.....15 Years and still rolling.....

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tony@annuityagentsalliance.com

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Words of Wisdom

Diversification in the stock market is like gambling in different parts of a casino...Chad Owen

Editorial

From Anthony Owen: Bond bubble, dollar bubble, and stock market bubble. We live in a time of greed and deceit. Don't forget how important you are to your clients. Nobody can save their retirement except you, a fixed annuity salesman. There is no place else to hide.

http://etfdailynews.com/2013/03/03/the-missing-recovery-dow-jones-industrial-average-2-minute-sp-500-russell-2000/

I saw on the news last night that the Dow was at an all-time high. The funny thing about that is it really is only affecting a certain portion of our population. Most people who lost money in the fall of the market in 2007 sold out, quit or just gave up. Last night some expert being interviewed on the NBC National News stated that getting in now for the mom and pop investor might not be a smart move.

What!

Nothing screams importance to we Baby Boomers now more than safety and security. I am in that group and I feel exactly that way, safety and security of guaranteed retirement funds is paramount to Phyllis and my future.

If I (as an industry insider) feel that way, how does the retired school teacher, the blue collar worker, the single parent feel? I am proud beyond imagination that I am an insurance salesman, because with my chosen career comes safety and security for my clients.

Earlier in the week I was speaking to a client of mine (12 years) and suggested a small change to his program, his answer...

Yes of course! Do it! I trust you.

Did I earn that trust, no, I simply piggybacked on those who can guarantee all they say they can.....annuity providers.

BB

Spots are running.....leads....sign up!

Here is the YouTube link:

http://www.youtube.com/watch?v=sGQToDarklU

Kevin has an update....phone scrubbed and phone verified....do you know the difference?

We have leads in many locations, Call!

And.....

From: Joe Agent (I didn't get permission to use his name)
Sent: Tuesday, March 05, 2013 11:24 AM

I thought you might want to know. I received my first lead from Annuity.com today and called the prospect, Mr. Steve Jones. We had a good conversation. He is leaving town and will return next Thursday. We agreed to talk again next Friday to set a morning appointment for the following week.

Thanks for the lead.
Joe

Big Truck Partners

Q: Chad, let's hear it from you again…diversification!

Another one of Chad Owen's Famous Quote:

Hello Partners,

Chad came up with this one a couple of minutes ago while calling his leads.

Mr. Jones, "I am diversified".

Agent, "Can I ask you what you mean by that?"

Mr. Jones, "Well, I have my money in several different mutual funds and bond portfolios."

Agent, "Mr. Jones, by your definition of diversification you could also say that you have a diversified gambling habit because you bet your money in different parts of the casino. The truth is that if you put your money into a slot machine and then double down at the black jack table, you may be diversified but your money is still at risk. Think of me as a gambler support group. I am not going to tell you that all gambling is bad but what I will tell you is that you shouldn't gamble with the money you and your family is

counting on. I am going to be available this Tuesday. Let's get together and I will do my best to make sure you have some money left over for gambling but also some money you can count on. Is afternoon or evening best for you?"

There is no better cure for "crappy" leads than great objection handling!!!!!!!!!!

Use the force Luke.

Dave and Shaun

Product updates...and life info

I hope you are taking advantage, being in the field can be lonely sometimes, these webcasts are very good, link below....BB

https://image.avivausa.com/portalimages/imageserver/marketing/email/pdfs/WebcastSchedule.pdf

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Variable annuity Pros and cons

SPECIAL TO THE GAZETTE

A variable annuity is an investment contract with an insurance company where you invest money into your choice of a variety of sub-accounts. Sub-accounts are similar to mutual funds, where money from a large number of investors is pooled and invested in accordance with specific investment objectives. Like mutual funds, sub-accounts may invest in different categories of stock or interest earning investments.

Etc. Etc. Etc.....How many times can this dog be beaten?

Read more: http://www.gazette.com/articles/accounts-151629-sub-money.html#ixzz2MgwnWgaA

Might sound stupid but, information like this is a way to bond with your prospect....I have used news like this often, always pick on the politicians...BB

OMG!!!!

http://www.investmentnews.com/article/20130303/REG/303039968?utm_source=issuealert-20130303&utm_medium=in-newsletter&utm_campaign=investmentnews&utm_term=text#

Congressional criminals still can collect public pensions

Former Rep. Jesse Jackson Jr. is the latest member of Congress to fall from grace

HALL OF SHAME

If you are **enjoying your breakfast** or lunch while reading this, you may want to stop eating.

