

News Sentinel Candidate Survey
William R. Larsen
Candidate for Indiana's 3rd District U.S. Representative

Issue 1

National Defense:

Those who serve our country need to be trained and provided the equipment necessary to carry out the tasks assigned to them. We should never knowingly send our men and women into combat with out-dated equipment, poor training and poor planning. They are putting their lives on the line, the least we can do is provide them the training and equipment to carry out their assigned tasks.

As a Navy veteran, I know the hardship that military life can have on families. We need to maintain our VA hospitals and provide those who have been injured the best medical care available. We need to eliminate road blocks to treatment and to services for those who put their lives on the line.

Issue 2

Fiscal Responsibility:

There are two sets of books our politicians like to keep, the General and Unified budgets. The Unified Budget includes every government expense while the general budget excludes social security and Medicare. SOCIAL SECURITY has its own dedicated tax, which by law cannot be used to pay for anything but Social Security costs, United States Code Title 42, Chapter 7, Sub chapter VII, Sec. 911 (a). Social Security can buy US Treasuries just like you or I, but the money must be repaid. Currently the Social Security Trust fund owns \$1.6 Trillion in Special US Treasuries, which is included in the \$8 Trillion National debt.

Politicians like to use the Unified Budget because they can show a lower deficit number. For example in 2004 Bush and our Representatives passed a Unified Budget resulting in a \$553.6 billion deficit. The problem is they included Social Security and Medicare taxes as well as the interest their trust funds earned, which are dedicated to paying Social Security and Medicare costs, not general budget items. Excluding these dedicated tax revenues and interest payments, the General Budget deficit was \$726.1 Billion.

In 2005 there was Katrina and now we have the Rx Medicare drug program. The deficit this year is going to be what, \$800 Billion? Interest on the Debt in 2005 was over \$450 Billion or 40 cents of every dollar you pay in Federal Income Taxes. In 1952 only 16 cents went to pay interest on the debt.

The problem is, they could eliminate the unified budget deficit and we would still have a very large general budget deficit. Time for talking has long passed. The time for action is now!

Issue 3

Social Security:

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I support repealing the Social Security act pertaining to Old Age Benefits, not the Disability program. The reason is very simple: Social Security Act was flawed in that it was designed to pay benefits in excess of contributions. Those who have retired since 1940 paid \$2.5 Trillion in taxes. As of 2004 Social Security has paid \$7.3 Trillion in benefits and before current retirees pass on they will collect another \$5 Trillion. Sure you may think with interest this is ok. However, the sum total of all Social Security Old Age taxes paid since 1937 total \$7.9 Trillion. 93 cents of every dollar we paid in taxes was paid out in benefits. 7 cents is not much to compound.

My plan would use the current \$1.65 Trillion in the Social Security Trust Fund to pay a means-tested benefit of \$1,133 a month to each senior in need. This benefit would be adjusted yearly by the change in the United States Average Wage, which is generally greater than inflation. Means-testing would be based on assets rather than income.

The social security trust fund would last about ten years at, which time general revenues would be needed to pay this means-tested benefit. It would take 37 years to reach equilibrium, at which time about 9% of the elderly would need assistance at any given time.

The employee's Social Security Old-Age tax of 5.3% would be eliminated. This would provide the employee on average \$1,800 per year for debt reduction, retirement, education, health care, etc. The worker would be required to open an IRA style account at a financial institution of their choice. The employer's Social Security Old-Age tax of 5.3% would be eliminated, but the employer would now be required to deposit the equivalent of 5.3% of wages into the employee's account each pay period. Instead of sending the Social Security Old-Age tax to Social Security, the employee would own and control the same amount of funds, not the government. The total controlled by the employee would be about \$3,600 per year (\$1,800 in the IRA style account and \$1,800 left in the paycheck).

A program that pays those born after 1985 just 29 cents back for each dollar of **combined** taxes and interest is not fair. Americans want value for their dollar. You can buy a value meal at about any fast food chain consisting of a sandwich, fries and drink for about \$4.00. If Social Security were a value meal, it would cost \$13.79.

If we want to save social security, then each adult worker must send a check today to social security for \$87,000, or cut benefits by 40% or raise taxes by 85%. There simply is no painless solution. How firm are you on saving social security?

