

RETIREMENT PLANS THAT “CLEARLY” WORK FOR YOU.



Prizant Group



THE PROOF OF THE PUDDING: To

fully judge how effective something is you need to use it for its intended purpose.



'The proof of the pudding' is just shorthand for 'the proof of the pudding is in the eating'. That longer version makes sense at least, whereas the shortened version really doesn't mean anything - nor does the often-quoted incorrect variation 'the proof is in the pudding'. The continued use of that meaningless version is no doubt bolstered by the fact that the correct version isn't at all easy to understand.

The meaning become clear when you know that 'proof' here is a verb meaning 'test'. The more common meaning of 'proof' in our day and age is the noun meaning 'the evidence that demonstrates a truth' - as in a mathematical or legal proof. The verb form meaning 'to test' is less often used these days, although it does survive in several commonly used phrases: 'the exception that proves the rule', 'proof-read', 'proving-ground', etc. When bakers 'prove' yeast they are letting it stand in warm water for a time, to determine that it is active. Clearly, the distinction between these two forms of the word was originally quite slight and the proof in a 'showing to be true' sense is merely the successful outcome of a test of whether a proposition is correct or not.

'The proof of the pudding is in the eating' is a very old proverb. The Oxford Dictionary of Quotations dates it back to the early 14th century, albeit without offering any supporting evidence for that assertion. The phrase is widely attributed to Cervantes in Don Quixote. This appears to be by virtue of an early 18th century translation by Peter Motteux, which has been criticised by later scholars as 'a loose paraphrase' and 'Franco-Cockney'. Crucially the Spanish word for pudding - 'budín', doesn't appear in the original Spanish text. It is doubtful that 'the proof of the pudding' was a figurative phrase that was known

to Cervantes.

The earliest printed example of the proverb that I can find is in William Camden's *Remaines of a Greater Worke Concerning Britaine*, 1605: "All the proof of a pudding is in the eating."

It is worth remembering that, as the phrase is quite old, the pudding wouldn't have been a sticky toffee pudding from the sweet trolley, but a potentially fatal savoury dish. In Camden's listing of proverbs he also includes "If you eat a pudding at home, the dog may have the skin", which suggests that the pudding he had in mind was some form of sausage.

The OED describes the medieval pudding as "the stomach or one of the entrails of a pig, sheep, or other animal, stuffed with a mixture of minced meat, suet, oatmeal, seasoning, etc., and boiled". Those of you who have ventured north of the border on Burns Night will recognize this as a fair description of a haggis - "the great chieftain o' the pudding-race", as Burns called it in the poem *Address to a Haggis*, 1786. Medieval peasants, faced with a boiled up farmyard massacre, might have thought a taste test to have been a wise choice. [Pudding](#)



As they used to say in the Chicago Trading Pits "**Free Markets For Free Men,**" (I apologize to the gender specific) unless Uncle Sugar (i.e. The Federal Government) has to come in and "**Save Your Ass**" for your greedy ways. The Silicon Valley Bank [SVB](#) Treasury Department's "**Back Stop**" (i.e. **Writing Checks to Your Customers Because You Are "Tapioca"**) is another example of Free Market Capitalism **NOT WORKING BUT DON'T WORRY ABOUT IT AS DADDY WARBUCKS WILL BAIL YOU OUT ONCE AGAIN.** [Take The Money](#) I am sick and tired of all these so-called "capitalists" complaining about the U.S. becoming more like European "Socialism," but when they get their "**Tit in a Wringer,**" invariably those same people come running "**Hat in Hand**" to Washington D.C. for financial assistance. Evidently you "**Can Have It Both Ways**" in America. Certain factions of Americans don't want to be told "How To Live Their Lives" or "What To Teach Their Children," but come a natural or man-made disaster; all you hear is "**Where is the Federal Government When I Need Them?**" Likewise, God forbid those "Crooks in Washington" threaten to touch

my Agricultural Subsidies (i.e The government protects farmers against fluctuations in prices, revenues, and yields. It subsidizes their conservation efforts, insurance coverage, marketing, export sales, research, and other activities-Typically runs about \$20 Billion a year) [Farmers](#), Medicaid, Medicare, Supplemental Nutrition Assistance Program (SNAP nee Food Stamps) or Social Security. All programs brought into being by Democrat administration (a.k.a Socialists by the so-called "**Private Marketplace Solves All Problems**" acolytes. Of course, the private sector has shown to be profoundly forward-thinking, innovative, capital efficient (for the most part), and can get the job done in a timely manner. What many forget is the profound, positive social/economic impact of FDR's New Deal [New Deal](#) and LBJ's "Great Society" [Great Society](#) initiatives. Big Government is not always Bad Government. My apologies to those Reaganites out there. [Big Government](#)



