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### **FUTURE RETIREMENT: Pensions, Social Security, Invested Savings . . .**

I do not believe it is logical at all to assume that the United States social security system will survive financially and changing the rules and age eligibility features will not solve the inherent problem of the system. Complete coverage under the system would put too heavy of a burden on average working Americans and do a disservice to the many people already dependent on social security. If people rely totally on the social security system for retirement income they very well may have to choose between whether they will buy food or medicine even with the existence of medigap insurance. The benefits that will be provided through the system most likely will not be sufficient to live off of in the near future. It is a safe socio-economic assessment that to totally rely on the U.S. social security system would not be a wise decision for many reasons. The alternative is not to rely on the government system and save for your retirement yourself in private markets.

The stock and bond market is a much better way to save for retirement even with its short-term volatility. The benefits of long-term savings through the stock market vastly outweigh the meager returns from the social security system. To properly fix the situation full privatization is required. Responsible individuals with full control over their money will outperform the government management of their money by at least three times over and have some money left over to leave to their children, an option that social security does not offer. Once a person dies the benefits stop and there is no claim to all the left over money that was originally paid into the system.

The average monthly payment from social security for an individual who enters the workforce and begins to pay social security taxes at age twenty four will only be around

\$1100, while that same person if investing in their own private accounts could receive monthly payments of over \$3,000 and have approximately \$500,000 to family members after their death. There are several important thoughts to consider when comparing the social security system with private investment. A common discussion point is that privatization wont work because if left on their own people just wont save their money, this argument is just a weak attempt to make people be dependent on the government and imply that the government who is notorious for wasting money in Washington knows how to invest our money better than we do, which is just not true. Another fear arises when our privatization is compared to Great Britain or Texas' private systems that are widely viewed as failures. The factor to remember in these situations is that both of their systems are still government controlled partial privatization systems in which the government limits its participants to low yield safe bonds and securities.

The only true solution and policy recommendations that are viable for saving the social security system would be to allow citizens who are not yet receiving benefits the opportunity to opt out of it totally and to support the current recipients on social security through cuts in the budget that are unnecessary. The private individual should be allowed to control how and where their money is invested.