The Sovereign Reset

Baby Boom the Debt · American Wealth Realization & Debt Repatriation

Policy Discussion Packet · April 2026 · Not an official government communication · Not CBO/JCT scored

THE PROPOSAL

> **"The money converts — early instead of later, changing things immediately."**

- $49T pretax pool → voluntary Roth conversion
- 1–3% tax credit **control valve** adjusts flow
- ~31% effective rate → **~$9.9T federal revenue**
- Split: national debt paydown + SSA solvency
- Endgame: **Balanced Budget Amendment**
- Voluntary. No new taxes. No mandates. No cuts.

KEY NUMBERS

$49.1T US pretax retirement assets	**~$9.9T** Federal revenue · 65% uptake · ~31% rate	**$39T** Current national debt
~2032 SSA OASI exhaustion (current trajectory)	**$415B/yr** Annual interest relief (illustrative)	**1.24 → 1.0** Debt/GDP shift · scenario

BBtD = Baby Boom the Debt · **BBA** = Balanced Budget Amendment · **OASI** = Old-Age & Survivors Insurance Trust Fund · **RMD** = Required Minimum Distribution · **SSA** = Social Security Administration · **BRICS** = Brazil, Russia, India, China, South Africa (adversary creditor bloc)

BBtD — The Mechanism

The money doesn't disappear. It converts — from a deferred tax liability the government already owns into immediate federal revenue, on American terms, at American-chosen timing. No new taxes. No mandates. A control valve.

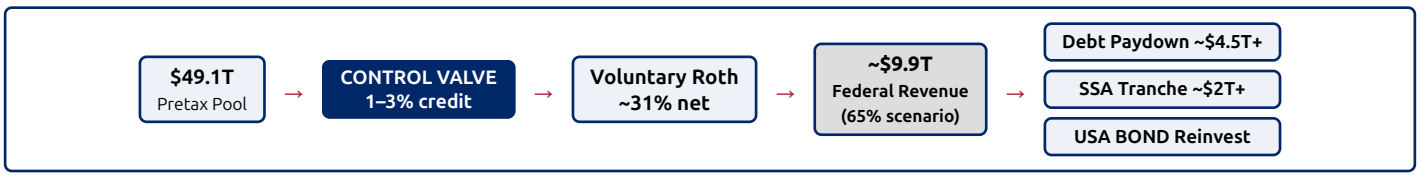
THE POOL

- **$49.1T** in US pretax retirement assets (IRAs, 401(k)s, 403(b)s)
- ~**$19.2T** traditional IRAs · ~**$14.2T** in 401(k)s
- ~**85%** (~$41.7T) subject to Required Minimum Distribution dynamics — this money will be taxed regardless. BBtD changes only the timing.
- Waiting for RMDs spreads revenue over 30 years while compound interest on debt runs faster

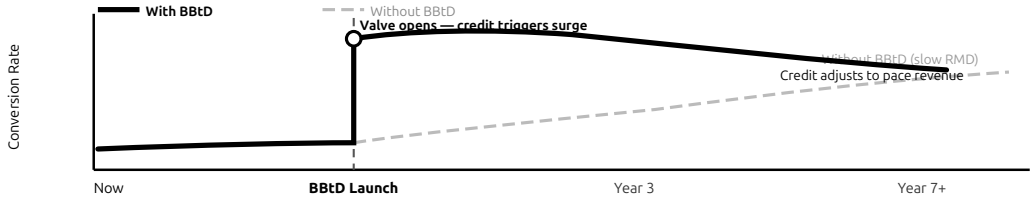
THE CONTROL VALVE

- **Variable tax credit: 1%–3%** on accelerated pretax → Roth conversion
- Credit level is the throttle — Congress adjusts participation flow like a valve
- Illustrative: 34% bracket – 3% credit = **31% effective rate**
- Household win: rate certainty now vs. unknown future RMD bracket
- After conversion: funds grow **tax-free in Roth** — no future RMD drag

FUND FLOW — ILLUSTRATIVE



PARTICIPATION SHAPE — BEFORE · DURING · AFTER (ILLUSTRATIVE)



Illustrative shape only. The pool converts either way — RMDs guarantee it. BBtD controls timing and scale via the credit level. Reduce credit = slow participation. Increase credit = accelerate. A policy throttle, not a mandate.

