

Bridging the Income Gap

Social Security was never designed to be an individual's sole source of retirement income. Instead, it was meant to bridge the gap between people's income from pensions and savings and their monthly expenses.



Today, however, nearly two-thirds of all seniors rely on Social Security for at least 50% of their total monthly income. Nor are annual cost-of-living adjustments, or COLAs, keeping up with the spiraling costs of healthcare, housing, and energy in many areas across the country. Adjustments to extend the program's solvency have reduced benefits in real terms, as well as ratcheted up the age at which one can attain full benefits.

What's more, traditional company pension plans are fast going the way of the horse-and-buggy and the dodo bird. Instead, employers are moving toward "defined contribution plans" that put most of the responsibility for planning, funding, investing, and distributing plan funds squarely on the shoulders of individual employees.

Given these trends, one thing is clear: Each person must put increasingly greater emphasis on securing their own financial future in retirement. Your actions today and throughout your working career may make the difference between relying on government programs for a modest monthly income and enjoying a secure, independent "golden years."

The price of procrastination is steep and the cost of inadequate preparation too high for you to wait until later to start planning!

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