

## SOCIAL SECURITY

### Is It Going Bankrupt And Will It Affect You ?



It was circa 1983. I sat in my parents' living room, as my dad read The Miami Herald like any other day. Suddenly, he held up the business section for all of us to see. "It says here that social security is going bankrupt and it is exactly at the time I'll be ready to claim benefits!" he said in a combined tone of astonishment and incredulity. I remember it to this day, as it sent a chill through the family. I didn't read the article, but I'm sure it said something about how there would be more people claiming than paying in to the

system. How it was unsustainable. All of us have heard it before and have held our breath.

#### Social Security Trust Fund

When you pay your social security taxes every paycheck, the funds get deposited into this Trust Fund. The same Fund pays out benefits. You see it on your pay stub as OASDI, Old Age, Survivors and Disability Insurance. You pay a 6.2% rate and your employer pays the same. Surplus money is invested by Congress into US Gov Treasury Bonds. The article my dad was reading probably explained that without changes

the Fund would run out of money. Changes were indeed made, gradually raising the age to 67 for benefits without a penalty. This extended the day of reckoning for many years. Fast forward 40 years and the Fund is facing the same problem it did in 1983. Not enough money coming in to pay benefits.

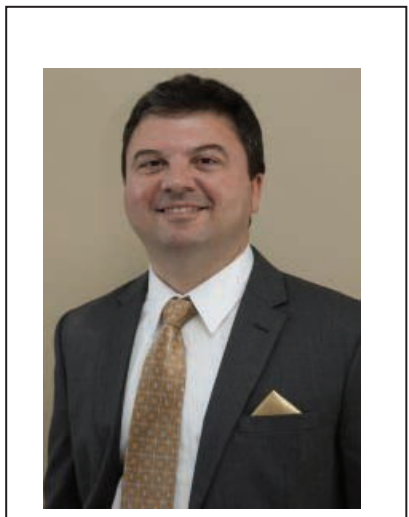
#### 2033

It has been announced that 2033 will be the last year the Fund has enough money to pay full benefits. The program has been paying out more benefits that it takes in since 2021 and that trend is expected to continue. Hence, the projected 2033 date. Demographics are stressing the program's finances. More people living longer. The ratio of people paying in to those receiving benefits is falling. In 2034, the Fund will have enough money to pay 77% of benefits as they are today.

#### What Can Be Done?

There are several options that Congress can take to address the shortfall.

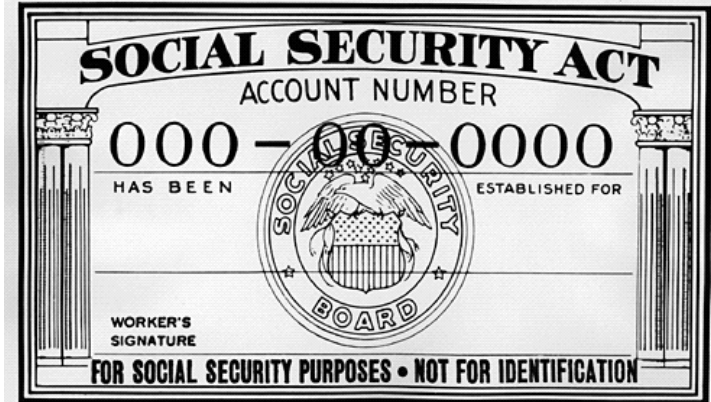
- 1. Raise taxes on everyone:** Usually an unpopular move but it is an option.
- 2. Raise taxes on "the wealthy":** If you are lucky enough to make more than \$160K in 2023, you stop paying Social Security tax on wages above this amount. This is because they don't credit you for earnings above this amount. I am unsure how much of



October is one of my favorite months of the year. The weather starts getting cooler (finally!) after a long hot summer. The holidays are around the corner, baseball playoffs are going on and football is in full swing. By mid-month, everyone is decorating for Halloween, where the trick-or-treaters come out and we get to see the kids in their best costumes.

October also features Columbus Day. A fun fact that the origins of Columbus Day have to do with honoring the contributions of Italian-Americans in the US. 1971, Columbus Day became an officially recognized Federal holiday in the United States, it has been observed on the second Monday in October, I hope everyone enjoys Halloween and the month of October.

Respectfully,  
Alexis Hongamen, CFP®, CRPC®



"Continued on page 2...."

