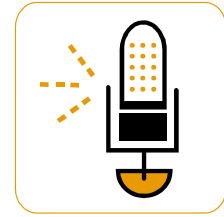


Networks Financial Institute, (317) 536-0281



State of the Union and Social Security

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President Bush explained his plan on Social Security Reform recently in his State of the Union Speech. However, he refrained from providing further details on what the administration would do to close the expected gap between revenues and outlays in social security. The Administration's proposal to keep Social Security solvent in future years will clearly be one of the most debated aspects on the Social Security Reform agenda. This is mainly because a majority of the solutions proposed to keep Social Security solvent require either a benefit cut for future beneficiaries of Social Security or a tax hike for the current tax payers. Although Mr. Bush made it clear that nobody over the age of 55 will be impacted by the Social Security Reform, it will most likely affect the lives of millions of Americans under the age 55.

According to the

Congressional Budget Office, Social Security revenues from payroll taxes and taxation of benefits will not be enough to cover payments to beneficiaries in 2020. Trust funds will be exhausted by 2052. The Social Security administration will only be able to pay 78% of the promised benefits to future retirees.

President Bush's plan includes setting up Personal Private Accounts for the young workers. According to his plan, workers will be able to divert 4% of their Social Security payroll taxes to their personal accounts. Workers will be able to invest only \$1000 in their first year. However, this limit will be raised by \$100 each year up to the maximum limit of 4% of their Social Security Payroll Taxes. Investors will be able choose from

a menu of a conservative mix of bonds and stock funds. Further details of President Bush's proposal for Personal Accounts can be summarized as follows:

- ❖ Earliest date for the Personal Accounts will be 2009.
 - ❖ There will be a benefit cut for workers who decide to invest in their personal accounts.
 - ❖ Workers will not be allowed to withdraw from their Personal Accounts before they retire. After retirement, funds in their Personal Accounts will be freed in the form of annuity payments.
- You can read the full transcript of the State of the Union speech at <http://www.whitehouse.gov/news/releases/2005/02/20050202-11.html>.



Social Security Reform and The Indiana Economy



Any kind of change in Social Security, either in the form of a benefit cut or tax increase, will significantly affect Indiana's economy. **In 2002**, 1,012,160 Indiana residents received Social Security benefits. The Social Security Administration paid \$866 million to Indiana residents in December 2002 alone. Total payments in 2002 to Social Security beneficiaries

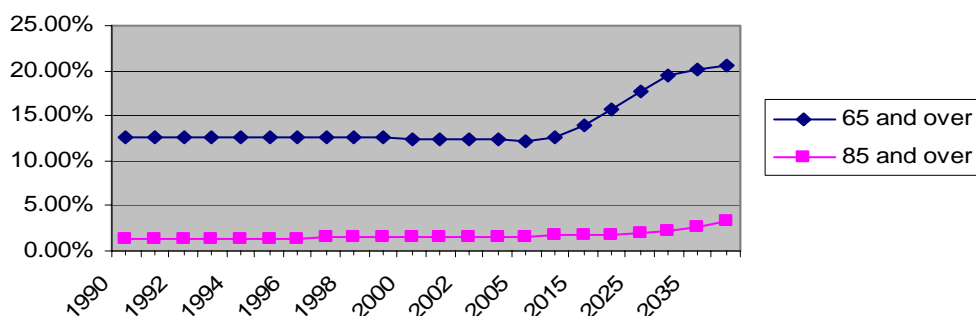
amounted to around \$10.3 billion. Social Security beneficiaries constituted 16.5% of the total population within the state of Indiana and 95.8% of the state's population age 65 and older.

Although retired workers (641,590) constitutes the majority of Social Security beneficiaries in the state, survivors (150,980), disabled workers (119,440),

dependents of retired workers (62,670) and dependents of disabled workers (37,480) also receive Social Security benefits.

According to 2001 data, about 3.48 million Indiana residents worked in employment covered under the Social Security program. They paid a total of \$11.04 billion in Social Security Taxes.

