



Worried About Social Security, Millennials Must Get Creative

Millennials face unique concerns for saving for retirement.

Social Security Day is Aug. 14, marking that day in 1935 when the Social Security Act was signed into law.

More than eight decades later, millennials wonder whether that celebrated social safety net will still be around to help when they reach retirement.

Most are skeptical. Eighty percent of millennial workers say they're worried Social Security won't be there for them, according to a 2017 study by the Transamerica Center for Retirement Studies, which counts millennials as those born from 1979 to 2000.

The system is projected to be able to pay only 75 percent of benefits starting in 2035, when the Social Security trust fund will deplete its reserves, according to estimates by the Social Security Administration.

"Millennials face unique concerns for saving for retirement," says Mark Henry, an estate planner, investment advisor and founder/CEO of Alloy Wealth Management. "Previous generations could rely on company pension plans, which are declining in number, and Social Security, which is experiencing deficits that threaten its future existence.

"Whether you're a millennial or the parent of one, it's important to know how the uncertainty about Social Security makes overall retirement planning even more important."

Henry suggests millennials consider four factors about retirement while facing uncertainty about their future Social Security checks:

- One check, not two. Social Security can be a comfort to an aging couple, but when one passes away, the income drop-off can be significant without other revenue sources available. "Make sure both you and your spouse are protected," Henry

says. "Social Security figures significantly in the equation here. Remember that your surviving spouse will only get the highest of your two Social Security checks, not both checks."

- Longer life expectancy. Increased longevity statistics magnify the importance of having more financial sustainability in retirement. "Chances are that the vast majority of millennials will live into or past their mid-80s," Henry says. "Make sure that your retirement plan takes longevity into account so that you don't run out of money."
- Healthcare costs. Surprisingly to some, Medicare is not free; premiums for coverage are usually deducted from your Social Security check. "Standard Medicare doesn't cover dental, hearing or vision, is subject to deductibles, and doesn't cover long-term care," Henry says. "Fidelity's latest estimate is it will cost \$275,000 on average per couple for out-of-pocket healthcare costs in retirement."
- Think long-term with savings, investments. This means do all you can to accumulate all you can, Henry says, by starting early and being consistent with savings and investments. "Millennials, especially those with well-paying jobs, are wise to save a good chunk of their salary early – 10 to 15 percent," he says. "The money they invest early will fund a nice nest egg. Take advantage of tax-advantaged accounts like IRAs and 401(k)s, and company matches."

"Millennials just don't have as much of a safety net as their parents or grandparents did," Henry says. "They need to be in the know, and tailor their financial habits and plans accordingly, to provide a financial foundation they otherwise might not have in the future."

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