Mark Souder spoke to Prime Time 39 on 3-12-2004 and referred to Social Security as a "shell game." He stated, "**For people under 30 its probably going to be income based. I am not saying we're going to pass that. It will probably be passed after I am dead.**" He continued "**If you're 40, you might make it through the system. But if you're under 40,**

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and certainly under 30, you had better start planning because if you want to have a decent retirement you're going to need supplemental funds."

During your lifetime has the Social Security tax ever been cut? If you think Social Security is not fair to you, will it be fair for your children or worse?

I am compassionate and will do my utmost to make sure no needy senior is left behind. However, we need to make a very painful decision and do it now.

Previous political experience:

I have no previous political experience. I am not a politician.

What are your qualifications for this office?

I am a mechanical engineer who has solved numerous complex problems. I have had to estimate the cost of proposed projects identified in contracts or designs. Contracts identify deliverables, which in this case would be the same as benefits. Contracts also identify payments, which in this case would be the same as tax revenues. Do the tax payments cover the cost of benefits? If not, then we have deficits. This is our problem. Congress does not know how to budget.

Voting on legislation requires an individual who can understand what is written. Legislation is no different than specifications found in any design requirement or contract. It identifies what the terms and conditions are for both parties. In this case the parties are the taxpayer and the beneficiary. Being able to understand complex requirements and ensure that payments are adequate to cover benefits will minimize cost over runs or in the case of government, deficits, unfunded programs and tax increases.

I have a good education in mathematics, science, economics and an outstanding ability in solving problems.

What do you hope to accomplish if elected?

I want to restore the American Dream, where in a land of opportunity an individual can work hard and prosper. Every worker has within their grasp the ability for a secure retirement. A secure retirement leads to a secure economy that creates and supports jobs. However, there are several problems. Taxes reduce the ability of the worker to provide for their families. Increased taxes and deficits reduce the standard of living.

The Cost of Money is generally the highest rate of interest you are paying. Applying the Social Security tax to reduce the number of loan payments would be an excellent way to create wealth.

The average worker applying the Social Security tax each month to a mortgage reduces a 30-year mortgage to less than 14-1/2 years. Now make the very same payment of

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principal, interest and Social Security tax into 5% US Savings bonds for the remaining payments of the original term. At the end of 30 years the worker would have a home plus \$370,646. This \$370,646 is the value attributed to the Social Security tax being used to pay off the mortgage early.

The Social Security Administration has stated they can pay but 73% of benefits. This means the effective interest rate paid on our Social Security taxes is close to zero if not negative. Assuming a 1% return the value at the end of 30 years for the Social Security benefit is \$177,807. The mortgage application method improved the net-worth of the worker by \$192,839.

To accomplish my goal, the worker must be given the opportunity and ability to save. Repealing the Social Security Act pertaining to Old Age Benefits will provide a 10.6% boost to the savings rate immediately. This is the single largest tax a worker pays and has the worst value of any tax imposed.

Reform the Federal Tax code. Congress has given preferential treatment to companies, groups and individuals. This creates thousands of pages of code and is unfair and inefficient. The tax code could be reduced to less than 50 pages. Income is income, treat income as such. This will greatly reduce compliance costs and tax court litigation.

Balancing the budget can be done. Workers who are laid off must deal with a reduce income. All Americans for the most part live within their means. Why should it be different for the Federal Government? By allowing workers to save, they become participants and share in economic and productivity gains.

It will not be painless, but the longer we delay, the more pain our children will have to endure in the future because of our failure to act now.

What changes would you make in the structure of local government?

Return control of education to the local level.

Do you have or have you had any children attend school in this school district? If you have, please describe the education they received.

I have five children in Northwest Allen County Schools. Though I believe they are receiving an adequate education, I feel the school system could do much better. The Federal Government takes our taxes and doles them back to our schools with strings attached. In addition sending money to the Washington is like having the added cost of a middle man one does not need. We have to pay for all that federal education bureaucracy.

Politicians in Washington think they know what is best for our children here in Indiana. They pride themselves by how much they return to Indiana. Would it not make more sense to leave the money in our local area and let us decide what is best and how to spend

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it? The Federal Government should relinquish control of education back to the states. I want you to feel the pride and satisfaction that you are in control of your children's education, not a U.S. Representative or Senator in Washington.