Veteran Rep. Randy "Duke" Cunningham, R-Calif., who was convicted and sentenced to prison in a bribery case, continues to collect a combined $64,000-a-year congressional and military pension.

Rep. James A. Traficant Jr., D-Ohio, was ousted from Congress after being convicted in 2002 of taking bribes, filing false tax returns and racketeering. He was released from prison in 2009 and continues to receive his $40,000-a-year taxpayer-funded federal pension.

Rep. William Jefferson, D-La., convicted on federal charges of racketeering, soliciting bribes and money laundering, is serving 13 years in prison. He also continues to collect his $40,000-a-year taxpayer-funded federal pension.

See link above for more info....BB

Coming to a state near you

Don't be frightened by this coming change, it is good for all of us....it will elevate our industry, our world is changing as annuity agents, as far as I am concerned it is changing for the better, compliance is the key to elevating our profession....BB

http://www.fa-mag.com/news/florida-considering-extending-protections-for-annuity-investors-13487.html

The law governing the sale of variable and fixed annuities to people over 65, known as the **Safeguard Our Seniors** law, went into effect in January 2011, and the number of complaints about fraudulent practices by sellers has dropped, according to reports within the state.

The law is designed to prevent unscrupulous salespeople from persuading seniors to sell their other investments or use their savings to buy annuities unsuitable for their age or economic status. Sellers violating the law face a fine of up to $75,000.

The pending bill expands the same suitability standards to all buyers. It would also extend the time all buyers have to change their minds about the investment from 14 days to 21 days.

"Anything that helps remove bad actors and protects consumers is a good thing,"

Feel sorry for the poor agent who cuts corners and doesn't use a fact finder...and sells wrong....not us!....BB

The **4% Rule**...remember we talked about it several times lately? Now Bill Gross is sending us the message, gee do you think prospects will start paying attention?

Here is a major national financial figure saying the 4% might not work, I wonder how many stock brokers would use this, or will they pound the Dow record? Hmmmm, let me think....BB

CNNMoney
A Service of CNN, Fortune & Money

Bill Gross: Brace for lower returns

http://buzz.money.cnn.com/2013/02/27/bill-gross-pimco-investors/?iid=HP_LN


Pimco Bond Genius, Bill Gross

Get used to lower returns on stocks and bonds, Pimco's founder and co-chief investment officer Bill Gross told investors in his monthly letter.

Gross, who oversees Pimco's Total Return Fund (**PTTRX**), said that investors are entering a period of what he calls "rational temperance." By that Gross means that

investors should expect gains from stocks, and corporate and high-yield bonds to be more muted.

Corporate credit and high yield bonds are *somewhat* exuberantly and **irrationally priced.** "Still that doesn't mean you should vacate your portfolio of them," Gross writes. Instead prepare to see returns in the range of 3% to 4%, instead of the double-digit gains enjoyed in recent years.

See link above for the whole article....**CNN Money**....BB

Legacy Arbitrage

Estate Planning for Generations

Definition of 'Arbitrage' from Investopedia

The simultaneous purchase and sale of an asset in order to profit from a difference in the price. It is a trade that profits by exploiting price differences of identical or similar financial instruments, on different markets or in different forms. Arbitrage exists as a result of market inefficiencies; it provides a mechanism to ensure prices do not deviate substantially from fair value for long periods of time.

Read more: http://www.investopedia.com/terms/a/arbitrage.asp#ixzz2Lw8b8WoC

Legacy Arbitrage is a system to maximize asset transfer while at the same time removing 100% of any risk. It is simple and it requires low maintenance by the agent in the future. Prospects for this program are everywhere, but like those who have pitched sales ideas without knowing the need of the prospect (split dollar), failure will be the end result. **Legacy Arbitrage** is only a vehicle to help the prospect achieve their desired goals, nothing more. But, when used in conjunction with the needs discovered in the fact finder, it becomes the easiest of sales.