USA BOND / MARKET MODERATION

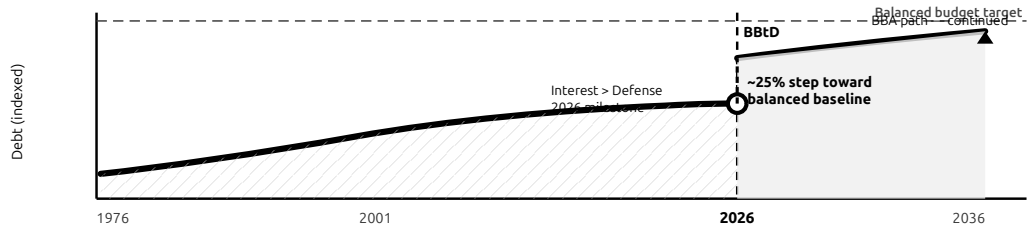
- 10–25% of revenue earmarked to USA BOND reinvestment
- Adjustable sovereign bond: rate between prime and CD market
- Moderates market disruption from large asset liquidation events
- Keeps converted capital in US system — domestic, not foreign held

The Debt Problem

In 2026 the United States spends more on interest payments than on its entire Defense budget. The debt service meter runs faster than any conventional tax can catch it. There is one pool large enough to change the math.

$39T	>$1T/yr	1.24
Current national debt	Annual interest expense (2026) — exceeds Defense	Debt/GDP ratio — current

DEBT TRAJECTORY — 50 YEARS + BBTD INFLECTION (ILLUSTRATIVE TEACHING SHAPE)



Teaching shape — not CBO literal. Debt indexed: lower on chart = less debt. BBtD inflection at 2026. Continued descent requires Balanced Budget Amendment (Page 6).

WHY CONVENTIONAL FIXES ARE TOO SLOW

- RMD revenue spreads over 30+ years — compound interest outpaces it
- Tax rate increases trigger behavioral offsets: deferral, avoidance, relocation
- Spending cuts face political gridlock at every line item
- The $49T pool is *already pledged* as deferred tax receivable — BBtD pulls the timing forward
- **2026 is the window** — boomers are converting now regardless; the valve is the lever

FOREIGN CREDITOR EXPOSURE

- ~**$8T** held by foreign creditors
- ~**$775B+** held by China — direct strategic leverage
- BRICS bloc: adversary creditor position paid quarterly
- Interest flowing overseas: **wealth transfer to rivals every quarter**
- BBtD revenue enables **strategic repatriation** — see Page 5

THE CASE FOR ACTING NOW

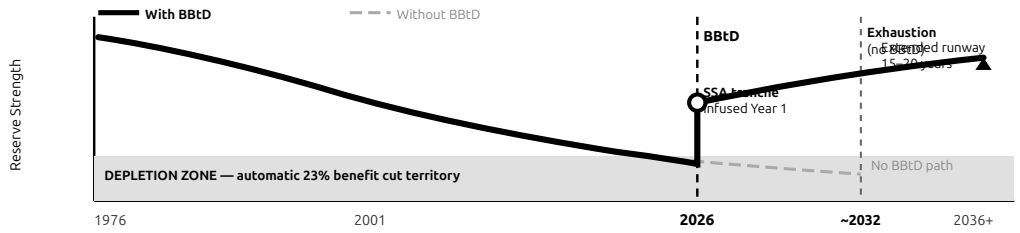
Factor	If We Wait (RMD pace)	With BBtD Now
Revenue timing	Decades — compound interest wins	Front-loaded — immediate paydown
Tax rate risk	Future rates unknown / likely higher	Locked now at known credit-adjusted rate
SSA cliff	2032 exhaustion — no buffer time	Tranche funded in Year 1
BRICS leverage	Continues accumulating quarterly	Retired strategically within 5 years (Page 5)
Household position	Forced RMD at unknown future bracket	Voluntary conversion at chosen rate with credit

