

Faithful Citizenship



February 24, 2008

As promised, a little more on Social Security.....Why my interest? As my hairdresser and Miss Clairol can attest, I am getting older. When I was a teenager, I remember looking forward to my 21st birthday because then I would know EVERYTHING! Imagine my surprise when I turned 21 and the world just got more difficult and confusing. At that time, however, 62 seemed so far away. Although the Baby Boomers have been saying for years that Social Security will not be there for us, we really didn't think much about it. Life was good. But now, approaching retirement and having kids of our own, my husband and I have started to really study the dilemma that faces the Social Security system.

When the Social Security Act was passed in 1935, it was a response to the desperation that people felt during the Great Depression. It was meant to restore "security" for their future. It was originally designed to be a retirement plan. What happened, though, is that good intentions got in the way of clear thinking. If we can help people when they retire, how about when they are sick, disabled or just plain down and out? Now instead of waiting until someone retires, payments are being made to much younger people for a much longer period of time. As long as there were more people paying into the system than drawing out and as long as the money that was in the system continued to grow, with interest, that worked. But then the second big change happened to Social Security. The money went from its own separate account to the general fund. The system now is a pay-as-you-go system. There is no separate account for Social Security. There is no investment of our contributions. Those who are working are contributing ("contributing" is actually a nice word—deductions are mandatory) by way of our FICA deductions. In fact, in 1950, there were 16 workers for every Social Security beneficiary; today there are 3.3; and without reform by 2030, there will be fewer than 2.0 workers for every beneficiary. You do the math... what are we leaving our kids? Next week, more on Social Security.

Gotta go boot up my hard drive! Aloha—Mary B.