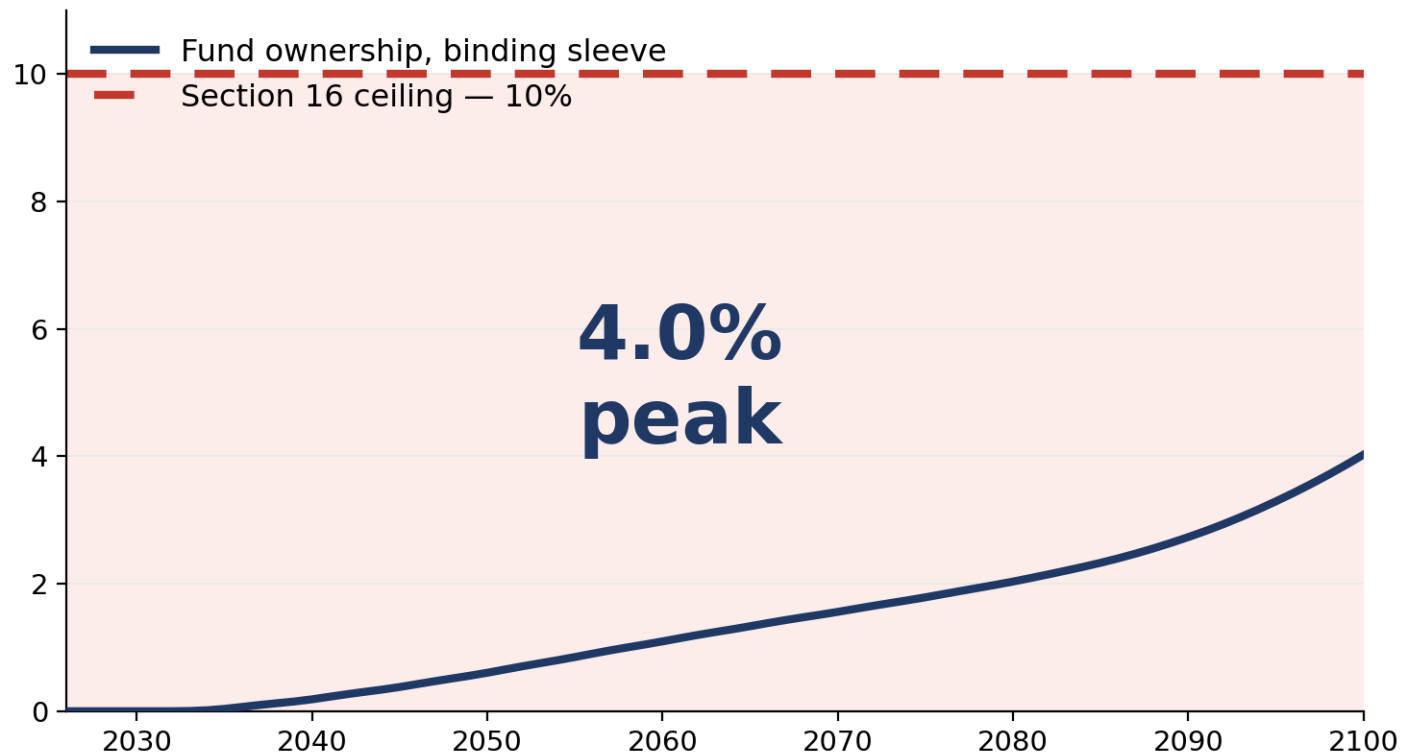
Saving an average \$50bn in interest

The levy is 5.95% in every year — flat in statute and in fact. Shortfalls are met from the trust fund's bonds first, so the fund is never drawn down; 4% of it is swept each year.

OUTCOMES

Black Swan Protection

Fund ownership against the Section 16 cap (%)



The cap is applied per sleeve, not blended. Ownership peaks at 4.0% in 2100 — inside the ceiling with room to spare.

75 of 75

Years the Supplement is met, through a 2008-scale collapse

Equities down 45% and revenue down 5% for three years, imposed in 2035, while the fund is still small

5.95%

One flat rate, for everyone, in statute and in fact

Not one year of the Supplement is lost. The bonds absorb the shock; the fund still ends 2100 at \$14.6tn.