SSA Crisis — The 2032 Cliff

The 2032 exhaustion date is not a forecast. It is a statute. When the OASI trust fund hits zero, Social Security benefits are automatically cut by ~23% — no Congressional vote required, no override mechanism available.

~2032	~23%	$3.9T
OASI trust fund exhaustion (current trajectory)	Automatic benefit cut at exhaustion — statutory, not discretionary	75-year projected shortfall

OASI TRUST FUND RUNWAY — 50 YEARS + BBTD RESET (ILLUSTRATIVE)



Illustrative shape — not SSA trustees' tables. Higher = healthier reserve. Gray zone = automatic cut territory. BBtD ~$2T+ SSA tranche applied at 2026 inflects the curve away from depletion band.

THE STATUTORY CLIFF — NO OVERRIDE

- Social Security Act requires proportional cuts at trust fund exhaustion — **automatic**
- No Congressional vote triggers it — **inaction causes it**
- ~57 million beneficiaries face ~23% cut
- Political cost of allowing it: catastrophic for any incumbent regardless of party
- **2026 is the action window** — boomers are converting now; BBtD captures the timing

BBTD SSA SOLUTION

- ~**$2T+** earmarked SSA tranche from Year 1 conversion revenue
- Deposited into OASI as special-issue bonds — same mechanism as current trust fund
- Extends solvency horizon by estimated **15–20 years** (illustrative)
- **No payroll tax increase required**
- **No benefit cut required**
- Funded by voluntary conversion — not a redistribution tax

WHO BEARS THE CONVERSION COST?

Household	BBtD Position	Net Result
High-net-worth Boomer (35–37% bracket)	Converts voluntarily — 3% credit makes 31% attractive vs. forced RMD at 37%+	Rate certainty + credit value
Middle-class Boomer (22–24% bracket)	Optional — less compelling; fully voluntary, no penalty for waiting	Protected from future rate risk if converts
Current SSA beneficiary	Not converting — receives the benefit of the tranche funded by those who do	2032 cliff averted
Post-conversion Roth holder	69% of pool stays in Roth — grows tax-free, no future RMD drag	Long-term wealth preservation

Year 1 — Day-One Impact

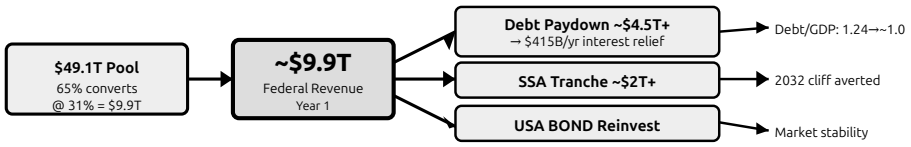
Day-one math. No new taxes. No new spending. No new borrowing. Revenue from an asset the government already owns as deferred tax — realized now, not across 30 years of RMDs. The only variable is the credit level that opens the valve.

~$9.9T
Federal revenue · 65% uptake · ~31% effective rate

~$415B/yr
Annual interest relief on debt retired (illustrative · ~4.2% avg coupon)

1.24 → ~1.0
Debt/GDP shift · scenario · not forecast

YEAR 1 REVENUE FLOW — ILLUSTRATIVE



SCENARIO TABLE — UPTAKE VS. REVENUE

Scenario	Conversion Volume	Federal Revenue (~31%)	Interest Relief/yr	SSA Tranche
100% of eligible pool	~$41.7T	**~$15.2T**	~$640B/yr	~$3T+
65% uptake (base case)	~$27.1T	**~$9.9T**	~$415B/yr	~$2T
40% uptake (conservative)	~$16.7T	**~$6.1T**	~$255B/yr	~$1.2T

Effective rate = illustrative ~31% (e.g., 34% bracket − 3% credit). Formal scoring requires JCT/CBO behavioral uptake models and transition rules. Author scenario estimates for discussion.

