

LIS Wealth News

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Provided by Los Angeles Federal Credit Union and CFS* to help keep your financial life in balance.

RETIREMENT SECURITY

Disappointment and uncertainty are words often used to describe the current state of the Social Security trust fund, but according to the latest statistics the program shows some progress. The 2007 annual report published by the Social Security Board of Trustees notes a modest improvement in the Program's status. Although short-term gains have been achieved by the program, many experts believe that real changes need to be implemented to make the system viable in the long haul.

Currently, the amount received in taxes from existing workers to fund the Trust Fund is more than is needed to provide benefits for seniors and people with disabilities. Unfortunately, long-term estimates are not as bright. By 2017, the fund will start receiving less in taxes than is needed, and will need to tap into the surplus revenue that has been accumulated. The projected point at which Trust Funds will be completely depleted comes in 2041.

A mix of long-term reform measures need to be employed if the program benefits are to be effective for Americans in the future. Generally, reform choices include an increase in the payroll tax, a reduction of benefits, and an increase in the age of benefits eligibility.

NEAR-RETIREES

According to Social Security Administration (SSA), near-retirees, defined as those age 55 or older, will continue to receive scheduled benefits based on the reform plans put forth by President Bush in 2001. In fact, benefits including cost-of-living increases will also be available for near-retirees.

THE REST OF US

For those of us under age 55, the situation is a bit more alarming. Unless reform is enacted, the SSA estimates that by 2041, scheduled benefits could be reduced by 26 percent and could continue to be reduced ever year thereafter.

WHO CAN HELP ME?

The best way to determine the financial path that makes sense for you is to meet with a qualified investment professional. Schedule an appointment with one of our LAFCU Investment Services Team members, or visit www.lafcu.org and click on "Investment Services."

Sources:
www.ssa.gov/OACT/TR/

Have You Read...

Financial Planning: *Ernst & Young's Personal Financial Planning Guide* by Ernst & Young LLP. This book assists in determining net worth, setting up and following a budget, accumulating assets and most importantly by developing the savings habit.

Your LIS Team:



Anush Haddadian
Financial Representative
LAFCU Glendale & Van Nuys Branches
(877) MY LAFCU, Ext. 6375
aHaddadian@lafcu.org



Z Girma
Investment Advisor
LAFCU El Monte & Gardena Branches
(877) MY LAFCU, Ext. 6400
zGirma@lafcu.org



Miriam Levy
Investment Advisor
LAFCU Culver City & LA Mall Branches
(877) MY LAFCU, Ext. 6722
mLevy@lafcu.org