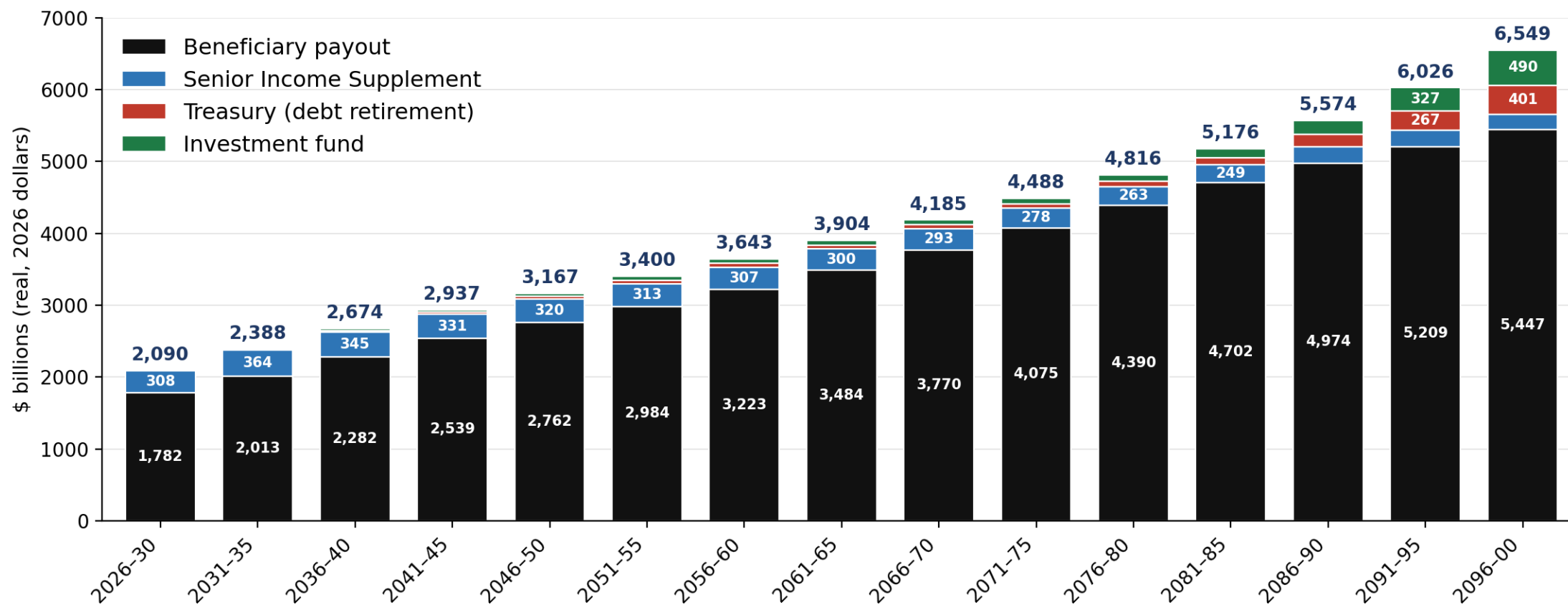
4.00%

Lowest fund return tested

At every real return from 7.25% down to 4.00% the levy stays at 5.95%, the Senior Income Supplement is met in all 75 years and reserves never deplete.