WHAT HOUSEHOLDS RECEIVE

- 1–3% tax credit on conversion — immediate value
- Rate certainty: known effective rate today vs. unknown future RMD bracket
- Converted funds grow **tax-free in Roth** — no future RMD obligation
- USA BOND option: prime-adjacent adjustable yield

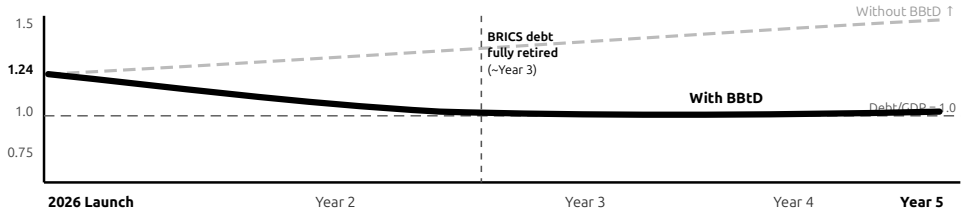
NO NEW LEGAL COMPLEXITY

- Roth conversions: **existing law today**
- Tax credits: **existing tool** — Ways & Means jurisdiction
- USA BOND: new issuance authority — standard Treasury mechanism
- Working title: *American Wealth Realization & Debt Repatriation Act*

Year 5 — Repatriation

Fire the foreign creditors. Hire American savers. By Year 5, BRICS-held debt is retired, interest stops flowing to adversaries quarterly, and the dollar is backed by domestic sovereign capital — not foreign creditor confidence.

DEBT/GDP TRAJECTORY — PRE VS. POST BBTD · 5-YEAR WINDOW (ILLUSTRATIVE)



Illustrative scenario — not CBO. Assumes 65% uptake, strategic debt retirement prioritizing highest-coupon and foreign-held obligations first. BBA required to sustain descent past Year 5.

REPATRIATION STRATEGIC FRAMEWORK — THREE POSITIONS

Hard Away

Buy back all foreign debt

- Full strategic independence
- $150B+/yr adversary interest drain ends
- High liquidity demand — rushes bond market
- Signal: full creditor decoupling

★ Strategic Middle

Retire adversaries · manage allies · hold cards

- China / BRICS adversaries: priority retirement
- Allied surplus (Japan, UK): managed — not hostile
- Oil nations: selective — petrodollar secured
- Remaining access = **preferred treatment lever**
- **Super-Dollar**: backed by domestic capital, not adversary confidence

Hard Towards

Buy back no foreign debt

- Maximum short-term diplomatic flexibility
- Adversary interest drain continues quarterly
- BRICS leverage persists
- De-dollarization risk unaddressed

Strategic Middle is the recommended design intent — foreign access retained selectively as preferred-treatment lever for allies. Congress and Treasury determine final sequence. Numbers are order-of-magnitude estimates.

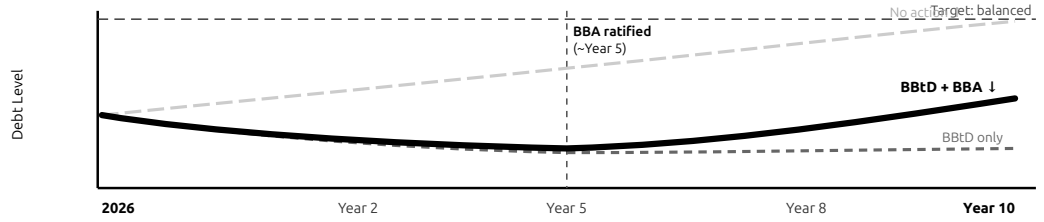
YEAR 5 STATE — SCENARIO SNAPSHOT

~1.0	$0	$415B/yr
Debt/GDP (down from 1.24)	BRICS adversary debt leverage (scenario)	Annual interest savings freed from debt service

Year 10 — Lock the Line

BBtD funds the reset. The Balanced Budget Amendment locks the line. Without the BBA, debt refills. Without BBtD, there is nothing to balance from. They are the same move — the one-time reset and the permanent lock.