Percentage of people age 65 and over, by age group, selected years 1990-2000 and projected 2005-2040



However, as the first boomers get close to retiring, it is clear that these figures will change dramatically. Forecasts suggest that in year 2010 there will be 1,058,577 seniors age 65 and over. They will constitute 15.7% of

the state's population. By 2040, number of seniors age 65 and over is expected to reach 1,479,535 which means **20.47%** of Indiana residents. **In conclusion**, it appears that a benefit cut or a payroll tax

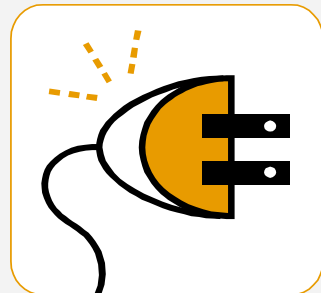
increase will most likely affect the lives of 20.47% of Indiana residents in 2040. As more details become available, magnitude of the effect will be clearer for the Indiana economy.

Networks Graduate Scholars

In order to better integrate the NFI graduate fellowships into our mission, I am reviewing the book *Working Effectively with Graduate Assistants* by Jody D. Nyquist and Donald W. Huff (Thousand Oaks, CA: Sage Publications, 1996). The book contextualizes the graduate assistant's work responsibilities within their academic progression through graduate school. The authors propose that graduate students move through a progression from Senior Learners to Colleagues-in-Training to Junior Colleagues and that, as graduate

assistants, their work lives are best served by paralleling that academic learning curve. The first stage is a personal development phase, as graduate students shift their expectations of learning away from the more dependent undergraduate model and learn new survival skills as more independent learners. As Colleagues-in-Training, their development is more skills-based. Their approach to authority becomes more independent and analytical. In the third and final stage of graduate education, they are at their most

intellectually engaged level and function more collegially toward their academic and professional leaders. NFI will want to understand the learning progression of our graduate fellows and provide a professional work experience that parallels their academic development. We invite you to think about progressive levels of involvement that our graduate fellows might have in your NFI projects and to approach Martha or Ozer with suggestions of potential projects and involvements for our graduate fellows in the mission of NFI.



Networks Grad. Scholar - Jay Page

My current task, as part of my NFI graduate fellow responsibilities, is to provide assistance and support to Livia Scott, Dr. Priscilla Wolfe and Dr. Art Sherwood, who are developing professional service curriculum modules to be delivered to Networks

undergraduate scholars. I am providing logistical support. I am also assisting Dr. Wolfe and Dr. Sherwood in taking notes and providing feedback on the deliverables of each individual meeting. We are in the process of building templates for each of the meetings

so that in the future anyone can follow the template and conduct the meeting.

Networks Grad. Scholar - Kyle Plesniak



I have recently compiled information on Indiana State's Business Administration, Communication, Computer Science, Electronics & Computer Technology, Family & Consumer Sciences,

Human Resource Development, Industrial Technology, Life Sciences, Mathematics, and Public Administration master's level programs to assist in creating recruitment materials for students entering these

programs who are also interested in financial services. I was able to gather most of the information from the various program websites and course catalog, in addition to a visit to the school of graduate studies.

Research Tip

"Attention: You have reached the very last page of the Internet. We hope you have enjoyed your browsing. Now turn off your computer and go outside and play."
Has anyone ever shown you this comical website? As a testament to how things proliferate on the Internet, there are now multiple versions of the "last page." As a matter of fact, my search for "the last page of the Internet" turned up 9,800 hits. This example of how content multiplies online is meant to exemplify the problem of finding the 'real deal,' the meat of what you are looking for, when using the Internet. The Internet was originally conceived for national defense