OUTCOMES

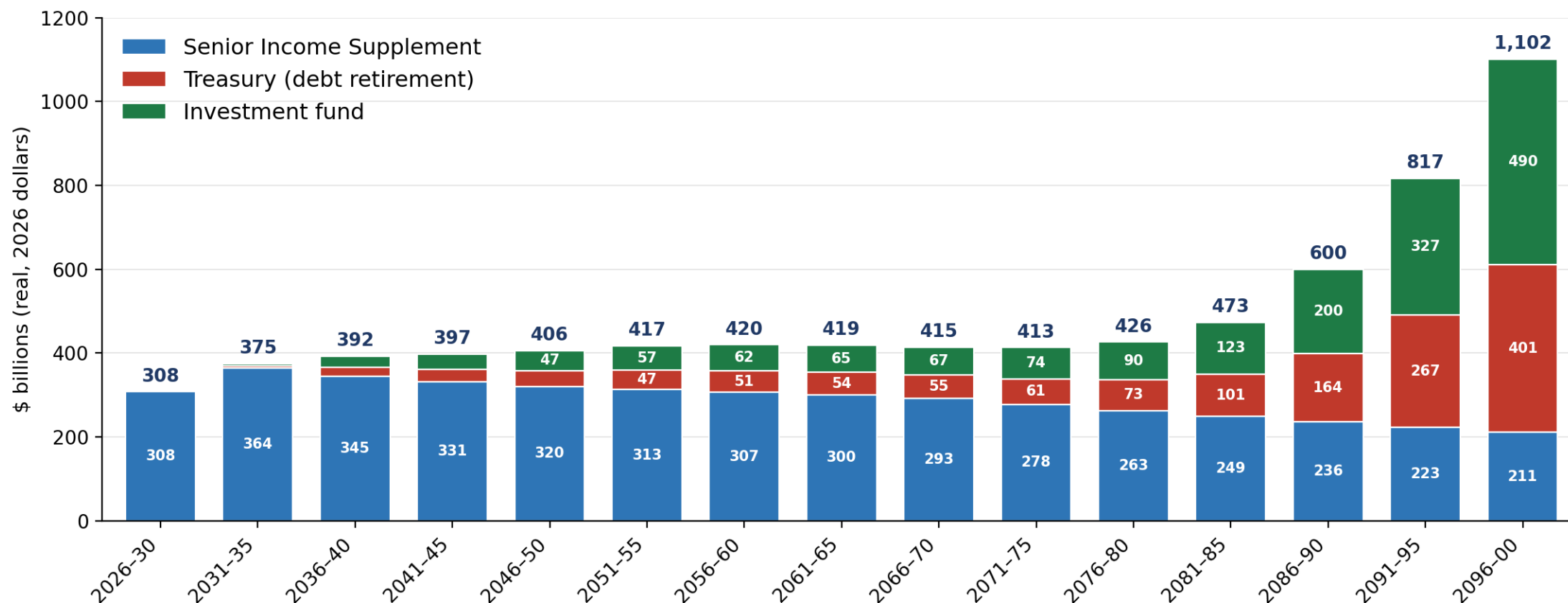
Where every dollar goes — five-year averages



The Senior Income Supplement is the first claim on the surplus; the remainder splits 45/55 Treasury / investment fund; any fund overflow above the 10% per-issuer cap returns to Treasury.

OUTCOMES

Where the surplus goes — benefits removed



The same picture with benefits removed. Bare solvency needs ~5.19%; the plan levies 5.95% — so this is what the extra ~0.76% buys: Senior Income Supplement first, then 45/55 — 45% retiring federal debt (undoing the past), 55% building the Social Security Equity Trust Fund (funding the future).

OUTCOMES

SOCIAL SECURITY ISSUE FINALLY PERMANENTLY RESOLVED

One target, Social Security solvency, supported by federal debt retirement, investment in US economy

Conservative design - progressive execution

Federal, State, Local Governments, Federal Agencies including the military pay no employer payroll tax

+0.74%

permanent solvency.

\$6.6tn

federal debt retired by 2100

\$16.6tn

national fund, owned in common

5.95%

Uniform Tax rate

\$90.9bn

Annual Federal average
save

Solvency is the sole target; debt retirement and the national fund are earmarked by-products. Full workings in the accompanying model. Figures in real 2026 dollars.

The Trust Fund's Bonds: Held, Then Retired

- The trust fund holds \$2.1tn in special Treasury notes at cutover. Under current law they are what gets redeemed on the way to the 2034 cut.
- Under this plan they are neither cancelled nor cashed in. They stay as Social Security's reserve.
- They keep earning the trust fund rate and pay any shortfall first — \$0.2tn toward the Senior Income Supplement in 2027–32, before the fund exists.
- Each year, bonds above one year of benefits (counting 75% of the investment fund) are retired, non-cash — but only as far as the fund has already replaced them.
- Retirement starts in 2033, the balance peaks at \$2.4tn real in 2048 and the last bond is retired in 2086. Reserves never fall below one year of benefits.
- What it buys: the Supplement in all seventy-five years, even with equities down 60% and revenue down 10% for five years. Fund \$1.7tn in 2060, \$16.6tn in 2100. Federal debt retired \$6.6tn. Average annual interest saved \$50bn.
- No settlement is paid and nothing is written off at the outset: gross federal debt falls only as bonds the program no longer needs are retired.

Valuation: the \$2.1tn is the cutover balance — the 2026 Trustees Report projection for end-2027 (Table VI.G2). Retirement is non-cash and cuts gross federal debt; debt held by the public is unchanged by it.

