Top Ten Reasons Not To Count On Social Security For Retirement

Here are ten explained reasons why it is not a good idea to depend on Social Security for a retirement.

September 4, 2005 -- On June 8, 1934, President Franklin D. Roosevelt announced his intention to provide a program for Social Security.

It was his goal to help protect millions of workers from poverty in their senior years. Over the years many changes have taken place and Social Security is very different from the original plan. Here are the top ten reasons that Social Security isn't the best way to plan for your retirement.

1. There is no money left in Social Security's Trust fund. The original plan was for people to voluntarily put money into an insurance plan. The money was then put into a Trust Fund that would be used only for paying retirement benefits. If more money was taken in than paid out the balance would be placed in an interest bearing account. During President Lyndon Johnson's administration, the funds were made available for use in other government programs. For years Social Security has taken in more money that it has paid out; but instead of saving this surplus, the government spends the money and writes the Trust Fund an IOU, a special issue government bond to be paid back starting in 2017. The problem is that when the money comes due, it will still have to come from somewhere - taxes.

2. Social Security is subject to double taxation. Originally, the plan was to have the money paid into the program be tax deductible for income tax purposes. During the Clinton Administration, Social Security benefits became taxable. Now, you pay income tax on the money that is deducted from your pay check that goes into Social Security. Then when you receive it, you may be taxed on all or part of your benefits if you have other income besides Social Security. You have now bee taxed twice on the same money.

3. Social Security is not enough to live on. Even if you work hard your whole life and pay into Social Security, there is a very slim chance you will have enough to live comfortably in retirement. I know of a woman who spent most of her adult life raising her family. At age 50, she will have to work until she is 70 to receive $566 per month. No one can live on $566 per month.

4. High Social Security taxes prevent many people from being able to accumulate a savings account. Social Security and Medicare taxes are 15.3% of earned income. With inflation at an all time high, few can afford to put away anything extra.

5. The current system is not fixable. The only way to fix Social Security's problems is to raise taxes. This would have a major impact on average worker's household budgets, would cost hundreds of thousands of jobs, slow the economy, and take a bite out of any personal savings.

Although hire taxes might relieve some of the problem, it most likely would not solve it, leaving the potential for future tax hikes.

6. Money is better spent in the hands of the people rather in the government's hands.

7. Social Security is not secure. As has been proven in the past, the laws and rules that govern Social Security change according to who is in office at the time. As new elected officials come in, new ideas come with them and change occurs.

8. As more people retire and live longer there are less people paying in. In 1950, there were 16 workers paying Social Security for every retired person receiving benefits. Today there are 3.3. By the year 2020, there will be 2.

9. The more you make the more you pay. In the original program, participants would only have to pay 1% of the first $1,400 of their annual incomes into the program. Today, individuals must pay 15.3% of the first $87,900 and 2.95 on the rest of their income.

10. Being self employed gives you control over your retirement. For most of human history, people lived and worked on farmers in extended families and this was the foundation of economic Security. They were self employed. As they grew older, children took over the family business and the retiree continued to receive income and benefits until death. When the Industrial Revolution developed, more and more people worked for other people. When they retired there was no more income. Thus Social Security was created. Today is no different than earlier times. If you own your own business, you can either have a family member take over the business or hire someone to run it when you are ready for retirement. You can receive income until you die and then you can will the income to your heirs.

Owning a business gives a person control not only over the quality of life during retirement, but it also allows a person to somewhat control the amount paid into Social Security. A business owner can take income in other ways besides wages such as dividends and vehicle allowances which are not subject to Social Security and Medicare. There are others ways a business owner can take control of the future. For more information, go to **http://www.lonepeakbusiness.com**.