

## Is Social Security Safe?

It has been widely reported that the Social Security trust funds are projected to run out of money in the next 15 years. It may not be that impactful to your retirement.



Most retired Americans rely on Social Security benefits for a significant portion of their retirement income. According to the Center on Budget and Policy Priorities, Social Security makes up a majority of retirement income for 61% of elderly recipients—a third of whom count on it for 90% or more of their income.

For those who are in or near retirement, the idea of not being able to depend on Social Security is pretty concerning. However, even if the trust runs out of money, that doesn't mean Social Security will stop paying benefits. Even without Congressional action, the program would shift to pay-as-you-go, where benefits for current retirees would be paid directly from taxes collected from workers and other sources, such as taxes paid on earnings (FICA or SECA) and income taxes paid on benefits. These sources of funding are expected to be sufficient to pay 75–80% of benefits.

(continued on next page)



## Managing Your Account On-The-Go

Need to update your beneficiaries or personal information, or begin a distribution on the go? Do it online at [benefitsaccess.org](https://benefitsaccess.org).

If you have a smartphone, you have everything you need to manage your Wespath-administered benefits while you're on the move. The participant account management website, Benefits Access, gives you 24/7 access to your account allowing you to:

- Designate or update beneficiary information
- Update contact information
- Take a distribution or apply for benefits

**Not Registered Yet?** It takes only a few minutes to get started—go to [benefitsaccess.org](https://benefitsaccess.org) and select “New User Registration.”



# Is Social Security Safe? (continued)

## How Did We Get Here?

This isn't the first time the Social Security trust has come close to running out of money. The most recent example was 1983, when Congress increased payroll taxes and raised the full retirement age to ensure benefits for the next 75 years.

However, the cost of operating Social Security has risen substantially since 2010 due to demographic changes, including real average wage growth, productivity, labor force participation, inflation, unemployment and, most significantly, the change in birth rates. Birth rates averaged more than three children per woman during the baby boom (1946–1965) but dropped to just two children per woman by 1970. For the past 35 years, there have been about 3 people receiving benefits per 10 people paying in. After 2030, the numbers change to 5 per 10, meaning each person would have to pay more in order to support retirees at their current benefit levels.



## What Should You Do?

Still, there is no cause for alarm. Social Security will continue paying benefits to people who are in or near retirement, because they would have less time to make up the lost income with other sources of savings.

To equip yourself for any potential changes, come up with a strategy for dealing with modifications.

**If you are already retired** and feeling anxious, contact an EY financial professional to help you plan. You might start by evaluating how much you depend on your Social Security benefits. Ask yourself: Would I be able to afford necessities, such as housing, food and medications if my Social Security benefits were reduced by 20%?

**If you plan to retire more than 10 years from now**, consider that lower Social Security payments and higher taxes may reduce your expected retirement income. Some financial analysts believe that Congress is likely to close the funding gaps by lowering payouts to high-income individuals (known as means testing), raising payroll taxes and/or increasing taxation of benefits in retirement. However, don't let your concerns cause you to make ill-advised choices, such as opting out (if you are clergy) or claiming benefits before you need them, since taking benefits at 62 permanently reduces your payment amounts by 25% to 30%. Rash decisions can do significant damage to your long-term financial security.

### Fundamentals of Social Security Webinar—September 17, 2019; 2:00–3:00 p.m., Central time

A chance to learn about taking Social Security—early, full and delayed benefits; spousal benefits and survivor benefits!

## Top 3 Reasons to Keep Your Money with Wespath

1

### Autopilot Solutions

LifeStage Investment Management and LifeStage Retirement Income are available to help you manage your retirement investments and distributions at no additional cost.<sup>1</sup>

2

### Comprehensive Financial Guidance

EY Financial Planning Services are available at no additional cost.<sup>1,2</sup>

3

### Clergy Housing Allowance Preservation

Rollovers out of a Wespath-administered plan may not be eligible for the housing allowance exclusion.

1 Costs for LifeStage services and EY Financial Planning Services are included in Wespath's operating expenses that are paid for by the funds.  
 2 EY Financial Planning Services are available to active participants and surviving spouses with account balances, and to retired and terminated participants with account balances of at least \$10,000.

See more reasons at [wespath.org/keepyourmoneyhere](https://wespath.org/keepyourmoneyhere).  
 Have outside accounts that you'd like to roll in to Wespath? Visit [wespath.org/rollover](https://wespath.org/rollover).

## Make Savings a Habit

It's often said that it takes 21 days to form a habit. But anyone who buys a cookie for two days straight and can't resist it on the third day knows that the science of habit forming is a little trickier than that. Habit forming is affected by the difficulty of the new habit, the amount of focus you invest and even your personality—some people are “habit resistant.”