10-YEAR HORIZON — THREE SCENARIOS (ILLUSTRATIVE)



Three scenarios — illustrative. BBA ratification requires 2/3 Congress + 3/4 states (~38). BBtD creates the fiscal and political conditions to make that achievable.

THE BBA CASE

- BBtD generates the one-time reset — retires the $39T hole
- BBA prevents the next cycle — spending cannot outrun revenue
- "Sovereign Warranty": public supports conversion when they know government can't re-borrow
- 2026 momentum: BBA support growing alongside debt service crisis
- Framing: *"We can't ask the public for a $28T conversion if the government just runs up the card again."*

YEAR 10 END STATE — SCENARIO

- Debt/GDP continuing toward 0.75 and below
- SSA trust fund fully operational — extended runway
- Foreign creditor leverage: **zero** (BRICS retired)
- Roth pool ($30T+) growing tax-free — no RMD drag on next generation
- Dollar backed by domestic saver base — Super-Dollar realized
- $415B/yr freed from debt service → defense, R&D, infrastructure

LEGISLATIVE SEQUENCE

Phase	Action	Vehicle
Year 1	BBtD Act — tax credit + USA BOND authority + SSA earmark	Ways & Means / Senate Finance / Budget
Years 1–3	Conversion window — revenue collected, debt retired, SSA funded	Treasury / IRS implementation
Years 3–5	Balanced Budget Amendment — Congress passes, sent to states	Joint Resolution — 2/3 both chambers
Years 5–7	BBA ratification — 38 states required	State legislatures
Year 10+	Constitutional lock — structural deficit ended permanently	Constitutional

Bipartisan Frame

Red saves savers. Blue saves seniors. The same valve, the same math — two parties need the same answer. Neither side can fix this alone. Both sides can fix it together, and the political upside for doing so is historic.

Fiscal Conservative Frame (RED)

- **Debt repatriation** — fires adversary creditors, ends interest drain overseas
- **Lower interest drag** — $415B/yr freed from debt service
- **No new taxes** — revenue from existing deferred tax asset
- **Voluntary, market-driven** — no mandate, no government program
- **Domestic capital formation** — Roth = long-term domestic investment base
- **BBA pathway** — structural fix, constitutional lock, not a one-time patch
- **Dollar strength** — backed by domestic savers, not foreign creditor whims

Progressive Frame (BLUE)

- **SSA solvency** — 2032 cliff averted without cutting a single benefit
- **No payroll tax hike** — funded by voluntary conversions, not workers
- **Affluent households bear the cost** — those with largest pretax balances convert most
- **Middle-class protection** — fully opt-in, no penalty for non-conversion
- **Generational equity** — boomers pre-pay; millennials/Gen Z inherit lower debt
- **Benefit certainty** — 57M+ beneficiaries protected from automatic 23% cut
- **Fiscal capacity freed** — $415B/yr released from debt service for priorities

