Captain Social Security

THE FUTURE OF SOCIAL SECURITY (For Your Children and Grandchildren)

by Benjamin Shamburger, MSW

Social Security is about to turn 95! For most of us, it started before we were born. Since its birth, it has grown and served the American people well. Almost 70 million Americans receive Social Security benefits each month with over 5 million of them being children because a parent has died, retired or become disabled. As a parent and/or grandparent, you may begin to think about the future of Social Security. Will Social Security still be alive by the time they reach "retirement" age?

This article will invite and challenge you to have conversations with those you may know that are in their 20's, 30's, 40's or even 50's by asking them the following questions:

1. Do you think Social Security will still be around when you retire?
2. Do you have "disability insurance" for a long-term disability?
3. Do you have a 401K, Roth or other IRA retirement savings plan?
4. Do you have at least $2000 dollars in your savings account?
5. Do you save or invest on a regular basis?
6. How old would you have to be today to collect Social Security retirement today?

Before I give you my predictions for their answers, let me share some basic information about the program and why it is facing fiscal challenges.

Social Security began in 1935 after the "great depression" as part of FDR's "New Deal". This was the first time that the Federal Government took any role or responsibility for retirement of its citizens in old age. In the beginning it was nothing like it is today. For example, in the beginning it ONLY paid retirement to ONLY THE WORKER, and it was a one-time lump sum payment.

The first Social Security beneficiary was a Railroad worker named Ernest Ackerman. He retired shortly after Social Security started and had only one FICA withholding from his pay. After retiring he received a one-time lump sum payment from this new program for a whopping 17 cents! So much has changed since then and now we enjoy monthly checks that will last for the rest of our lives.

However, some things about the program have not changed. Foe example, Social Security was setup on an intergenerational compact that requires a younger generation to work and pay into the system so current retirees can collect benefits. One of the challenges since the program started is that the number of workers paying into the system has been going down, while another is that people are living much longer than they used to when the program started.

Have you ever wondered why they chose "65" as the retirement age? It is because of a group we affectionately call the "Baby Boomers". Baby Boomers are turning 66 at a rate of about 10 thousand per day which is creating a financial burden on the system.

"Fixing" Social Security is not as hard as many people make it see (in my opinion). There are two primary variables impacting the program:

1. INCOME – from workers and employers paying taxes. (The Trust Fund investments also add to it)
2. EXPENSES – this comes from benefits paid out each month.

Ultimately, you must either increase the "income" taxes or reduce the benefits or some combination of both.

So getting back to my predictions to the questions asked above:

1. Question: Do you think Social Security will still be around when you retire?

   Prediction: Most will say NO.

2. Question: Do you have "disability insurance" for a long-term disability?

   Prediction: Almost 100% NO. This is because most young people don't know that part of what they PAY into Social Security insures them for disability.

3. Question: Do you have a 401K, Roth or other IRA retirement savings plan?

   Prediction: Most likely NO!

4. Question: Do you have at least $2000 dollars in your savings account?

   Prediction: Again, most likely NO!

5. Question: Do you save or invest on a regular basis?

   Prediction: Most often, NO.

6. Question: How old would you have to be today to collect Social Security retirement today?

   Prediction: I believe they would say 70 or 75. The correct answer is 67 although Congress has a few proposals to raise it to 75 for younger workers.

We need to remember that Social Security was NEVER intended to replace a workers' full pre-retirement income. How do you think most current retirees are doing financially that are living just on Social Security? If that's you, you already know the answer.

Imagine there is a 20-30% reduction in benefits, or in 20-30 years, there is NO such thing as Social Security. This is why everyone should be concerned about their children and/or grandchildren. It may be up to US to look out for them!

Feel free to email me at: brsham907@verizon.net with any questions, comments or concerns you may have.

Benjamin Shamburger MSW, also known as "Captain Social Security," joined the Social Security Administration in 1998 and was promoted throughout all levels of the organization until his retirement in 2011 following a 21-year military career with the USAF. During his Field Office assignments throughout the state of Delaware, Ben served as Operations Supervisor, overseeing all facets of Social Security services to the public. He was selected as the region's Public Affairs Officer in 2004, providing and overseeing community outreach and education for the entire state of Delaware plus Maryland and Virginia. Join Ben each month as he offers upcoming articles and "free" seminars sharing with you his "insider's secrets" and help you navigate the complex waters of Federal entitlement programs.

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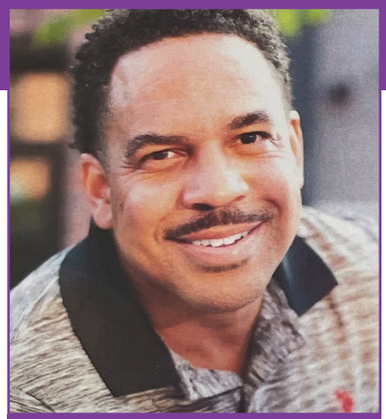

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