So how do you develop a savings habit? Follow these suggestions to put you on the path to being a better saver.

### Set a Realistic Goal

Small, achievable goals are a crucial first step in forming habits. For instance, you could determine a dollar amount to put in your savings account weekly and increase your retirement contributions by 1% of your income each year until you reach the recommended savings rate. Do it when you get a raise or bonus and you probably won't even notice a budget impact.

### Save Every Day

Consistency is key. Actively saving money every day—even if it's only a dollar—helps you gradually strengthen your savings habit.

### Be Patient with Yourself

If you need to reduce your retirement contributions because of a short-term financial need or miss your weekly savings goal, you can always make up for it. Increase your contributions as soon as you are able, and try to never miss your savings goal twice.

### Make the Benefits Visible

Keeping your growing cash stash in a clear jar, and monitor your growing bank and retirement accounts so you see your savings add up. Positive feedback encourages you to continue your savings habit.

### Control Your Spending

The most common reason for an inability to save is a spending habit. Pay attention to how you're spending or the money you set aside will go toward paying for purchases.

### Don't Forget to Reward Yourself

While many negative habits have immediate and obvious rewards—for example, chocolate tastes good—it often takes time to see the benefits of positive habits like saving. Find a way to incorporate small rewards to keep yourself on track to being a better saver.



## Wespath Sustainable Investment Report Now Available

The latest *Sustainable Investment Report* takes a deep dive into two years of Wespath's sustainable investment activities. This work aims to maximize the opportunities and manage the financial risks associated with a changing world, while having a positive impact on the environment and society.

In 2017 and 2018, Wespath scored corporate engagement successes on issues ranging from board diversity to human rights, innovative impact investments and more. The new report, “*Creating a More Sustainable Global Economy*,” examines these types of wins and provides a detailed view of our perspective on where sustainable investing and the global economy are heading.

To read the full report, visit [wespath.org/investments/sustainable-investment-report/](https://wespath.org/investments/sustainable-investment-report/).

# Principled Fund Management

We continue our series highlighting Wespath's Investment Beliefs, which help define our investment philosophy, while aligning our products and services with the principles of The UMC.

## Belief—Sustainability

- We believe our sustainable investment approach honors the values, mission and traditions of the UMC.
- We believe that the intentional integration of environmental, social and governance (ESG) factors in the selection and management of investments positively affects long-term performance. Shareholder engagement with corporations is a powerful process.

To view all of our investment beliefs, visit [wespath.com/assets/1/7/5060.pdf](http://wespath.com/assets/1/7/5060.pdf).

# Strengthening Financial Well-Being

Since 2015, Wespath has participated in an initiative focused on clergy financial well-being, partnering with the General Board of Higher Education and Ministry (GBHEM) and the National Association of United Methodist Foundations (NAUMF).

The Clergy Financial Well-Being Initiative also helps stimulate learning among church leaders to address the financial challenges facing pastors.

“Clergy often carry heavy seminary debt that impedes their ability to give fully of themselves to the church,” says Barbara Boigegrain, Wespath general secretary and CEO. “Some clergy are challenged to manage church budgets and cultivate a culture of congregational giving that is vital for supporting ministry work. This initiative helps strengthen financial well-being at both the personal and congregational levels.”

Current priorities seek to expand refinancing for clergy debt; integrate financial education in clergy training programs; and provide a financial education curriculum. For example, a limited number of scholarships for Wespath's educational events—revitup! and Clergy Benefits Academy—are available through this initiative. Learn whether you are eligible and how to apply by visiting [wespath.org/events](http://wespath.org/events).

For more information on partnership opportunities please contact [clergyfinance@wespath.org](mailto:clergyfinance@wespath.org), Bonnie Marden at 978-846-1260 or Dale Jones at 847-866-2715.



**Wespath**  
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 affiliated with The United Methodist Church

## Mark Your Calendars!

**UMPIP Webinar**  
July 31, 2019  
1:00 – 2:00 p.m., Central time

A chance to learn how saving in UMPIP can help prepare you for your financial future.

**revitup!**  
October 28 – 30, 2019  
Sheraton Inner Harbor Hotel  
Baltimore, MD

A unique opportunity for young clergy aged 25-39 to strengthen personal, financial and leadership skills.

**Clergy Benefits Academy**  
November 11 – 13, 2019  
Hilton Myrtle Beach Resort  
Myrtle Beach, SC

For clergy of all ages and stages of ministry—new ordinands, early-career clergy, mid-career clergy, ready-to-retire clergy, district superintendents, clergy in extension ministries—and spouses.

Register at [wespath.org/events/](http://wespath.org/events/).