HIGH-PROBABILITY SENATE TARGETS — BIPARTISAN COALITION

Senator	Party	Primary Hook
Schmitt	R-MO	Debt repatriation, BRICS leverage elimination, BBA framing · Missouri constituent
Hawley	R-MO	SSA solvency, working-class retirement protection · Missouri constituent
Thune (Majority Leader)	R-SD	BBA tie-in — "one-time cleanup that makes BBA politically achievable"
Cassidy	R-LA	Bipartisan Social Security reform leader — co-sponsor candidate
Crapo (Finance Chair)	R-ID	Senate Finance jurisdiction — retirement tax policy, SSA, national debt
Fetterman	D-PA	"Wealth-to-Work" — SSA fortress without a tax hike on workers
Whitehouse	D-RI	Affluent households voluntarily stabilizing the system
Warner	D-VA	Former VC — understands liquidity event math
Bennet	D-CO	National debt concern + child poverty — funding SS helps families
King	I-ME	Hyper-focused on long-term entitlement solvency

THE 60-VOTE PATH

- Need 60 Senate votes — filibuster-proof
- Republican base: fiscal conservatives, BBA champions, defense hawks (BRICS angle)
- Democratic base: SSA guardian senators, Social Security cliff avoiders
- Schumer hook: *"Only way to fund SS without cuts or payroll tax hikes"*
- Thune hook: *"BBtD is the fiscal event that makes BBA achievable"*
- Need ~10 Democratic votes beyond core Republican support

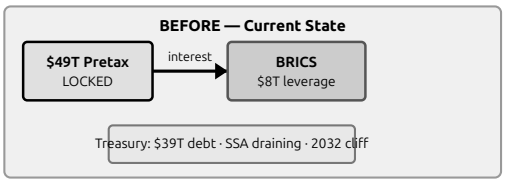
The math transcends procedure. At $39T in debt and SSA exhaustion in 6 years, the question for every senator is not 60 or 51 — it's whether they want to be the one who explained to constituents why procedure mattered more than solvency.

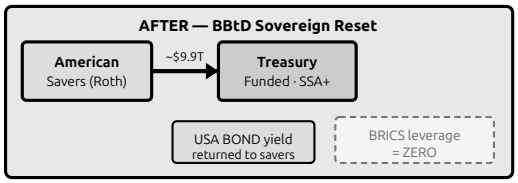
Global Strategic Frame

De-dollarization ends the day American savers own the debt that adversaries used to hold. The Sovereign Reset is not fiscal policy. It is national security infrastructure — and it costs nothing new to execute.

~$8T	$775B+	$150B+/yr
US debt held by foreign creditors	China's holdings — direct strategic leverage	Interest flowing to adversary creditors quarterly

CAPITAL FLOW: BEFORE VS. AFTER BBTD (CONCEPTUAL)





THE DE-DOLLARIZATION THREAT — ENDED BY BBTD

- BRICS actively building USD alternatives for trade settlement
- Their leverage: holding $8T+ US debt — a financial hostage position
- BBtD retires that debt — **eliminates the hostage position entirely**
- Dollar then backed by $41.7T domestic saver base — structurally stronger than foreign creditor confidence
- **"Super-Dollar"**: domestic capital backing vs. adversary debt holding

COMMERCE / TRADE ALIGNMENT

- Tariff revenue (~$1T projected) + BBtD ($9.9T) = complementary domestic capital strategy
- Tariffs protect the *worker*; BBtD protects the *saver's retirement*
- Both reduce economic dependence on adversary nations
- BBtD provides seed liquidity for a Sovereign Wealth Fund
- Domestic capital formation strengthens US patent/IP innovation investment

FIRST-PRINCIPLES SUMMARY — THE COMPLETE CASE

The US holds **$49.1T in pretax retirement assets** — the government already owns this money as deferred tax receivable. It will be collected. The only question is *when*, at *what rate*, and under *whose terms*.

BBtD collects it **now**, at a **known rate**, under **American terms** — with a 1–3% credit that makes voluntary conversion rational for households, and deploys the revenue to **retire foreign debt, fund Social Security, and lock structural balance with a BBA**.

The money doesn't disappear. It converts. **Working title: American Wealth Realization & Debt Repatriation Act.** Formal legislation requires JCT/CBO scoring, behavioral uptake models, and transition rules. This packet is author scenario math for policy discussion. The math is ready for CBO vetting.