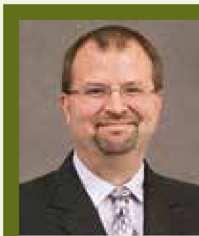
# What Does the Future of Social Security Mean for Your Retirement?

Social Security remains a critical component of most American's retirement plans and questions persist around its long-term solvency. While the number of Social Security beneficiaries is expected to continuously grow over the next decade, payments into the program via payroll taxes are likely to slow. This dynamic is creating anxiety for many about whether they can rely on Social Security to help fund their retirement. It can be beneficial to explore the role that Social Security may have in your retirement and how to best prepare if there are meaningful changes to the program.

**The future of Social Security.** If you have been following financial news, you may have heard industry pundits commenting on the solvency of Social Security and its ability to pay full benefits over time. Indeed, Social Security is currently paying out more than it is taking in, which many view as problematic. In May of this year, the Social Security and Medicare Trustees released their annual report, which predicts that by 2033 assets of the program will be depleted. It is expected that in 2033, the Social Security's Old-Age and Survivors Insurance (OASI) fund will only take in 79% of tax revenue needed for benefit payments. As a result, payments under the program could be reduced by 21%1. It's widely expected that Congress may act to shore up the program before this happens, however there are no guarantees. Planning ahead can help shield your retirement income, should Social Security be unable to fully meet its obligations.

**Determine the role Social Security has in your retirement plan.** It is important to understand where Social Security fits into your retirement plan. For many retirees, Social Security benefits provide key supplemental income because the program alone will not provide enough income to cover all essential and desired lifestyle expenses. Additionally, each individual's benefits will vary depending on their lifetime earnings and the age at which they begin taking distributions. If future payments are adjusted lower to make up for the deficit of flows coming into the fund when you retire, it may be wise to plan on utilizing other means for retirement income. Take some time to determine your desired lifestyle during retirement and the associated costs, so you can craft a Social Security plan that aligns with your retirement goals.



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1- Ameriprise Financial: "Did You Know..." May 8, 2024. Compiled by Russell T. Price, Chief Economist | Ameriprise Financial cannot guarantee future financial results. | Securities offered by Ameriprise Financial Services, LLC. Member FINRA and SIPC. | 

**Work with a financial advisor to adapt your retirement plan.** A financial advisor can help determine the optimal payment plan for Social Security in your retirement. The age at which you begin taking distributions and where these distributions fit into the whole of your retirement plan is unique to you. An advisor can assist you in evaluating the variables that may impact the time at which you begin collecting benefits such as your health and life expectancy. With careful financial planning you can consider a variety of income producing investments that may contribute to your retirement security.

How Social Security programs morph and change in future is largely outside of your control, so plan for what you can. It is never too soon to work with a financial advisor to plot various scenarios for retirement based on factors that are unique to you. Ultimately, knowing you're prepared can help you feel more confident about retirement.