# Assisted Living Facility: What To Know

It is a sad fact of life that as our loved ones age, we may have to face the reality of getting them help for their basic day-to-day activities. An Assisted Living Facility (ALF) can provide that help. "Physical limitations and cognitive decline are two key indicators that someone may need help at an ALF," says Debbie Miller, founder and owner of Grace's Place ALF in Orlando, FL. As people age, they sometimes can't continue doing things they've always enjoyed. This is frustrating and some elders may retreat and become isolated. "An ALF can provide the social interaction and stimulation they may be lacking. It can also give care-

In short, do your homework." She also added to make sure to ask about visiting hours, and how many visitors can stop by at once. I mentioned that you can learn a lot by just quietly observing during one of the visits, and taking in the location's culture. I have often found the way people do anything is the way they do everything. And first impressions count. Miller nodded in agreement. "Definitely trust your instincts."

## What To Look For

"You want somewhere close by so you can drop in frequently, within your budget, is visibly clean and provides amenities and services you value," she says. "Visit a few places, ask friends for recommendations, read online reviews.

## What An ALF Is Not

"We aren't a 24-hour skilled nursing facility. That's the next level of care. People who need direct medical supervision can get that at a nursing home," says Miller. "We provide assistance to people that are independent but just need a little help with bathing, dressing, eating. Things of that nature." There are some locations that also allow drop-in help, which can be seen as elder day care.



"...Continued from page 1" or simply go away.

an impact this will make. **5. Raise the "full retirement age" (FRA):** The other option is raise the **6.2% rate for earnings above a certain amount.** It currently is 67 for anyone born in 1960 or later. This could keep creeping up in order to reduce benefits paid out. The question would be to whom it would apply and when. **3. Raise taxes on the benefit:** Social Security benefits are partially taxed at the moment. This may not have a significant impact. **4. Reduce benefits for "the wealthy":** There could be a means test for those making a certain amount where their social security would be reduced

ties. Raising the penalties will dissuade many from taking the benefits early and thus saving the government money in the short term. **7. Combination of all the above:** We could possibly see some or all of these options implemented.

## CONCLUSION:

Ensure you have a diversified plan which doesn't overly rely on one source of income so one failure doesn't sink your boat.



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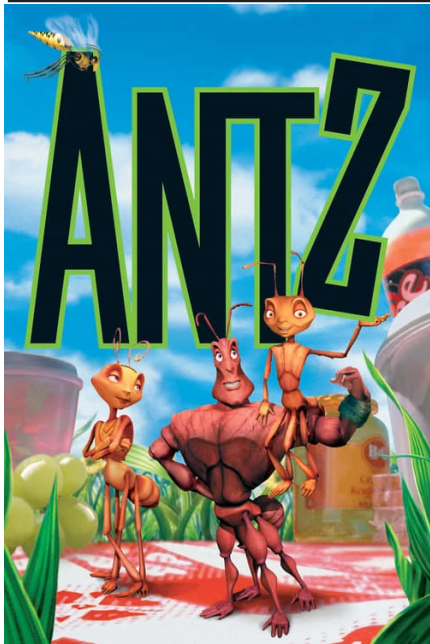


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# Flashback 25 Years Ago This Month



## MOVIES

“ANTZ” by DreamWorks Animation was the #1 movie in October, 1998. It was notable because it was the first animated movie they put out and because of accusations by Pixar (Disney), that the idea for the movie was stolen from *A Bug's Life*. Jeffrey Katzenburg had left Disney in a feud with the Disney CEO and helped in the founding of DreamWorks. *Antz* featured a star-studded voice cast including Jennifer Lopez, Sly Stallone, Sharon Stone, Woody Allen, Gene Hackman and others.



## NEWS

- The first HDTV broadcast in the US took place this month with the launch of STS-95 space shuttle mission.
- Space Shuttle Discovery blasts off on STS-95 with 77-year old John Glenn on board, making him the oldest person to go into space.
- Matthew Shepard, a gay student at the University of Wyoming, is found tied to a fence after being savagely beaten by two young adults in Laramie, Wyoming. This spurred hate crimes laws expanding to include sexual orientation.



## CELEBRITY

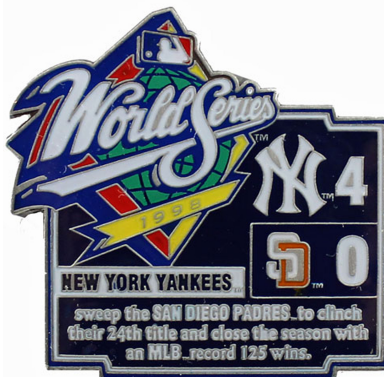
- Gene Autry, American cowboy singer, songwriter, actor, musician, ("Back In The Saddle Again"; "Rudolph The Red-Nosed Reindeer") and business tycoon (owner MLB Angels team, 1961-97), dies of lymphoma at 91.
- Roddy McDowall, British actor (Planet of Apes, Cleopatra), dies at 70.



