

## THE FUTURE OF SOCIAL SECURITY

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**T**his question is ever-present as headlines trumpet an underfunded Social Security program, alongside the sea of baby boomers who are retiring in droves and the comparatively smaller pool of younger people who are bearing the responsibility of funding the system.

The Social Security Administration itself acknowledges this concern as each Social Security statement now bears an asterisk that continues near the end of the summary:

“\*Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.”

Just a reminder, as if you needed one, that nothing in life is guaranteed. Additionally, depending on who you’re listening to, Social Security funds may run low before 2034 thanks to the financial instability and government spending that accompanied the 2020 COVID-19 pandemic.

Before you get too discouraged, though, here are a few thoughts to keep you going:

- Even if the program is only paying 79 cents on the dollar for scheduled benefits, 79 percent is notably not zero.
- The Social Security Administration has made changes in the distant and near past to protect the fund’s solvency, including increasing retirement ages and striking certain filing strategies.
- There are many changes Congress could make, and lawmakers are currently discussing how to fix the system, such as further increasing full retirement age and eligibility.
- One thing no one is seriously discussing? Reneging on current obligations to retirees or the soon-to-retire.

Take heart. The real answer to the question, “Will Social Security be there for me?” is still yes.

This question is an important one to consider when you look at how much we, as a nation, rely on this program. Did you know Social Security benefits replace about 40 percent of a person’s original income when they retire?[1]

If you ask us, that’s a pretty significant piece of your retirement income puzzle.

Another caveat? You may not realize this, but no one can legally “advise” you about your Social Security benefits.

“But, guys,” you may be thinking, “isn’t that part of what you do? And what about that nice gentleman at the Social Security

Administration office I spoke with on the phone?”

Don’t get us wrong. Social Security Administration employees know their stuff. They are trained to know policies and programs, and they are usually pretty quick to tell you what you can and cannot do. But the government specifically stipulates, because Social Security is a benefit you alone have paid into and earned, your Social Security decisions, too, are yours alone.

When it comes to financial professionals, we can’t push you in any directions, either, but—there’s a big but here—working with a well-informed financial professional is still incredibly handy when it comes to your Social Security decisions. Why? Because someone who’s worth his or her salt will know what withdrawal strategies might pertain to your specific situation and will ask questions that can help you determine what you are looking for when it comes to your Social Security.

For instance, some people want the highest possible monthly benefit. Others want to start their benefits early, not always because of financial need. We heard about one man who called in to start his Social Security payments the day he qualified, just because he liked to think of it as the government paying back a debt it owed him, and he enjoyed the feeling of receiving a check from Uncle Sam.

Whatever your reasons, questions, or feelings regarding Social Security, the decision is yours alone; but working with a financial professional can help you put your options in perspective by showing you—both with industry knowledge and with proprietary software or planning processes—where your benefits fit into your overall strategy for retirement income.

One reason the federal government doesn’t allow for “advice” related to Social Security, we suspect, is so no one can profit from giving you advice related to your Social Security benefit—or from providing any clarifications. Again, this is a sign of a good financial professional. Those who are passionate about their work will be knowledgeable about what benefit strategies might be to your advantage and will happily share those possible options with you.

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[1] ssa.gov. “Alternate Measure of Replacement Rates for Social Security Benefits and Retirement Income” <https://www.ssa.gov/policy/docs/ssb/v68n2/v68n2p1.html>

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