



INSURANCE PROFESSOR.NET

OFFICE

6060 S Kenton Way
Englewood CO 80111

PHONE

303.912.5490

FAX

866.837.1248

EMAIL

aj@insuranceprofessor.net

WEB

www.insuranceprofessor.net

Social Security:: Facts

- FY2013 federal projected spending is approximately \$3.8 trillion, of which approximately \$820 billion is Social Security; \$523 billion is Medicare; \$283 billion is Medicaid; \$624 billion for all other mandatory spending programs
- In 1935, the taxable maximum income at \$3000. Since 1950, the taxable maximum has increased to \$110,100. Will the maximum be lifted?
- As of June 30, 2011, 54.8 million people receive Social Security benefits (17.6% of the population)
- The Social Security tax is 12.4% of gross salary, 4.2% paid by the employee, 6.2% by the employer. Together with Medicare, total FICA tax is 15.3% of salary
- According to SSA, Social Security payments replace about 40% of a workers income. SSA benefits were never intended to be the primary source of retirement income
- 7/1/2011 GAO report::: recommended that beneficiaries take benefits later and also purchase annuities or similar products to guarantee life long income
- Almost 3/4 of current Social Security beneficiaries took benefits prior to age 65
- By law, if Social Security monies, which are accounted for separately from general fund monies, are loaned to the Treasury for use by the general fund, these monies must be paid back with interest. The so-called Social Security Trust Fund is now owed in excess of \$2.7 trillion (early 2012)
- From 1985 through 2009, Social Security's dedicated taxes exceeded its expenses. In 2010, this situation reversed, and expenses exceeded dedicated taxes. This state of affairs continued in 2011 and is projected to continue every year into the foreseeable future
- The Social Security Trust Fund is project to start declining in value in 2013 despite the interest payments from the Treasury, and be exhausted by 2033
- All monies ever paid into Social Security, since its inception, have been used to pay benefits, administrative costs, or loaned to the general fund