Roddy McDowall

## SPORTS

Major League Baseball's World Series was won by the New York Yankees when they defeated the San Diego Padres in a 4 game sweep for their 2nd title in 3 years.



Questions? Call Alexis 407-729-8516



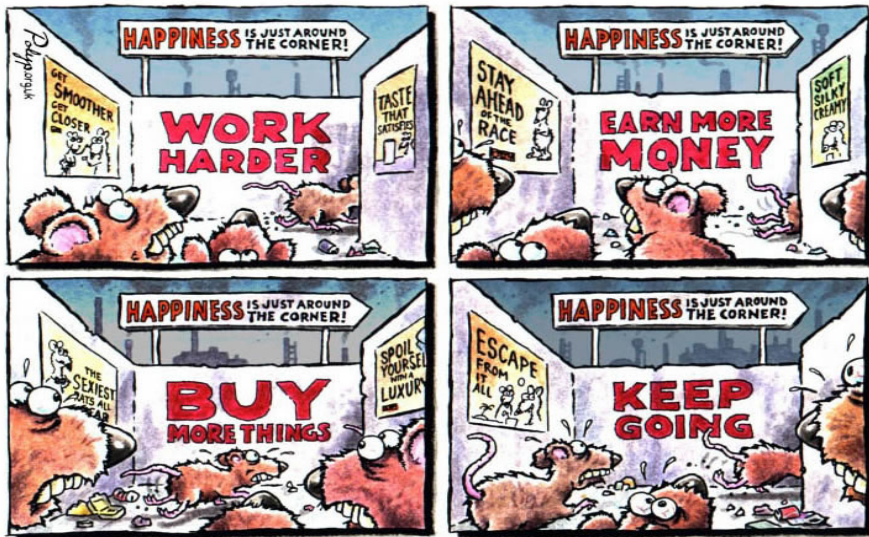
## Tip Of The Month

This month I'm giving 17 tips. Read below and maybe it will spark an idea or two.

1. **Pay yourself first.**  
If you don't see the money, you can't spend it.
2. **Build an emergency fund**  
Six months of expenses if single, 3 months if married and your spouse works.
3. **Save 10% of what you make. At least.**
4. **Learn how to invest.**  
The more you learn, the more you earn.
5. **Set short-term financial goals.**  
This will motivate you to save.
6. **Keep your finances organized.**  
Put together a folder with your investments. Either on paper or online.
7. **Give every dollar a job.**
8. **Don't use credit if you don't have cash.**  
This is a recipe for problems.
9. **It's not what you make, it's what you keep.**
10. **Be tax smart.**  
Some investments are tax efficient. Some are not.
11. **Plan your work, work your plan.**  
Have a big picture plan for your money.
12. **Buy quality things and keep them longer.**  
This will save you money in the long run.
13. **Don't invest in ANYTHING you don't understand.**  
Steer clear of confusing investments.
14. **Get rich quick NEVER works.**  
The tortoise wins the race.
15. **Diversify your investments.**  
Don't let one bad investment sink your ship.
16. **Don't make financial decisions impulsively.**
17. **Don't chase the latest "hot" investment.**

## Idiom Of The Month

# "The Rat Race"



'RAT RACE'

Do you feel caught in the rat race? Work, go home, sleep, back to work? The tireless pursuit of something that escapes you and you can't seem to break the cycle, pretty much sums up the sentiment of many that feel trapped in the rat race. It is usually associated with urban corporate America, but I'm sure many peo-

ple outside corporate walls will raise their hand and say they too are part of this never-ending race.

The phrase originates from rat cages where rats are given a circular path to run on. They run and run but don't seem to make any progress and at the end they are back where they first started. The expenditure of all that energy is not worth the reward at the end.

It seemed the first use was in a May 1941 Popular Science magazine that described an aviation training exercise with a copycat, follow-the-leader, repetitive format.

Escaping the rat race is can be defined a number of ways. They may include: retreating to a more rural, peaceful setting; retiring or quitting a job; taking a less stressful job; becoming financially independent; changing attitude by moving away from a previously competitive mindset.

## Dad Jokes (with a \$ twist) *I apologize in advance for these!*

Why did the robber take a bath before he stole from the bank? He wanted to make a clean getaway.

Why can't you borrow money from a leprechaun? Because they're always a little short.

How much money does a skunk have? One "scent".

Why should you not buy anything that comes with velcro? Because it's a total rip-off.

What happened when the cat swallowed a coin? There was money in the kitty.

A couple got married at a credit union but why did no one show up? There was very low interest.

Why did we know the owner of a pet bird was very cheap? Instead of chirping, the bird would say "cheap..cheap"

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