When the **Legacy Arbitrage** strategy is designed correctly the benefits can be substantial. The annuity income is guaranteed, the insurance premiums are guaranteed, the ultimate death benefit is guaranteed. Fully guaranteed and removing all risk.

Legacy Arbitrage could provide the prospect benefits to solve both income (if needed and desired) and legacy needs (assets to heirs). With total control over the products and the process

In the financial world, **arbitrage** means buying and selling the same asset form two different sources. The reasoning behind doing such a thing is profit and it is legal. It is legal to buy an asset from one source and sell via a second source for a higher price. The benefit to the general public is that it keeps prices and fair value in balance internationally. For the past 100 years this has been an accepted and used process by Wall Street and many investors. Typically the trade would involve stocks and bonds but occasionally it could be commodities or any asset where the price moves based on market conditions.

In the insurance industry, arbitrage means something slightly different, but it does involve capturing one segment to maximize benefits in another. **Legacy Arbitrage** can accomplish the same goal with the simultaneous purchase of a life insurance policy and a special type of annuity with the same person as the annuitant and the insured. The arbitrage spin is that two different companies are used normally, one specializing in annuities and one specializing in life insurance.

The life insurance company is underwriting the risk of the person dying before their life expectancy, while the carrier issuing the annuity assumes the risk of the person living beyond life expectancy.

Remember, insurance companies are **risk bearers** and price these contingencies into their premiums and rates of returns. While your use of **Legacy Arbitrage** as a solution to needs may be just on one life, the insurance company looks at a large pool of people and knows some will live longer than others.

Because the annuity provides "lifetime" income (through the income rider) and the life insurance policy provides death benefits, we know at some future date, one will cease and one will fund. That is **Legacy Arbitrage**.

How can this concept be used?

The prospect has accumulated funds intended for inheritance. In my practice this is a common occurrence, maybe you have heard these answers during a fact finder:

- My portfolio is for my daughter so she can have a nice retirement
- I don't want to touch my IRA so my son can inherit it
- My church needs to build a new chapel, when I die I am going to leave it to them

The answers go on and on.

Ask these leading questions:

"Mrs. Jones, I know you are saving your stock account for your daughter, have you ever heard of ***Legacy Arbitrage****?"*

"Did you know that you can remove all risk of how much she will receive and at the same time know the benefit she will receive is far greater than the current value of your portfolio?"

"Mrs. Jones, if I could show you a system where you could stabilize the assets in your portfolio, create a tax free gift to your daughter and still be able to have control over your funds should you need them, would you be interested?"

It doesn't have to be just one insured, it can be a husband and wife and the ultimate beneficiary can be more than one person.

The special type of annuity? A FIA with an income rider.

The life policy? Any policy which has low funding with guaranteed premium and guaranteed death benefits.

Example One: Mrs., Jones, age 70 has $500,000 in an account and wants to leave it to her daughter and granddaughters. $500,000 on deposit in a FIA with an income rider would provide an annual income of $32,000 in one year.

Mrs. Jones is just in average or slightly less than average health. (many companies are now rating up to table 4 as standard). She will say she couldn't qualify because of health issues, this is generally not true, the possibilities available now are large.

"Mrs. Jones, one of the wonderful things about Legacy Arbitrage is it is a contract and fully guaranteed. And you do not have to make any final decision until the benefits are presented to you in writing. Obtaining rates and information to make the offer to you will take about 30 days, I will come back and discuss it all with you then."

Some life insurers will require a medical exam but many will make their decision based on medical records, this will need to be finessed. The policy may need to be shopped at several companies, the easiest way of doing this is to have Shaun or Amber provide this service to you. They know how to do it and there is no fee for this service. (their contacts are at the top of Open MIC notes).

The $32,000 removed from the annuity via the income rider, at standard rates, provides a life insurance death benefit of **$1,116,279**. (at standard rates, preferred would be even more death benefit)

This benefit is paid tax free and without the need for probate (beneficiary).

Example Two: Mrs. Jones, age 70, Mr. Jones age 70 have $500,000 in an account and wants to leave it to their daughter and granddaughters. $500,000 on deposit in a FIA with an income rider would provide an annual income of $28,000 in one year.

