



Ignoring Social Security Domsayers

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Key Takeaways

- It's healthier than you think
- Social Security is a valuable asset

Don't Be Fooled by Social Security Domsayers.

The program is healthier than you think - and its problems are much easier to fix than advertised. Here are 3 facts about the program you need to know!

Fact #1: The Fund & Costs

Despite headlines to the contrary, the US government does not "steal" from social security to pay bills. Fund assets are not allowed to be lent to the US Treasury under any circumstances - it is simply not allowed. In 2018 the fund's prospects actually *improved* due to an improvement in the economy resulting in fewer social security disability claims. These lower disability claims resulted in a higher projected fund balance than previously projected in 2018 and beyond. Oh, and did we mention that total SS fund admin costs are around 0.5%? (Less than most mutual funds.)

Link: How much it costs to run social security.

Fact #2: The Fix

Ok...but people are living longer right? Won't this guarantee the fund's failure as advertised? Answer? **NO!** Here is a summary of this fix. Currently employers and employees split your SS contribution - 6.2% from you and 6.2% from your employer on a max of \$128,400 of income. Simply increasing this by 1.4% for each party would fund SS assets by *an additional 75 years!* The increase in tax could be offset with small changes to the tax code so that it is revenue neutral over the long term and doesn't represent a net increase.

Fact #3: The (Big) Value to Savers

With an average payout of \$1000 monthly, SS is the same as owning a \$250k retirement balance paying 5% with virtually zero risk. With this resource, investors are free to invest their other portfolios to fully maximize long-term savings. In addition, this avoids the "gotta take it early" mentality that many retirees adopt because they have been fooled into thinking the program is close to failure. Taking payout early can cut your SS benefit by up to 30% and result in permanently lower income.

TAKEAWAYS???

Sensationalism may attract website views -- but it rarely makes you money. Don't be fooled into thinking that social security is a lame duck by uneducated advisors who haven't done their homework. It can be easily fixed with the right leadership and is in much better shape than advertised. It represents a valuable long-term planning tool for all Americans!



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