Collection Mechanisms

- **Home sales**
 - Cost basis is inflation adjusted;
 - Documented, filed improvements OR 1% of inflation adjusted purchase price each year of ownership is added to the cost basis, whichever is more
 - Payment period is limited to 10 years or ownership duration, whichever is less
- **Inheritances**
 - 5.95% is withheld by the estate before distribution; heirs keep 94% and file nothing
 - Levy on the gross amount, no valuation disputes and no basis or step-up rules
 - Homes, businesses and farm inheritance tax can be paid over 10 and 20 years, at treasury rates
- **Contractor payments**
 - Cash is allowed, but every invoice must carry the contractor's name and tax ID
 - Homeowners file invoices with federal tax to add to the residence cost basis
 - Recorded payments shrink the cash economy without a new agency
- **Trusts**
 - No trust is exempt: retained gains levied yearly and distributions paid by beneficial recipients
 - Nothing has to be sold, the levy can be paid from any source
 - Closely held assets get a full valuation every five years, with random audits in between

TIER 1 — LONG-TERM OWNER (held 30 years)	
Purchase year	1996
Purchase price	\$100,000
Sale year	2026
Sale price	\$600,000
CPI-indexed basis	\$210,000
Maintenance allowance, 30 yrs @ 1%	\$63,000
Real gain	\$327,000
Levy rate	5.95%
Levy due	\$19,457
Instalments (10 yrs @ 5%)	\$206 / month

TIER 3 — SPECULATIVE FLIP (held 2 years)	
Purchase year	2024
Purchase price	\$350,000
Invoiced rehabilitation	\$150,000
Sale year	2026
Sale price	\$750,000
Taxable gain	\$217,018
Levy rate	5.95%
Levy due	\$12,913
Instalments (2 yrs @ 5%)	\$567 / month
Levy as % of cash cleared	7.9%

State and Local Pension Transition to Social Security

- Macro view
 - States join voluntary, all-or-nothing, and irrevocably with all state and local public employees uniformly
- Transition
 - New entrants move to a defined contribution plan with a 5% match. New hire coverage is mandatory in a participating state.
 - Vested members may irrevocably exchange their accrued benefit for credit in the federal system up to what the member would have contributed to the equity trust fund; any balance transfers to the member's IRA.
 - The transfer is not taxable, and the state plan is discharged of that member's accrued liability.
- The individual-interest rule
 - Elections require a personalized, standardized disclosure developed and delivered by independent. 3rd party fiduciary.
- Valuation
 - Transfer is credited at the plan's actual funded ratio. The state remits the difference as its condition of entry.
 - All members receive the same federal credit for the same accrued benefit; the state that underfunded bears the shortfall
- Federal transition support
 - One-time 30-year loan to cover the state gap at Treasury rates
 - Level payment of ~6% of the gap each year — 7% of payroll at the national average gap of 1.2× payroll
- State savings dedicated to filling gaps in the remaining pension system
 - ~32% of payroll: 22.4% unfunded-liability amortization that stops
 - 6.2% employer Social Security abolished, 3.4% as normal cost falls from 9.4%
 - New entrants go to defined contribution — 1% of pay unconditional, plus a match up to a further 5%.

ANTICIPATING QUESTIONS

FAQs

Why not set the rate lower and just solve solvency?

- Solvency (~5.19%) alone does not solve the problem
- financial stability (federal debt stabilization) and economic growth (supported by patient capital, non-destructively acquired) are requirements for a comprehensively and long-term reliable social security system

Isn't this just a backdoor tax increase — and a wealth tax?

- it equalizes the contribution of capital, inheritance and non-profit revenue excess to need.
- 94% of wage earners pay less, citizens own the asset independent of government

Doesn't it break the contributory 'you get what you paid in' link?

- No – current law and payments do not change, other than guaranteeing 200% of FPL, flat across all ages 65+, for the poorest seniors. The changes fund Social Security solvency, senior poverty elimination, fiscal stability via Treasury debt retirement and economic growth through market weighted, rule-based investment

Why is this urgent?

- Employment structures will adapt in the coming decades; the system breaks in eight years

Capital income is volatile — isn't that dangerous for a pay-as-you-go system?

- Our plan keeps a one-year reserve (bonds plus fund) to absorb swings, taxes a broad, diversified revenue streams
- Volatility is buffered, not ignored
- We define seventeen revenue streams – wages, cashflow, interest/dividends/realized capital gains, non-profit operating surplus, inheritance, rents,

Why not just raise benefits instead?

- This plan solves the problem at current-law benefits. Expanding benefits is a separate decision; this proposal addresses the most urgent gap by guaranteeing a floor against extreme poverty.

ANTICIPATING QUESTIONS

FAQs

Why not buy government bonds?

