Retirement Blueprint
Episode 10

Is Social Security Running Out?
Transcript

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If you've read the headlines, you've probably seen the panic: "Social Security is running out." "The system will be broke by 2034." "You'll never see the money you paid in."

And every time those headlines appear, people get anxious. I hear it in client meetings all the time — people who've worked for 30 or 40 years, paid into the system faithfully, and are now wondering, "Will it even be there for me?"

Today we're going to separate myth from math ... emotion from evidence ... and talk about what's actually happening with Social Security, what's likely to change, and most importantly, what you can do about it.

Because financial freedom isn't built on fear — it's built on facts, preparation, and perspective.

Let's start with the big one: "Social Security is running out of money."

Here's the truth: Social Security isn't "running out" — it's evolving.

Yes, the trust fund that's been used to supplement benefits is projected to run short in the 2030s — somewhere around 2034 or 2035, depending on whose estimates you use. That means if Congress does nothing, the program could pay out about 77 percent of scheduled benefits from ongoing payroll taxes alone.

Now, would that be painful? Absolutely. But let's be clear: that's not zero. That's not "gone." It's a reduction in what the system can pay out without adjustments.

The Social Security system takes in money every day through payroll taxes from millions of workers. As long as people are working, revenue continues. So the real question isn't whether Social Security will exist ... it's what form it will take.

And if history tells us anything, it's that lawmakers act when the pressure gets high enough. We've seen adjustments before — in 1983, Congress raised the full retirement age slightly and began taxing benefits to stabilize the program. That reform extended the system's solvency by decades.

There's every reason to believe they'll do it again. Why? Because seniors vote. Because this program is the most popular government benefit in America. And because the political cost of doing nothing is far greater than the cost of small, gradual changes.

So, no — Social Security isn't going away. It's adapting, just like it has for the last 90 years.

I'll never forget a conversation I had with James and Carol — a couple in their late 50s, both successful small business owners, just a few years away from retirement.

When they sat down in my office, Carol said, "We've been watching the news, and we're honestly scared. What if Social Security isn't there for us? Should we just plan as if it doesn't exist?"

It's a fair question — and one I hear often.

We looked at their overall plan and ran three scenarios.
The first assumed full scheduled benefits, as if nothing changed.
The second assumed a 20 percent reduction in benefits starting at age 67.
The third assumed no benefits at all — the worst-case scenario.

Under that third plan, they could still retire, but they'd have to scale back travel and tighten spending. Under the second — the "reduced benefit" scenario — their plan still worked beautifully.

I remember Carol exhaling and saying, "So even if the headlines are right, we'll still be okay."
Exactly. Because planning under conservative assumptions gives you freedom from fear.

We didn't stop there. We talked about what Congress might realistically do — things like gradually raising the retirement age, modestly increasing payroll taxes for high earners, or adjusting the benefit formula for future generations.

James leaned back and said, "So basically, it's not that it's disappearing — it's that we'll have to adjust."
Right again. The people who retire confidently are the ones who adapt early, not react late.

Let’s talk about what changes are most likely.

First, an increase in the full retirement age.
The last major adjustment moved it from 65 to 67. We may see that gradually increase to 68 or 69 for younger generations — not current or near retirees, but those still decades away. That kind of gradual phase-in helps protect people who are already close to retirement.

Second, changes to the benefit formula.
Lawmakers could tweak how benefits are calculated for higher earners, slowing growth at the top while maintaining or even increasing benefits for lower-income workers. That kind of “progressive adjustment” keeps the system solvent without cutting everyone equally.

Third, an increase in the payroll tax cap.
Right now, only income up to about $168,000 (in 2025) is subject to Social Security tax. Raising or eliminating that cap would immediately boost revenue.

And finally, potential adjustments to cost-of-living increases.
They could change how inflation is measured — maybe tying it to a “chained CPI,” which grows slightly slower than the current formula.

None of these are dramatic, end-of-the-world shifts. They’re incremental. Manageable. And historically, these kinds of adjustments have been phased in slowly, giving people time to plan.

What I want you to hear is this: change is not collapse. The system will look different for your kids than it does for you … but that’s true of almost everything in finance.

Now let’s talk about you — because here’s the truth: you can’t control Congress, but you can absolutely control your own plan.

You can control how much you save.
You can control when you retire.
You can control how and when you claim your benefits.
And you can control how diversified your income streams are.

If Social Security ended tomorrow — which it won’t — would you still be okay? If not, that’s where your focus should be: on creating enough flexibility in your plan that government changes don’t shake your foundation.

That might mean saving a little more today, or paying down debt faster, or building multiple income sources through rental properties, dividend stocks, or part-time consulting work.

It also means paying attention to taxes. The fewer taxes you pay in retirement, the less dependent you are on any one income source.

Here's what I tell clients: build your retirement plan as if Social Security is the bonus, not the backbone. That way, when you receive those checks, they're the cherry on top — not the lifeline you can't live without.

Because freedom doesn't come from guarantees — it comes from preparation.

We live in a noisy world. Markets move, headlines scream, and politics dominate the conversation. But the fundamentals of financial success haven't changed in a hundred years.

Clarity. Discipline. Diversification. These are the constants that win over time.

When it comes to Social Security, your job isn't to predict the future — it's to prepare for it. You prepare by knowing your numbers, understanding your options, and building a plan that adapts as life does.

Every retiree faces uncertainty — health, markets, longevity, policy — but those who plan through uncertainty live with confidence, not fear.

So take a deep breath. The system isn't going away. It's shifting, like it always has. And with a thoughtful plan, you'll navigate it just fine.

Because the future belongs to the prepared — not the panicked.

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