

# MONEY TALK

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## ~~The~~ Your Social Security Predicament

Will Social Security be there when you need it? Don't bet that it will be your safety net!

Fears that Social Security won't be able to support the next generation have been debated among many of our nation's leaders. As the Baby Boomers age, new burdens will be placed on the system. In turn, there will be an explosion in the number of beneficiaries. Thus, the debate over Social Security reform has become a heated one.

Numerous theories of reform have been bounced back and forth. One includes the possibility of tweaking the current system. Another includes pushing back the full-benefits of retirement age, possibly to the age of 70, or not having the government invest any surplus in the markets to help pay for Social Security. Still others, in an effort to take some of the pressure off Social Security, are advocating for looser restrictions on existing retirement vehicles, such as employer retirement plans.

One of the most controversial notions is that of privatization. It would mean that your retirement responsibility (i.e. receiving social security) would be transferred from the hands of the government into your hands. This was a hot topic a few years back, but now it appears to be off the table of discussion.

As possible reform avenues continue to be debated, many Americans are not counting on Social Security existing as a retirement safety net. In fact, more and more individuals are leaving Social Security out of their retirement planning equation, as they are not sure in what form it will exist or if they will be able to qualify for it. It makes good financial sense to plan for a retirement independent of Social Security by investing in IRA's, private annuities, and your employer's retirement plan, and other investments.

How much should you be concerned about the Social Security dilemma? If you are a Baby Boomer or younger than age 55, a great deal of concern should play into your financial planning equation. Even folks older than age 55 should be concerned, as the future influx of new beneficiaries could affect their monthly checks.

### ***Did you know?***

Due to budget constraints, Social Security no longer mails earnings records to taxpayers. And, the statute of limitations for fixing incorrect earnings information is three years, three months and 15 days after the year in which the wages were paid or self-employed income was earned. There are some situations where the earnings records can be corrected



**Before you toast to your retirement, ask yourself: will Social Security be there for me?**

after this time limit, however, it is always best to keep a close tally on your Social Security earnings records.

### ***And, did you know?***

Medicare has four programs.

Part A: Hospital Insurance (generally, at no costs).

Part B: Medical Insurance (there is a cost for this coverage).

Part C: Combined Part A and Part B (various private insurance companies approved by Medicare provide this combined coverage).

Part D: Prescription Drug Coverage (optional coverage).

### ***And furthermore . . . . .***

The rules on Social Security and Medicare are extensive and seem to always be in government debate. Stay informed!

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# Eight Ways to Prepare for Retirement

- 1) Contribute to a 401(k) or other employer plan.
- 2) If qualified, contribute to a tax free ROTH IRA.
- 3) Consider investing some of your extra dollars in a tax deferred annuity.
- 4) Invest in a taxable account and earmark it “extra retirement money.”
- 5) If self employed, open a retirement plan — there are many to choose from.
- 6) Find out about potential Social Security benefits.
- 7) Know your retirement needs and be realistic with your assumptions.
- 8) Seek advice on basic investment principles. How you save can be as important as how much you save.

## Financial Trivia Quiz

- 1) **Which women have appeared on a United States \$1 coin?**
  - A) Susan B. Anthony and Harriet Tubman
  - B) Sacagawea and Pocahontas
  - C) Susan B. Anthony and Sacagawea
  - D) Rosa Parks and Abigail Adams
- 2) **Which First Lady was the first to appear on paper currency?**
  - A) Abigail Adams
  - B) Mary Todd Lincoln
  - C) Martha Washington
  - D) Anna Eleanor Roosevelt
- 3) **How did the word “buck” come to mean a dollar?**
  - A) It originated from the Latin “buchus,” meaning trader.
  - B) A term used among the peasant class in Newcastle, England.
  - C) Settlers interpreted “buck” from the Powhatan Tribe’s word for “money.”
  - D) A buck referred to a deerskin or buckskin, which back in the day was commonly used as money.
- 4) **Who was the first billionaire in the United States?**
  - A) George Washington
  - B) Henry Ford
  - C) Andrew Carnegie
  - D) Warren Buffet
- 5) **Has there ever been a \$3 bill?**
  - A) Yes
  - B) No

Answers: (1) C; (2) C, she was featured on the \$1 Silver Certificate in 1886, 1891 and on the back of the same bill in 1896. (3) D; (4) B; (5) A, in the 1800’s a few \$3 bills were printed by local banks, railroads and anyone who could present themselves as being able to back the face value.



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*About Dixie Butler — she is a Certified Financial Planner, a Certified Divorce Financial Analyst, and is an Enrolled Agent, entitling her to practice before the IRS. She has been in the investment and financial industry for over 25 years.*

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