- Government bonds are claims on future taxpayers.
- This proposal creates Social Security Trust asset ownership for benefit of retirees
- Surplus revenue eliminates senior poverty, retires government debt, accelerates economic growth

Wage earners get a tax cut

- 94% of employees earning at or less than the current contribution limit remain the same or pay less
- Employers whose cash flow is below wages will get a cut
- Large employers with fewer employees but larger profits will have net s/s tax increase

EBITDA taxes companies with no profit

- No – it may tax companies with no REPORTED profits, but it is not confiscatory, it only taxes positive cash flow. The tax has the same claim on cashflow as the tax has on wages. It is taken before any accounting manipulations, such as tax loss carryforward, 100% deductions for R&D etc etc. We equalize the tax claims status between companies and individuals

Volatility replaces stability

- Seventeen sources of income are more stable than one.
- inheritances of real property are paid over 10 years or 20 years
- Rapid accumulation of real reserves is created not just a promissory note

Inheritance administration is a build from near zero

- It just another line in the tax code; we already have inheritance tax in place, The tax just that tax threshold goes from ~\$15MM to 0

ANTICIPATING QUESTIONS

FAQs

How do we know the numbers are right?

- Every input is classified MEASURED, DERIVED or ESTIMATE, and published on the Constants tab. The measured ones cite a named series — Trustees Report, BEA NIPA, IRS SOI Publication 1304, CRS R47341.
- 30 are flagged as author ESTIMATES. Each is named with its basis and its range, so a reviewer can see exactly which numbers are judgement.

Does every printed figure trace to the model?

- Yes. The model's Reconciliation tab maps every number in this deck, the two-pager and the methodology paper to a named cell.
- 10,940 formulas, zero errors, 237 named ranges, zero collisions, and no bare number left inside any formula on any of the 25 tabs.

What has been found wrong — and disclosed?

- A revenue base that silently went negative behind a merged cell. Five instances of a household-versus-person unit error. A Medicare charge worth \$3.1tn in present value that survived three versions after the design had changed. Four notes claiming fixes that had never been made.
- All published in the change log rather than quietly repaired. The audit trail is part of the product.

Which single number carries the most risk?

- The senior income distribution. Deciles are interpolated from four published CRS quintile bounds, and the average household size below the floor is derived rather than measured.
- One CPS microdata run replaces both. It is named as the highest-value refinement outstanding.

ANTICIPATING QUESTIONS

FAQs

Does the levy reach real income, or just wages?

- Of the ten largest income types the individual income tax observes on Form 1040 — \$14.98tn across 161mn returns for tax year 2022 — this levy reaches nine.
- The one it does not reach is taxable Social Security benefits, which this plan deliberately makes tax-invisible.

The largest categories, and how each is reached

- Salaries and wages \$9,739bn (65.0%), uncapped. Capital asset sales \$1,241bn (8.3%). Partnership and S-corporation income \$1,031bn (6.9%), at the entity.
- Pensions and annuities \$912bn (6.1%), earnings portion only. IRA distributions \$438bn (2.9%). Ordinary dividends \$412bn (2.8%), at the paying company.

Why is the base larger than national income?

- Because it includes flows that are not production income. An inheritance is a stock changing hands; a realized gain is an asset price change. Neither appears in GDP and both are legitimate bases.
- The design levies each FLOW once as it moves — not each dollar once in its lifetime.

Is anything taxed twice?

- Three deductions prevent it. Dividends paid to foreign holders come out of business cash flow because the withholding agent levies them. Corporate net interest comes out because the recipient is levied.
- Inbound dividends are levied net of foreign withholding, so the levy reaches what ARRIVES, not the gross declaration.

ANTICIPATING QUESTIONS

FAQs

What have you deliberately not claimed?

- A conservatism ledger runs through the model. Each item is a real effect the plan causes, sized in the workings, then excluded from the scored balance because the plan does not control the account it lands in.

The unclaimed items

- \$18.5bn a year of SSI payments to recipients aged 65 and over, made redundant by the floor.
- Enforcement recovery from a funded audit provision. Any growth dividend from a lower hurdle rate. Second-round wage effects from abolishing the employer tax, roughly \$23bn a year at full pass-through.

The baseline used is the harder one

- The plan is scored against the published 4.42% deficit. The model's own from-scratch path summarizes to -4.74%, about 0.32% worse, and the depletion test runs on that stricter path.
- So 'never depletes' is proved against the harder number, while the balance is claimed against the published one.

What would make current law worse still

- US fertility fell to about 1.60 in 2025 against the Trustees' 1.75 ultimate assumption. Lower fertility degrades current law faster than it degrades this plan, because eleven of the seventeen sources are not headcount-dependent.
- Shown as a memo and deliberately not claimed.