



Interview Q&A Social Security Andy Landis Thinking Retirement, Seattle WA

INTRO

Andy Landis is one of the nation's foremost authorities on Social Security and Medicare, in demand nationwide as a speaker, author, and consultant. He has been called the Social Security “guru,” and his book has been called the Social Security “bible.”

Andy has guided tens of thousands to abundant retirements while working at the Social Security Administration, AARP, multi-national corporations, and his own practice, Thinking Retirement.

Through Thinking Retirement, Andy educates both individuals and financial professionals through live workshops, books, articles, webinars, and professional education courses.

He is a regular blogger for the *Wall Street Journal's* “MarketWatch” site. On TV, he has appeared on Fox Business News and PBS, and is a frequent guest on radio.

Andy is the author of *Social Security: The Inside Story*, available from Amazon. The new 2016 edition came out in February 2016.

Andy lives in Seattle with Kay, keyboards, camper, computers, cars, and sometimes kids.

1. Why should we learn about Social Security?

- We're forced to buy Social Security, but no one knows what they bought.
- We know what we pay for it. We should understand what to expect back.
- It has huge value for the average worker and their family.

2. How is it important?

- Number one source of retirement income. More than pensions, savings, work, etc.
- Basic package of “employee benefits” such as life and disability insurance plus pension.
- The one government program based on core American values: work, family, ownership.
- Very cheap and efficient for the value we receive.

- 3. Is Social Security a good deal for the typical worker?**
 - Yes, as insurance, not investment.
 - Less than 1% overhead; remainder comes out as insurance payments.
 - Far more efficient than private insurance, pensions, even mutual funds.
 - Bottom line: it's a good consumer value.

- 4. What is Social Security worth to the average worker?**
 - Payment for average retiree is about \$1340/mo. Equivalent to withdrawing 4% from a nest egg of \$400,000.
 - For average couple, make it a nest egg of \$660,000.
 - Not bad. And darn good for a government program.
 - Payments are guaranteed, inflation-proof, and tax-advantaged.
 - Life and disability insurance are worth about \$400,000 each. 30% chance of needing.
 - All this for 6.2% payroll deduction, or 7.65% if you include Medicare.
 - Again, a good consumer value.

- 5. How is Social Security payment computed?**
 - Short answer: proportional to your lifetime earnings
 - Your best 35 years are averaged, including zeros
 - You get a percentage of that (40% average.)
 - This shows how SS is tied to WORK value. Payments are not for trust fund babies who don't work, just workers and their families.

- 6. Are there payments for other family members?**
 - Yes, for spouse, child, former spouse, and survivors like widows.
 - Payments are ONLY for workers and their families.
 - This shows how SS is tied to FAMILY value.

- 7. Is Social Security going broke?**
 - Short run, no, running surplus, saving for future
 - 2014 surplus \$25 Billion for the year. Total reserves \$2.8 trillion
 - Long run, SS goes into deficit in 2020 w/ Boomers in ret.
 - Trust fund exhausted in 2034
 - Then, without reform, SS is 79% funded for rest of century.
 - Therefore reform is needed to keep the benefits of SS system for coming gens.

- 8. What reforms are necessary to ensure Social Security's solvency? Is it do-able?**
 - Very do-able. Many tools in toolbox.
 - 5-minute exercise can balance system permanently
 - Bottom line: must cut expenses, raise income to system.
 - "Magic wand" examples: raise tax 1.3%. Cut bens 21%. Raise ret. age to 72.
 - Trick is for Congress to find the right mix, the right compromise, for us to agree.
 - Bottom line: easy to save SS.

9. When is reform legislation likely?

- A future odd-numbered year. Not an election year. We have many years to come up with a solution.

10. What sorts of changes will we see in the future?

- In general, higher costs and lower benefits will make SS a “less good deal.”
- Bottom line: it is possible to save SS and keep it tied to the core values of work and family.

11. Will individual accounts be part of the reform?

- Individual accounts are already available to everyone: 401(k), traditional IRA, Roth IRA, new MyIRA, and more.
- Private accounts as alternative to Social Security are less likely now than in 1999.
- Privatization moves SS AWAY from core values of work & family, moves it toward individual luck and skill at investing.
- Moves it AWAY from guaranteed insurance value and toward investment luck.
- Moves it away for “Social Security” and toward “individual insecurity.”

12. What impact would individual accounts have on workers?

- Negative view: another account to manage, with management fees. An opportunity to lose money.
- Neutral view: Similar to IRA, or retirement savings now in many workplaces.
- Optimistic view: An opportunity to invest for future, and MORE than make up for any expected loss of Social Security benefits. An opportunity to wealth.

13. How can listeners learn more? How can they buy your book?

- www.andylandis.biz
- www.amazon.com, search for Landis and Social Security.
- www.ssa.gov –official government site
- My favorite free calculator: search for [Financial Engines Social Security calculator](#).

MORE QUESTIONS, NOT LIKELY NEEDED:

- 1. What if someone becomes disabled? How does Social Security help?**
- 2. How about when someone dies—say, at an early age, in mid-career. Can Social Security help?**
- 3. Is it possible to “opt out” of Social Security?**
- 4. Can foreigners get Social Security?**
- 5. What does a Social Security number mean, if anything? Is it just a serial number?**