

August 2021

### Fast facts

#### Retirement statistics across the country...


 **45%**  
of baby boomers have no retirement savings


 **40%**  
of Americans fail to save because they have too many other expenses


 **68%**  
of workers across three generations feel positive about retirement

Above information obtained from <https://legaljobs.io/blog/retirement-statistics/>

#### Questions about saving for the future?

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## What Will Social Security Look Like When You Retire?

Social Security may look drastically different in the next few decades, especially since the Social Security Administration's 2019 Trustees Report estimates the funds will be depleted in 2035 based on the current way it operates. That means that it will have no cash reserves and will only be able to pay out what it takes in on an annual basis.

Social Security is a pay-as-you-go program. Earlier generations relied on decades of contributions from the huge baby boomer generation, which provided year after year of surpluses to the Social Security trust funds. Now, as the boomers retire, younger generations make up a smaller percentage of the workforce than in the past, creating a shortfall in funding.

### Who Will Be Affected the Most?

Younger workers and individuals who earn more may be hit the hardest. These two groups contribute the most to the fund and could end up reaping the fewest benefits.

That said, if you are planning to retire in the upcoming decade, it is important to use the time you have left wisely. Boost your retirement savings as much as possible while also paying down debt and keeping expenditures low. Social Security payments alone will not cover an average mortgage or living expenses when you are saddled with debt.

### Social Security Is Not Enough for Retirement

Even if Social Security gets a huge makeover from Congress, workers should not consider the program as a sufficient retirement plan. Even now,

Social Security barely covers living expenses for retired individuals.

According to the Social Security Administration, it estimates that it will pay 64 million Americans around \$1 trillion in combined benefits for 2019. This might seem like a lot, but break down those numbers, and in 2019, retired individuals are earning \$1,461 per month, on average, and disabled individuals are earning \$1,234 per month.

### The Anti-Social Security Retirement Plan

So what can an individual do when retirement is 20, 30, or even 40 years away? The best plan is to start saving now. Take advantage of the time you have and save as much as you can. As early as your 20s, you should make every effort to start saving for retirement—even if you feel you cannot afford it. Learn to live off of 98% of your paycheck and invest the other 2%, then gradually increase the percentage each month while cutting back on spending.

### The Bottom Line

Many people worry about whether Social Security will be available when they retire. Although it's unlikely that Congress will let the system go bankrupt, it's likely that belt-tightening changes will occur, including a longer waiting time until you qualify for full benefits and smaller benefits when you do. It is best for individuals to secure other retirement savings and not plan to rely on Social Security benefits as the chief source of their nest egg. That's not a good idea now and won't get any better in the future.