



Lloyd D. Watnik
We Understand Government
<http://www.lloydwatnik.com>

1380 Garnet Avenue
Suite E PMB 186
San Diego, CA 92109
Phone 619-857-5207
Fax 619-582-9993

Newsletter for April 2015

Several people have contacted me in March about Social Security's financial status.

Social Security is in good financial shape until the 2030s (see, for example, [The 2014 Social Security Board of Trustees Report](#)).

Something has to be done in the near future to protect Social Security beyond 2031. The changes will probably consist of a higher tax rate and/or a change for the year a person receives full benefits. The tax rate will rise about 2/10th of 1% and are likely to be put in effect soon, since it is doubtful that such a tax increase would happen in an election year. I believe other changes will be scheduled for the future. For example, the change in retirement age will probably set for the mid-2020s. Both Democrats and Republicans support some form of Social Security change.

Both President Obama and the Republicans express their support of doing away with the Delayed Retirement Credits. DRCs are an increase in benefits for delaying receiving checks until after the Full Retirement Age. FRA is currently age 66. I don't know if that will happen. The Delayed Retirement Credits are the increased amount people earn by delaying their benefit beyond their FRA. The Administration states that it would save Social Security billions of dollars. However, Social Security

says, regardless of when you start to receive benefits, you will get the same amount over your lifetime.