

Essay on needs when we are retired

[Law](#), [Security](#)



In The United States, We Do Not Need To Plan for Retirement; Social Security Will Cover Our Needs When We Are Retired

In the 1930's, the then United States of America President, Franklin D. Roosevelt signed into law a social insurance program that was aimed at catering for the social well fare, as well as providing a better living for its retired citizens. The program, also known as the Social Security, was to receive its funding from the federal government through deductions from payroll taxes. In other words, it is the federal's Old age, survivors, and disability insurance program. It encompasses services such as Medicaid, Medicare, and (SSI) Supplemental Security Income, provided for by the United State federal government. Americans have been relaying and fully dependant on the programs since its inception, but this ought not to the case, owing to the escalating uncertainty revolving around its future (Achenbaum, 2006). It is a high time the American people, start planning for their retirement as though social security does not exist, or consider it only as a supplement for retirement and not as the plan for retirement.

Saying that, " there is no need to plan for retirement in the United States, because the Social Security will provide cover when employees retired," is a very misleading statement that may turn out to be a huge nightmare for those who have not planned well and have hard times adjusting to a life of living on meager social security funding. As the cost of living is up scaling in most of the world's economies, it is proving difficult for the social security to continue catering for the retiree, as it used to in the earlier days. Apart from the high cost of living, other factors contributing to the devaluation of the

program are; higher retirement age and rise in Medicare premiums (Miller, 2011). Owing to the fact that, Social Security largely receives funding through payroll taxation of the employees, increasing number of retirees failing for Social Security benefits has led to an excess in payouts as compared to contributions. The fear of the system becoming solvent, together with the above-sited reasons for the downwards plunging of social security, one should deeply consider building retirement plans around some other things other than the program.

The impending deficit and the uncertainty that linger over the future of social Security should pose a great concern to those without other plans for retirement funding. President Franklin Roosevelt established Social Security on political grounds. This position has largely contributed to the changes experienced by the program since its establishment during the Great Depression. Several American presidents over the years have endeavored to change the factions and operations of the program. President Lyndon Johnson, who ruled in the 1960s, has dwelt over a wide expansion of social services with the development of affordable Medicare, to provide health benefits to low income and senior citizens in Americans. President George W. Bush later on in 2005, made a proposal for privatization of the program, by removal of money from it. The government was then to offer claimants a choice of preselected investment instruments. Even though these two acts to change the program did not work, the tinkering that surrounds it will continue with other coming leaders, which means that more uncertainty looms over the outlook of retirement funding for most

Americans. As long as Social Security program remains a political issue, its future will remain uncertain.

More reasons for one to consider other alternative means for funding on retirement are that;

1. Social Security has come to take the form of unemployment insurance organizations, which pay the claimant only what they had already put into the system through payroll taxes.
2. The federal government and even the state of residence have imposed heavy taxation on the Social Security benefits.
3. Social Security benefits could experience the reduction in size, to cut the programs cost, as many states count them as taxable.
4. Experiencing the benefits of the program might come only at the very end, due to the increase official retirement age. An early retirement is not an option because it leads to lesser monthly social security funding (Walsh, 2010).

Social Security might certainly be of great benefit for one's retirement plan if it resolves the uncertainties surrounding it, and keeps up to its original system. Americans who dwell on the assumption that they will be able to rely on the Social Security program benefits, should resort to other alternative investments, that can provide assured, better and greater rates of returns, such as:

1. Being frugal

Failing to plan is planning to fail; therefore, if you fail to plan for retirement today, then you are planning for a hectic tomorrow. Following the principles of frugality irrespective, the age is beneficial. Individuals ought to keep free

from or minimize their debts, while having control over their spending. Make saving even a small amount monthly a regularly. These small deeds sum up over a lifetime and can help through the retirement period.

2. Taking advantage of your company's 401(k) plan

Adopting the 401(k) company's plan, helps you grow retirement savings. Companies often make some form of matching contribution to this tax-deferred account.

3. Signing up for individual retirement account (IRA)

Some conditions as set by the Internal Revenue Service, puts an individual in lower tax bracket as t piles up money for future use. Some taxes are payable to this money when finally being drawn for retirement.

The naked truth is that millions of employees receive a negligible rate of return on their Social Security retirement taxes, and to make matters worse, the current program does not enable employees to build up cash savings and investments as a supplement their monthly Social Security returns. The forums and debates on Social Security should center on the improvement of American's livelihoods (John, 2004). Reliance on the program as the only source of fund acquisition after retirement may plunge on in to strains and stress as they struggle to meet the demands of life. Resorting to alternative investments is the only sure way to go, as it will ensure that people save adequately for the future.

References

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