The policy used would be a second to die, which pays at the death of the second insured. If health issues are a concern, 2nd to die is easier to underwrite because it is based on two lives instead of just one.

The $28,000 removed from the annuity via the income rider, at standard rates, provides a second to die life insurance death benefit of **$1,497,288**. (standard rates)

This benefit is paid tax free and without the need for probate (beneficiary).

By changing the **asset allocation from risk to guarantees** puts in place the plan to add guarantees for the prospect.....but....

Q. What is the tax liability of removing the income from the annuity?

A. The income is taxable, after completing the fact finder you will be able to determine whether to withhold the taxes, I like to use the term "at the source" which means the annuity company will withhold and send to the IRS for benefit of the annuitant. Also, the current asset being converted to Legacy Arbitrage could also be generating a taxable event, such as buying and selling in a mutual fund or capital gains on stock dividends.

Also, if the funds are now in mutual funds, there could be fees and other expenses (expense ratio) which have reduced the net return on the investment.

Q. What happens if the annuitant decides to stop paying premiums?

A. All life insurance policies sold in America have settlement options. These options allow for contractual changes in an existing policy. One of the settlement options is "reduced paid up" which allows for the policy to be changed from a premium paying contract to a fully paid up policy. The face amount is adjusted based on the age of the insured and the amount of cash value.

To make the point more directly, in Example One above, if the insured paid premiums ($32,000) for 5 years, total investment of $160,000 and stopped and took the policy as reduced paid up, the paid up death benefit would be $216,000. Still far more than the total of premiums paid. (ask Shaun for specific policies with paid up features)

Q. Can the life insurance policy be cashed in prior to death if the funds are needed?

A. Yes, the owner of the policy has direct access to the policies available cash value. The owner of the policy may also borrow against the available cash value under most contracts).

Q. Can an IRA be used to fund Legacy Arbitrage?

A. Yes! The only issue is tax liability for removing the funds, simply determine the overall tax liability of the prospect and have the tax withheld at the "source".

Q. How long does it take to get an offer from the life insurance company?

A. That depends. It depends on what is initially required and how soon the medical records can be received by the company, normally less than 3 weeks to an offer.

Q. Will I receive multiple offers for the life insurance policy?

A. Yes, Shaun and Amber will shop the case throughout the industry to find the best policy for your insured's specific situation.

Q. Where do I go to find the best annuity with the best income rider for my prospects age?

A. Duh! Call David, Anthony or Joe. (contact info above)

Q. What do I do if an income rider is not available for my prospect?

A. Simple, use the settlement options in the annuity (SPIA) and generate the income just like you would a pension. The income is based on the age, and the available amount of deposit.

Q. Why wouldn't I just make a single premium deposit into the life policy instead of the annuity making annual payments?

A. You can, but the reason you do not want to do this is to make sure you have maximized the benefit to the beneficiary. In the event of death, any remaining balance in the annuity is also inherited by the beneficiary, this allows for the possibility of more funds being received by the heirs. This is how you maximize **Legacy Arbitrage** and show your client that they still have complete control.

Q. How do I get the premiums paid each year?

A. It is automatic if your prospect chooses. The annuity company will send the funds directly to the life company and send the receipt to your client. If taxes are withheld, the company will also send the receipt to the client. It can be completely automatic.

Q. Is Legacy Arbitrage trademarked? May I use it as a sales concept.

A. No, yes.

A word about the legal side. It is not in your best interest to practice law or give tax advice unless you are licensed and authorized to do so. You can however explain the benefits of this level of planning and how **Legacy Arbitrage** can benefit your prospect. Never proceed unless you have conducted a full and complete fact finder. The best way to uncover prospects who could benefit from Legacy Arbitrage is to ask this simple question when you are discussing the prospects assets and goals.

"What is the purpose of (IRA etc.) and what would you like it to accomplish?"

The answer will allow you to say....

*"Mrs. Jones, have you ever heard of **Legacy Arbitrage**? It is a guaranteed risk free method of maximizing the asset transfer to your daughter and at the same time it is tax free while avoiding all probate expense."*

If you say that sentence, you will open many cases!

