



## Social Security – A history of change

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The Social Security Board of Trustees released their annual report last week indicating the program is projected to exhaust its assets by 2033 resulting in only being able to pay less than 75 percent of promised benefits. Similar to past years, the trustees recommend Congress act to avert this from happening. Whenever changes are proposed, it leads to anxiety and fear, but the reality is Social Security has continuously changed since its inception in 1935. To believe that changing the system would be something new is to ignore the history of the program.



Within several years of being signed into law by President Franklin D. Roosevelt, Congress started modifying the program. One of the first changes was to add benefits for spouses as well as survivor benefits that would last beyond the death of the worker. It wasn't until 1950 that Congress added cost-of-living adjustments to add protection against the erosive power of inflation.

Of course, adding benefits also increased the cost of the program which led to additional changes. In the mid-1970s, Congress took action to prevent insolvency of the program by increasing the payroll tax paid by workers. Unfortunately, this wasn't enough and Congress again made changes in 1983 to start taxing benefits collected by retirees as well as gradually increasing retirement ages from 65 to 67. The amount of benefits subject to taxation was changed again in 1993.

Today, we're faced with similar challenges of an underfunded system. Based on past actions, I wouldn't anticipate any major changes but it would also be foolish to assume benefits and funding sources will remain the same in the future. I suspect we'll see some minor changes (the sooner the better) to avert imminent disaster but this won't be the last time changes need to be made.

So what does this mean to you? For one, I wouldn't plan on the imminent demise of Social Security. At the same time, you can also plan on either a reduction in benefits in the future or higher taxes to pay for the benefits (or perhaps a combination of the two).

Second, it's worth setting aside some of your own Social Security once you stop working. People who have planned ahead will have more choices and flexibility in dealing with the inevitable changes we will see in the future.



To learn more about the different benefits available from Social Security, I recommend Jim Blankenship's book "A Social Security Owner's Manual".



## Sign up for our upcoming workshops: September 16 and 17



We will be hosting two workshops in September.

**September 16 – Pre-planning your funeral arrangements.** Michael Langendorf from Draeger Langendorf Funeral Home will share pre-planning options and considerations during this workshop. Learn about the various funding methods as well as the myriad choices for professional services that can be selected.

**September 17 – Social Security & You (repeat session).** Learn the basics of Social Security including how benefits are determined for workers, spouses, and surviving spouses, the interaction between claiming now versus delayed benefits, and how different claiming strategies can significantly impact your retirement income sustainability.

Seating for our workshops is limited. To register please call our office at **(262) 554-4500** and speak to Lori.

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## Thanks for the summer memories!