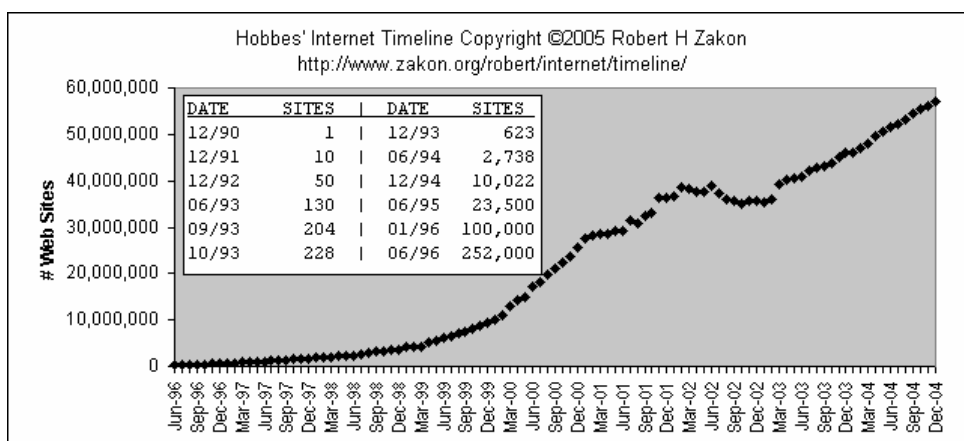
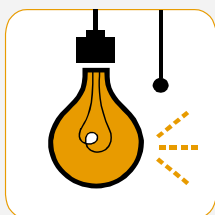
purposes by the Advanced Research Projects Agency (ARPA) of the U. S. government in 1969 and was first known as the ARPANet. The original aim was to create a network that would allow users of a research computer at one location to be able to "talk to" research computers at other locations, even if a defense crisis had knocked out phone lines. It evolved over the course of many years from defense project to academic research network to global, commercial entity. Terms such as "hypertext" and "online" were originally coined as far back as the 1960s, and email as a means of sending messages across a distributed network actually

originated in the early 1970s. However, development for the first browser, called "Worldwide Web" and culminating in the first Web client-server communication over the Internet did not happen until December 1990. The first half of the 1990s saw the idea of the WWW really begin to take off. Do you remember your first encounter with the Web? Mine took place in a classroom at the Georgia Institute of Technology in 1995, where I saw Mosaic (later Netscape) demonstrated for the first time. For all intents and purposes, the Internet has been a public force for only the last decade. But the growth of the Web happened exponentially, as the

Research Tip (Continued)

chart below indicates. From about 100,000 sites in

early 1996, it has exploded into roughly 60 million sites today.

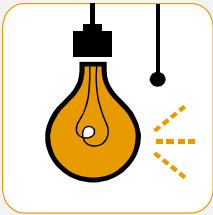


What many people don't realize is how much the Web has evolved in those intervening years. Originally, most information was available on websites constructed by means of HyperText Mark-up Language (HTML), and all content was viewable on those HTML pages. As the Internet came to have more and more commercial applications, more and more content, the really valuable information, was moved off of those HTML websites, known as surface WebPages, into the Deep, or Invisible, web. If you read the last *Research Buzz*, you'll remember the name

of Danny Sullivan. Here's how Danny Sullivan describes the Deep Web, from the Introduction to Chris Sherman and Gary Pryce's book, *The Invisible Web: Finding Hidden Internet Resources Search Engines Can't See*. "If your searching experience has been limited to the general-purpose Web search tools like Yahoo! Or Google, you will soon see that you have been accessing only a small fraction of "Web accessible" information. Many people – even those "in the know" about Web searching – make many assumptions about the scope and thoroughness of the

coverage by Web search engines that are simply untrue. In a nutshell, the Invisible Web consists of material that general-purpose search engines either can not, or perhaps more importantly, *will not* include in their collection of Web pages. . . . The Invisible Web contains vast amounts of authoritative and current information that's accessible to you . . . but you have to know where to find it ahead of time, since you simply cannot locate it using a search engine." (http://www.invisible-web.net/iw_introduction.pdf) Most Deep Web content exists in

Research Tip (Continued)



databases and can be called up to the surface Web only in response to a database query. In turn, your search query generates dynamic Web pages; these dynamic Web pages do not exist before your search and disappear as soon as you close out your search, so the content can never be "crawled," or indexed, by standard search engines.

Some of these databases are available for free; many are subscription-based and must be paid for. The pictures below, from a Deep Web white paper from Bright Planet (see <http://www.brightplanet.com/technology/DeepWeb.asp>) demonstrate what standard search engines are capable of finding. Bright Planet uses a fishing

analogy: "Searching on the Internet today can be compared to dragging a net across the surface of the ocean. While a great deal may be caught in the net, there is still a wealth of information that is deep, and therefore,