Compensation: Before I give you a view of how much Legacy Arbitrage can provide you in compensation, I would like to make this point. These cases are not for the wealthy, they are for your everyday ordinary prospect. They are everywhere and people want to buy this concept because:

- It provides a tax free transfer
- It is probate expense free
- It allows for risk to be removed from the equation
- It is simple

Annuities compensation will vary from 5-7%, life insurance from 70-90% of the annual premium. Ask any of us about specific policies.

Safety and **Security** means **freedom** from stress, remember that.

I will keep this up for a few weeks....

Bonds!

Ok Guys.....one more time! Last week I had emails about how to compete with bonds paying 4%.....would the bond choice not be a better choice than an annuity?

When general interest rates increase the value of bonds will decrease.

When general interest rates decrease, the value will increase.

Ok I.....will try my best to explain...

Buy a bond at new issue for $1000....pays 4%.....it will pay 4% until the bond matures and then the bond issuer will also pay back the $1000, Let's say the bond is a 20 year bond.

<u>Scenario one</u>.....general interest rates decrease.....what happens to the bond you bought and now own paying 4%?....because 4% is above current market interests...your bond

would increase in value....not in interest rates but in value....the amount you could sell it for (before maturity) in the secondary market would increase.

So if general interest rates went to 3%....and yours paid 4% then your value would increase to $1250 if you sold it in the secondary market place. (actually it also depends on how soon it will mature in this calculation....I am just making an example)

Scenario two....the opposite occurs....interest rates increase and your 4% bond is less than what is currently available....then the value of your bond if sold on the secondary market would decrease....

My point is this...with US Treasuries at their current low....any increase in general interest rates would cause a huge lowering of their value in the secondary market....

There are two options remaining for our target market....Bank CDs and Annuities....US Treasuries should be avoided unless they are shorted...(my opinion....BB)

How about ratings? Can they also change the value of an enforce bond? Yes, ratings have a huge affect.

Bond Ratings

The quality of any bond is based on the issuer's financial ability to make interest payments and repay the loan in full at maturity. Rating services help to evaluate the creditworthiness of bonds. Some bonds, such as municipal bonds, may be insured by third parties.

	Moody's	Standard & Poor's	
Highest Quality	Aaa	AAA	Investment Grade
High Quality	Aa	AA	
Upper Medium	A-1, A	A	
Medium	Baa-1, Baa	BBB	
Speculative	Ba	BB	Not Investment Grade
Highly Speculative	B, Caa	B, CCC, CC	
Default	Ca, C	D	

How Bond Ratings Work?

Two of the major independent credit rating services are Moody's and Standard & Poor's. They research the financial health of each bond issuer (including issuers of municipal bonds) and assign ratings to the bonds being offered. A bond's rating helps you assess that bond's credit quality compared to other bonds.

Fine Points on Reading the Ratings

Moody's and Standard & Poor's append their ratings with an indicator to show a bond's ranking within a category.

- Moody's uses a numerical indicator. For example, A1 is better than A2 (but still not as good as Aa).
- Standard & Poor's use a plus or minus indicator. For example, A+ is better than A, and A is better than A-.

Ratings and Yield

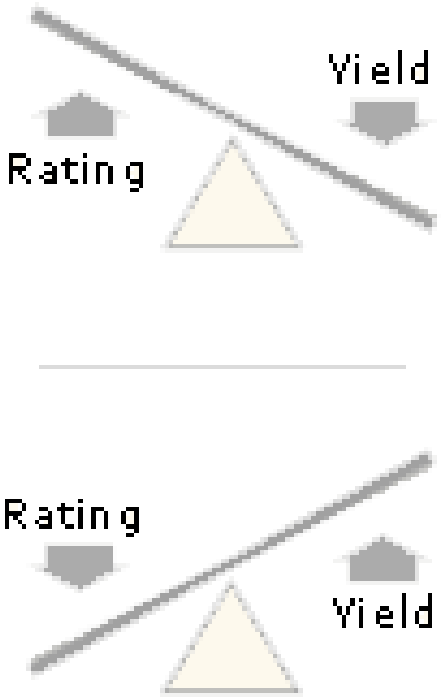
Ratings affect a bond's yield, or the percentage return investors can expect on the bond.

- A highly rated bond typically has a lower yield. That's because the issuer does not have to offer as high a coupon rate to attract investors.
- A lower rated bond typically has a higher yield. That's because investors need extra incentive to compensate for the higher risk.

