

HB

364

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May 9, 1977

The Honorable Joseph Orsini
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Senator Orsini:

There is a Bill being considered in the State House of Representatives which I feel deserves consideration by every Alaskan and especially those in a position to influence legislation. The Bill is HB 364 sponsored by the House Rules Committee, which will allow State employees to vote on whether or not to opt out of the Social Security system.

The main argument put forth is that these funds could be used more advantageously if placed with the Public Employee's Retirement System. I doubt that any knowledgeable individual would disagree with this claim, however, anyone taking the same amount of money and placing it in a minimal return investment would probably do better than the Social Security Fund.

Allowing another group to opt out of the system only spreads the responsibility of providing for our aged over a smaller number of taxpayers. According to published reports, our Social Security Fund keeps shrinking as our taxes continue to increase. This year the maximum tax on a self-employed individual is \$1,304 compared with \$1,209 in 1976. The maximum for employees is \$965 in 1977 compared with \$895 in 1976 with like amounts paid by the employer. I understand President Carter is proposing legislation to allocate other tax monies to Social Security.

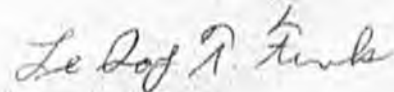
At the present time Federal employees and teachers are exempt and probably others of whom I am unaware. There are many inequities in our tax system as I am sure you are aware. It seems to me that an effort should be made to eliminate the inequities rather than allow more. Every employee should be allowed to contribute, or not, at the employee's option.

It has been my feeling for some time that every individual should have the opportunity to opt out of the Social Security system, but once this election is made it should be binding and irrevocable. Accumulated contributions would be forfeited upon the election. Before one is allowed to opt out of the system, however, proof of a retirement plan should be required. Needless to say, assuring that an adequate retirement plan is begun and maintained would be next to impossible. I suspect that had something to do with inception of the system initially.

The problem with allowing individuals to opt out of the system is the system itself. Many people retire from public service at a reasonably young age. These people have acquired skills that enable them to obtain employment in jobs covered by Social Security at high salaries. They work at salaries in excess of the Social Security base for enough quarters to qualify for near maximum benefits and receive nearly the same monthly allowance as someone who has paid into the system his entire working life. In fact, they could receive more than some of the low income people who have contributed for their entire life.

I hope that you will seriously consider the consequences of this Bill on every Alaskan, and not just State employees, before allowing it to pass. By copy of this letter to the Alaska Society of Certified Public Accountants, I am asking the members to support my opposition to this Bill.

Very truly yours,



LeRoy T. Funk

cc: Alaska Society of Certified Public Accountants

LTF:rs