



Will "Baby Boomers" Bankrupt Social Security?

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Your Social Security

1 News and Information for SSDI and SSI Recipients

Volume 1 | Issue 2 May | 2013

Will "Baby Boomers" Bankrupt Social Security?

Social Security will begin paying out more than it takes in by 2017.

They have been called the "pig in the python"—the huge demographic bulge of people born in the years between 1946 and 1964--the so called "baby boomers".

As the estimated 80 million boomers reach the ages where they can retire (and every day 10 thousand of them are reaching 65) will they overload the system and cause it to go broke? The good news is, despite alarmist newspaper headlines and unwarranted public fears that boomers will crash the system, the Social Security system will survive.

Even though Social Security will begin paying out more than it takes in by 2017, a current surplus of funds will allow Social Security to be fully solvent until 2037, according to government projections reported by CNBC. But after that year, without any changes, Social Security would only be able to pay out what it will be collecting. In this scenario benefits would have to be cut by about 25 percent. However, it will only take a little bit of tweaking to fix Social Security so it can live for generations to come and continue to pay full benefits.

Because seniors who currently receive Social Security benefits vote in large numbers, elected officials have been reluctant to make changes to Social Security fearing they will be punished at the ballot box. But Congress did make important changes to Social Security in the 1970s, 1980s and 1990s and there appears to be a growing political will to address Social Security issues again.

So what are the possible fixes? Among the ideas being floated to keep Social Security fully funded are:



workers pay 6.2 percent in SS taxes. If that amount were gradually raised to 7.2 percent by 2036, half of the shortfall would be covered.

Eliminate the payroll tax cap. Currently no Social Security tax is paid for any earned income above \$113,700. Eliminating the cap would generate more than 70 percent of the revenue needed for closing the 2037 and beyond funding gap.

So something will have to change regarding Social Security. But for what actually will happen...stay tuned.

"Every day 10 thousand "baby boomers" reach retirement age."

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Raise Social Security taxes. Currently

May is Mental Illness Awareness Month

Mental illness is more common than cancer, diabetes, or heart disease.

According to the National Alliance on Mental Illness (NAMI), mental illness affects one in four American adults—more than 60 million people every year.

May is national mental illness awareness month and a good time to know that the top ten leading causes of disability in America include schizophrenia, bipolar disorder, and major depression. Mental illness can affect anyone. It affects both men and women regardless of income, education or ethnic background.

For many people, getting better starts with a conversation. If you think you may be suffering from a mental health problem, talk to someone about it—a family member, a friend, or a clergy member. If you think someone you know may have a mental health problem start a conversation with him or her and then seek professional help. There are many helpful resources right here in our area including Community Alliance, the local office for the National Alliance on Mental Illness, Heartland Family Service and Lutheran Family Services, among others.

Early diagnosis, treatment, rehabilitation, and support services for people with



"For many people, getting better starts with a conversation."

mental illnesses are critical elements in improving their lives. And it is not just their lives that are improved, the lives of their families get better, too.

Those with a mental illness such as schizophrenia, obsessive-compulsive disorder, manic depression, or another disabling brain disorder may be eligible for benefits under the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI)

programs. Under the law, persons with a serious mental illness are just as entitled to disability payments as persons with a serious physical illness or injury.

Help eliminate the stigma of mental illness. Learn more about mental illness. Encourage friends and family members who may exhibit signs of mental illness to seek professional help. Support those with mental disorders; let them know they are not alone in the fight.

"...the top ten leading causes of disability in America include schizophrenia, bipolar disorder, and major depression."



Social Security Reform: Is Privatization a Good Idea?

The numbers don't lie, Social Security needs to be tweaked.

In 1945 when Social Security was just a few years old, there were more than 41 workers contributing to Social Security for every person drawing benefits. By the year 2029 the Social Security Administration estimates there will be only be about two workers for every recipient. So some changes will have to be made, but will privatization fix revenue shortfalls? The short answer is no, but some politicians still cling to the idea of privatization as a Social Security cure-all.

So what is privatization? Currently, the Social Security Administration has a surplus: more money is collected than is paid out. This surplus is invested in US Treasury bonds. This is done by the government and you have no say in how the money is invested. Under a privatization plan, workers could invest all or part of their Social Security contributions into stocks, bonds and other investments of their own choosing. Advocates for privatization, like the conservative think tank, the Cato Institute, argue it "will improve Social Security's rate of return; provide better retirement benefits; treat women, minorities, and low-income workers more fairly; and give workers real ownership and control of their retirement funds."

Opponents of privatization say you only have to look at the economic crisis of the past few years and the melt-down on Wall Street to see that individual investment accounts are a bad idea. If retirees had their Social Security money invested stocks in 2008 they would have seen their nest eggs decline by nearly 60 percent.

Critics argue that Social Security is supposed to function as a "safety net". Investing can be complicated and tricky. Future returns on investments may not measure up to historical standards. Whether due to declines in financial markets, bad decisions or crooked sellers of investments, individuals could lose their safety net. The risk is just not worth it, privatization opponents say, and the cost of setting up a private investment system would be huge.

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