Example: Ratings affect yield

Company 1 and Company 2 both offer similar bonds. But Company 1 has received a better Moody's rating, so it can sell its bonds at a lower coupon rate.

Bond from Company One	Bond from Company Two
$30,000 10 Year 5%	$30,000 10 Year 6%
Moody's Rating: A1	Moody's Rating: A2



Investment Grade and High Yield Bond

Investors typically group bond ratings into two major categories:

- **Investment grade** refers to bonds rated Baa/BBB or better.
- **High Yield** (also called speculative risk) refers to bonds rated below Baa/BBB. You need to have a high risk tolerance to invest in these bonds.

Because the financial health of an issuer can change – including municipalities and corporations alike – the rating services can downgrade or upgrade a company's rating.

It is important to monitor a bond's rating regularly. If a bond is sold before it reaches maturity, any downgrades or upgrades in the bond's rating as

well as other market factors will affect the price others are willing to pay for it.

This information could be helpful to you the next time a prospect asks about SS

The Latest on Social Security

Benefits increase for 2013. Ideas for reform are numerous.

Social Security benefits have increased 1.7% this year.

This doesn't come close to the 3.6% boost retirees got for 2012, but it does mark the second straight annual cost-of-living adjustment. (After a hefty 5.8% COLA for 2009, there were no COLAs for 2010 or 2011).[1,2]

So for 2013, the average monthly Social Security payment going to a single retiree is $1,261 ($21 larger than last year). The average retired couple gets $2,048 per month in 2013 (a $34 monthly increase). A single retiree claiming benefits at the full retirement age of 66 this year could get a maximum monthly Social Security payment of $2,533.[2]

Of course, COLAs have also occurred to Medicare premiums and the payroll tax ceiling for employees.

However, Medicare premiums are eating into that COLA.

The good news for 2013 is that Part B premiums didn't rise as much as some analysts expected. Medicare's trustees, for example, anticipated a $9 monthly increase in these premiums. Instead, the increase was slightly more than $5. Part B premiums are now $104.90 per month, as opposed to $99.90 in 2012. (The annual Part B deductible is $7 greater for 2013 at $147, and the Part A deductible is $28 greater at $1,184.)[2,3]

So how much does the rise in Part B premiums reduce the 2013 Social Security COLA? If you receive S2,000 a month in Social Security benefits, your effective COLA for 2013 is

1.45% ($29 a month more). If you get $1,000 of Social Security benefits each month, your net COLA is actually 1.2% ($12 a month more).[3]

Few Social Security recipients have annual ordinary incomes in excess of $85,000 (single filers) or $170,000 (joint filers). Unfortunately, those that do will see their total Part B monthly premiums rise anywhere from $147-336 a month thanks to surcharges (and that isn't counting surcharges paid on Part D prescription drug plans).[3]

Social Security's retirement earnings test amounts have also risen.

If you receive Social Security benefits and you will be *younger than full retirement age at the end of 2013,* $1 of your benefits will be withheld for every $2 that you earn above $15,120 (the 2012 limit was $14,640).[4]

If you receive Social Security benefits and *reach full retirement age during 2013,* $1 of your benefits will be withheld for every $3 that you earn above $40,080 – but that restriction applies only to earnings in the months prior to attaining full retirement age. (The applicable 2012 threshold was $38,880.) There is no limit on earnings starting the month an individual attains full retirement age.[4]

As always, part of your Social Security benefits may be taxed.
This may happen if you exceed the program's "combined income" threshold. (Combined income = adjusted gross income + non-taxable interest + 50% of Social Security benefits.)[5]

If you are a single filer with a combined income between $25,000-34,000, you may have to pay federal income tax on up to 50% of your Social Security benefits this year. That also goes for joint filers with combined incomes of $32,000-44,000.[5]

If you are a single filer with a combined income of more than $34,000, you may have to pay federal income tax on up to 85% of your 2013 Social Security benefits. Likewise for joint filers whose combined incomes top $44,000. [5]

Those married and filing separately will "probably" have their Social Security benefits taxed in 2013, according to the program's website.[5]

The Social Security wage base is 3.3% higher for 2013.

