

# The Retirement Strategist

People have traditionally seen Social Security benefits as the foundation of their retirement planning programs. The Social Security contributions deducted from your paycheck have, in effect, served as a government-enforced retirement savings plan.

However, the Social Security system is under increasing strain. Better health care and longer life spans have resulted in an increasing number of people drawing Social Security benefits. And as the baby boom generation (those born between 1946 and 1964) approaches retirement, even greater demands will be placed on the system.

In 1945, there were 41.9 active workers to support each person receiving Social Security benefits. In 2000, there were only 3.4 workers supporting each Social Security pensioner. And it is projected that by 2030, there will be only 2.1 active workers to support each Social Security pensioner.<sup>1</sup>

You should consider that as your income gets higher, Social Security replaces a proportionally smaller percentage of retirement benefits. It used to be that you could receive full benefits only after you reached age 65. But in 2003, the age to qualify for full benefits began to increase on a graduated scale. By 2027, the age to qualify for full Social Security benefits will have increased to age 67, where it is scheduled to remain.

That means in the future, you will probably have to wait



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longer to qualify for full Social Security benefits to start replacing a *smaller* percentage of your pre-retirement income.

Your long-term retirement planning program should recognize Social Security benefits as playing a more limited role when calculating required retirement income. Indeed, some financial professionals suggest ignoring Social Security altogether when developing a retirement income plan.

Source: 1 Social Security Administration