

# Safe Money Advisory



## *Social Security for Retirement: Will it be there?*

**Houston, Texas**  
**For Immediate Release**

There has been a lot in the press recently about the solvency of **Social Security** and how it could go broke by 2016. Seniors and late boomers are concerned about their future Social Security benefits and want answers. The following will shed some light on the matter.

### **POLITICAL REALITY**

Over 50 millions American families get Social Security benefits, mostly 60+ in age. All these people vote and they consider Social Security their God-given right because they paid Social Security taxes all their working life. Coming behind the current recipients of Social Security are 78 million baby-boomers that are now reaching SS age – and they, too, consider SS an entitlement and most of them vote as well. The first politician that votes to do away with Social Security will be a loser at the next election – regardless of party or tenure: they are GONE. So, the political reality is that Social Security cannot go bankrupt. Yes, benefits can be eroded [in fact that is what's happening as taxes go up and the Social Security taxability thresholds are not inflation adjusted], workers and employers will pay more from their wages, plus accounting tricks will be used, but SS benefits for those in need will not be terminated.



### **ECONOMIC REALITY**

Every working American and their employer (even the self-employed) must pay FICA taxes which go into the Social Security Trust Fund. Most people think the Social Security Trust Fund is a big vault of money that is judiciously managed so that it will be available when benefits must be paid – in fact, you can even get a statement of “your Social Security account”. They are mistaken. The money that was placed into the Social Security Trust is invested for sure...in U.S. Treasury bonds, bills and notes, also known as I.O.U.s. All the money put into the SS Trust has been spent but not to worry because the Trust Fund has dollar-for-dollar I.O.U.s from the villain that spent the money: Uncle Sam. What's more, these I.O.U.s draw interest – and this interest is paid with more I.O.U. from the same Uncle Sam. This means that the U.S. Government is really responsible for SS benefits and they have simply used an accounting trick to fool the citizens. So, if Social Security fails that means the U.S. Government has failed...and should that unlikely event ever happen, the least of our worries will be loss of SS benefits.

### **PHYSICAL REALITY**

The cause of the SS problem is people are living longer than they were when Social Security was enacted. Of course, giving benefits to those who never worked and/or are not U.S. citizens has worsened the problem. Currently, most Americans are overweight and far too many are smokers – both of which shorten life. With the alarming rise in medical insurance and costs, it won't be long before only the rich can afford to see a doctor. This means that obesity and smoking-related illnesses will go untreated and life expectancies will plummet. And this, my friends, will take care of the Social Security problem.

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