

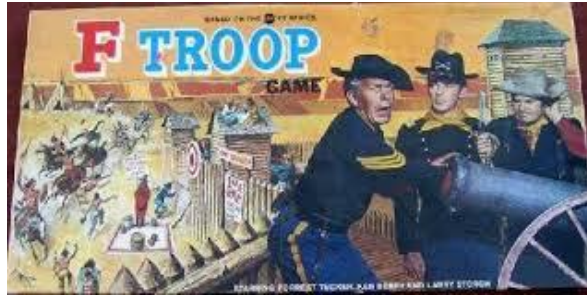
**RETIREMENT
PLANS THAT
“CLEARLY”
WORK FOR YOU.**



Prizant Group



HOLD THE FORT: To have responsibility for something while someone else is absent.



Since the Middle Ages "hold" in a military context has meant, "to keep forcibly against an adversary; defend; occupy". If the commander of a fort decided to take some of his forces to make a foray against the enemy, he would always have to leave some of his men in charge of a reliable officer to hold the fort against any possible attack while they were away. _

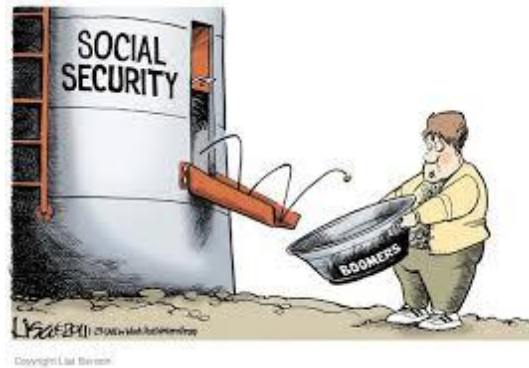
"Hold down the fort" is a variation . The original use of the phrase "hold the fort" was a military order wired by Gen. William Tecumseh Sherman in 1864 to Gen. John M. Corse at Allatoona during the Civil War. [Fort](#)



My favorite fort scene is the French attack on the British in the French -Indian War portrayed in the film "**Last of the Mohicans.**" [Fort William Henry.](#) However, most Americans related to the fort from the Western movies and T.V. shows of our youth. The glory days of the Old West movies gave us the notable "**Fort Apache**" directed by John Ford and part of his "**Cavalry Trilogy**" [Fort Apache](#)
[John Ford](#)

"Fort Apache The Bronx" brought the theme to a new audience in the 1970's. [Bronx.](#) The whole "Game of Thrones" series heavily leaned on armies attacking all sorts of fortresses. [G.O.T.](#) For 99% of Americans, retirement (either planned or forced) becomes a battle between your fixed retirement income and the insidious rising costs related to health care, housing, food, utilities, fuel, travel, helping your children/grand children, and unexpected expenses. Thus, if you stop earning a paycheck at 65, you probably have about 20 years before economic catastrophe hits. So, you either "**hit the ripcord of life**" or outlive

your money. The future is subsist on Social Security or maybe a defined benefit pension (if the the plan can continue making payments). Otherwise, you become dependent on family and/or federal/state/ charitable aid. It is a grim prospect, but my job is not to sugar-coat the message. [Elder Poverty](#)



Over the last 25 years working in the ERISA retirement plan space, I have never ceased to be amazed at the ignorance of the general population when it comes to Social Security benefits. People think that there is an account with their name on it at the Social Security Administration and all their FICA contributions go into that account. Thus, when they retire, they start getting money from that account. **WRONG OH DOG BREATH** FICA (Federal Insurance Contribution Act-1935) was, is, and always will be a **TAX** on eligible compensation to **PAY** for current retirees who are receiving monthly checks from Social Security.

SETTING EXPECTATIONS – The average monthly amount a retired worker and their spouse can expect to receive in Social Security retirement benefits in 2021 is \$2,594, resulting in an annual income of \$31,128 (source: Social Security Administration). No matter how many times I bring this fact up about Social Security income in retirement; it doesn't seem to make much of a dent. BTW, our ex-Presidents do very nicely as their pensions are:

PERKS OF THE JOB - All former living US presidents (Carter, Clinton, Bush, Obama, Trump) receive a pension, an annual income of \$221,400 (before-tax) in 2021. Former presidents also receive lifetime Secret Service protection (source: Former Presidents Act).

I believe that no different from electronic pay stubs and plan investment quarterly statements; the move by Social Security to stop sending paper statements in 2011 was a tragic mistake. Normal human beings **DO NOT LOOK** at their electronic information unless it effects their pocketbook.

[The Social Security Administration used to mail workers annual statements that](#)

detailed their earnings and estimated future benefits. That tradition stopped in 2011. Today, paper statements are mailed only to individuals ages 60 and up who have not created an online account. (Washington Post 12.9.19).

Besides the ignorance of Social Security retirement benefits, the other item that "**chaps my ass**" is the lack of understanding of the Federal Income Tax system. 51% of Americans **PAY NO FEDERAL INCOME TAX ON AN ANNUAL BASIS.**

51%

Income Tax

Now, don't get me wrong, these people pay their share of taxes. There are taxes on: Sales, Real Estate (Owners/Renters), Income (State/City/County), Cable/Cellular/Utilities, Property Transfer, Estate, Entertainment, Gasoline, Tolls, Excise, Fuel Surcharges, and Tariffs (and yes **YOU PAY THEM NOT THE CHINESE OR THE EUROPEANS OR THE CANADIANS**). So, it is not like people are not paying their fair share!

To continue our "**Tax Talk**," I was drawn to this link [Retiree Taxes](#) about income taxes in retirement. **TAXED IN RETIREMENT – Estimates show that households will pay an average of 6% of their income in federal and state income taxes in retirement. Those in the lowest three quintiles will pay close to zero, while the fourth quintile rate rises to 2% and the top quintile based on income will pay 11% in taxes. As income increases, of course, tax liabilities continue to rise. The top 5% based on income will pay 16%, and the top 1% will pay 23% in taxes (source: Center for Retirement Research at Boston College).** [Quintile](#) The most interesting is when tax brackets are broken down into quintiles and the actual current Federal/State Income tax rates are applied. Needless to say, the Top 1% is going to 23% but for the rest of us working stiffs; it's not all that bad! Admittedly, this research is based on the current tax rates and what the future will bring is anybody's guess. Unless we have a strong bout of inflation, the Federal and State governments are going to have to figure out a way to carry the astronomical debt load that they have accumulated. [Debt](#)

The above factoid is pretty interesting when one considers whether they should opt for "Pre-Tax or Roth" in their 401(k)/403(b)/457 plan. For the top quintile, Roth makes a whole lot of sense, but for everyone else; maybe not. [Roth or Not?](#)

Pay Now or Later



"Of course I know the value of a dollar...
that's why I'm asking if I can borrow
your credit card."

We, at **The Prizant Group** do not operate on the theory of **"What's Good for the Goose, Is Good for the Gander."** Every participant in our plans has a unique set of circumstances whether it be financial, physical, social or emotional (and maybe all together). **Financial Wellness** has become the newest buzzword in the retirement plan space. Though many consider it trite and another marketing ploy; it can be a valuable tool if the participants are actively engaged. All the national record keepers have such offerings. So far, they have not added additional fees for this service. I suspect actual participation in these programs is low, but I have faith that the younger generations will have a heightened interest after enduring The Great 2008 Recession and the COVID-19 Pandemic. Our role is to **"Hold The Fort"** to make sure our participants know that we are **ALWAYS** here to assist.

F Troop

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