In 2012, the federal government levied payroll tax on the first $110,100 of employee income. In 2013, individual wages up until $113,700 are subject to the tax. The payroll tax for employees is also back to 6.2% this year. So an individual worker could pay as much as $7,049.40 in Social Security taxes in 2013 as opposed to a maximum of $4,624.20 in 2012.[2,4]

How will the sequester cuts affect Social Security?

Basically, they won't. There will be no reduction in Social Security, Supplemental Security Income, Veterans Affairs or SNAP benefits under such circumstances.

However, the Social Security Administration may suffer budget cuts that result in reduced hours (or closed doors) at its offices and an even longer wait to process disability claims. The sequester cuts will not affect Medicare or Medicaid benefits either, though Medicare payments to doctors face a 2% cut.[6]

What about Social Security's projected long-range shortfall?

Social Security projects that it can tap its surplus of roughly $2.7 trillion to pay 100% of scheduled retirement benefits through 2032. Yet in 2010, it began paying out more than it took in, a condition that may last for decades thanks to the aging of the baby boomer demographic. Because of this reality, Social Security's trustees have forecast a $623 billion deficit for 2033, expanding to $1 trillion by 2045 and almost $7 trillion by 2086.[7]

How does America fix that? The simple fix many legislators have suggested is to hike the full retirement age to 70 from 67. If that happened now, the Congressional Budget Office says the program could keep about 13% more money each year. Of course, the social and economic effects of this could be devastating for many retirees.[8]

The White House fiscal commission has proposed raising the FICA cap – that is, the payroll tax cap would gradually increase between now and 2050 so that 90% of wages earned in America would be subject to Social Security tax by the middle of the century. (This is how it used to be.) Under this plan, the taxable maximum would be $190,000 by 2020.[9]

Another fix that has been proposed is indexing Social Security COLAs to price growth instead of average wage growth – that is, to "chained" CPI rather than the Consumer Price Index. Rep. Paul Ryan (R-WI) mentioned the idea in his controversial "Path to Prosperity" plan (the so-called "Ryan roadmap") late in the 2000s. The Business Roundtable, a coalition of 210 CEOs of major American companies, has also pitched the idea. Detractors note that linking COLAs to chained CPI means lower COLAs and a marked reduction in Social Security benefits especially affecting women.[10]

The conservative Heritage Foundation recently advanced the idea of cutting Social Security benefits for the richest 9% of retirees, offering a $10,000 tax exemption for seniors who work past Social Security's full retirement age, and protecting all Social Security income from taxation.[11]

Other pundits want to see retirement planning left solely to individuals. They cite what Chile did in the early 1980s: it replaced its federal pension program with a system of privately managed personal retirement investment accounts, allowing participants to set their own contribution levels, risk tolerance and retirement date. The effort yielded better than a 9.2% compounded annual return across its first 30 years.[12]

Several fixes were suggested in a 2010 report issued by the U.S. Senate Special Committee on Aging, including: 1) a 3% cut in benefits, 2) raising the payroll tax to 7.3%, 3) hiking the full retirement age to 68 or older, 4) increasing the Social Security averaging period that determines SSI, 5) reducing the typical yearly COLA by 1% or .5%,

6) reducing spousal benefits, 7) investing some of Social Security's trust funds in equities, 8) directing some estate tax revenues into Social Security's trust fund.[13]

Perhaps a fix lies somewhere within these proposals; unmodified or altered, alone or in combination.

How much retirement income do you have these days?

With Social Security's future still a question mark, you may be thinking about where your retirement income will come from in the years ahead. A chat with the financial professional you know and trust may lead to some ideas.

Citations.

1 – www.ssa.gov/pressoffice/pr/2013cola-pr.html [10/16/12]

2 – www.forbes.com/sites/janetnovack/2012/10/16/social-security-benefits-to-rise-1-7-workers-face-up-to-2425-payroll-tax-hike/ [10/16/12]

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We Recommend:

Recently I have had a few calls about appointment setting and who I would recommend. There are many variable to consider, but Kris has always been very professional and in tune to agent needs. Here website is below.

Appointment setting

www.callingleads.com

The best number is 865-354-9722

Kriss@callingleads.com and website www.callingleads.com

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