

# 'Greedy Geezers' answered

**EDITOR, GAZETTE:**

First of all, let me answer your questions ("Greedy Geezer vs. greedy young," May 9). I am 35 years of age, I make in excess of \$3,000 a month, my parents are retired, my father paid the maximum into Social Security since 1946.

My father believes social security should be eliminated, along with my father-in-law and many other retired individuals. The reason why I complain is not because of the excise tax itself, but the result of the tax open inflation. These taxes caused inflation to increase more than they naturally would have. This inflationary increase will increase the COLA payout for retirees in 1992, which results in a larger FICA tax for the workers. If you can not figure this out I can not explain it any simpler.

You apparently did not save for retirement and expected Social Security to be your sole source of financial support. Social Security was started as a Supplemental Security Income Fund. It was never meant to be the sole support of any retired person. It was only meant to supplement your income. However, you must think otherwise.

As to me being accustomed to the "high society living" that makes me laugh. I live well below my income level because I learned the hard way the value of a dollar. I served in the Navy for four years and saved 92 percent of my pay. I worked my way through college with no loans. I do not smoke. I drive a 1980 Citation, and do not travel as much as the 65-and-over age group does. I save my money.

It is a mathematical impossibility that Social Security will be around past the year 2010 in its present form. I do not want my two children or others to have to pay over 25 percent of their income to Social Security when we baby boomers retire.

Lastly, you paid no where close to the FICA tax rate that the present workers are paying today. Had you, you would be screaming your head off about it.

Whether or not Social Security is there for me is of little concern. What concerns me most is what effect it will have on my children and on those workers today who are being gouged. I am not greedy, just a realist.

Since you are retired and receiving \$7,300? ( $\$621 \times 12 = \$7,452$ ) per year from Social Security, let me calculate for you what you would have received from your FICA contributions that both you and your employer paid for 40 years.

Assuming you retired in 1990, which gives you the benefit of the doubt, I calculate your Average Indexed Monthly Earnings to be \$1,063.44, which is 42.5 percent of the maximum wage base. Starting in 1950, assuming 3 percent return over inflation tax free on your contributions and employer's, you would have a balance of \$69,743 in 1990. This amount would yield \$4,921 per year for 20 years with each year increased by the rate of inflation (5 percent). You state you receive \$621 per month which is 51.4 percent (if married 82 percent) more than you are entitled to. Now if you have been retired more than five years, you are receiving upwards of 150 percent more than you are entitled to. If you have been retired even longer, it really gets bad (300 percent).

The Social Security Benefit formula is such that those at the low end of the income ladder receive 41 percent of their pre-tax take home pay, while those at the upper end receive approximately 21 percent of their pre-tax take-home pay. However, everyone today received more than an actuarial table would yield.

Where does this excess money come from? It comes from the present workers who pay 15.3 percent of the wage and benefit package into Social Security, where as you paid less than an average of 5 percent. The present surplus of \$30 billion per year is only \$272.73 per worker, per year.

Let's face it, saving \$272.73 a year with a return of 8 percent is not going to be sufficient to retire on. A 25-year old today needs to start saving \$2,740 per year, increasing this by 5 percent each year, earning at least 8 percent per year tax-free, for the next 43 years to be able to retire on the equivalent of \$15,000 per year for 20 years.

This seems like an extraordinary amount to save! However, if the FICA tax were eliminated and the individual were to save their FICA contributions, they would be able to retire on approximately 84 percent of their pre tax take home pay for 20 years.

So in ending I would say you are a greedy geezer who does not understand economics, nor saved for his/her retirement and expects the present workers to make up for your error in judgement. I suggest you obtain the following publications from the Social Security office: History of Social Security SSA Publication No. 05-10011, Estimating Your Social Security Retirement Check SSA Publication No. 05-10070, Your Social Security Earnings Record SSA Publication No. 05-1044 and An Introduction to Social Security SSA Publication No. 05-10024.

Sincerely,

William R. Larsen