Let's get back to basics, after my little rant, regarding retirement savings. As I approach my "**Biblical LifeSpan**" of Three Score and Ten (**From the Bible, Psalm 90, verse 10: "The days of our years are three score and ten."**), I have been fortunate enough (or some may say stupid and stubborn) to wait to 70 years of age to receive my Social Security benefit. [Social Security](#) After consulting with my CPA ("Are you a moron, take the money at 66!") and an financial planner friend ("If you don't need it, why take it?") and after getting a "Clean Bill of Health" from my internist and a new life insurance policy that pays until I reach 104 (BTW, not a life goal of mine); I decided that I would take the automatic 8% increase per year. **8%** Since 2008 and COVID, interest rates hovered around 0% and the stock market seemed to risky; the annual increase seemed to make sense to me. My NRA (Normal Retirement Age) was 66, so I am the last of the group to gain a full four years at 8% per year totaling 32% plus COLA). Whether my delay works out remains to be seen. The following information from the omnipresent (once one crosses the 50 year demarcation line) AARP folks provides excellent input on one's Social Security payment options with pros and cons.

What is the Social Security break-even age?

Social Security retirement benefits are primarily based on two factors: your average income over your working life and your age when you claim them. You get to decide when to start collecting benefits, within an eight-year window from age 62 to age 70. The longer you wait, the higher your monthly payment will be.

That means choosing when to file for Social Security is in part a decision between collecting a smaller benefit for a longer period and starting later but getting a bigger monthly payment. If you live long enough, the cumulative benefits from the later, higher start will eventually catch up with the sum of reduced payments you can start drawing earlier.

That catch-up moment is called the break-even age (or break-even point), at which the dollar value of claiming benefits later surpasses the value of taking them early. Determining your break-even point and weighing it alongside other factors such as your physical and financial health can help you decide when to start Social Security and get the most out of your benefits over your lifetime.

You become eligible to collect your full retirement benefit — 100 percent of the amount you're entitled to receive based on your lifetime earnings history — at full retirement age (FRA), which is 66 and 4 months for those born in 1956 or two months later for people born in 1957. The age will gradually rise to 67 for those born in 1960 and later.

The minimum age to begin benefits is 62, but Social Security reduces your monthly payment by a fraction of a percent for each month before the FRA that you claim. Someone born in 1960 who starts benefits in 2022 will get as little as 70 percent of their full monthly benefit. That reduction is permanent.

If you put off claiming benefits until after full retirement age, Social Security bumps up your prospective payment for each month of delay. That 1960 baby would get 124 percent of their full retirement benefit, for life, by waiting until their 70th birthday to start Social Security.

Why do benefits increase if you wait past 62? Because Social Security works by the principle that over the course of a retirement, you should receive the same total amount regardless of the age at which you start benefits. Monthly payment levels are calculated so that if you file for reduced benefits at 62, you will receive the same total amount as if you start at 70, or at any age in between, if you live to an average life expectancy.

Of course, the average is just that — an average — and most people live either

shorter or longer lives. That's where the break-even point comes in.

Calculating the cost of your decision

The break-even calculation is inexact; annual cost-of-living adjustments, and changes in your income if you're still working, mean the amount of your monthly benefit can fluctuate even after you start collecting it. But you can still get a rough estimate of your break-even age.

Say you are closing in on 62 and considering your benefit options. You know, from checking your online My Social Security account or using AARP's Social Security Calculator, that you are in line for an estimated \$1,800 a month if you hold off claiming until your FRA of 67.

Starting at 62, your payment would be 30 percent less, or \$1,260 per month. So, between the ages of 62 and 67, you would receive \$75,600 in benefits (\$1,260 for 60 months).

If you wait until you turn 67, you give up that initial \$75,600 but would receive \$540 more per month, or \$6,480 more per year. At that rate, it would take about 140 months (11 years and eight months) to make up for the money you'd forgo by claiming benefits later. At around age 78 and 8 months, you reach the break-even point, when your cumulative benefits from claiming at 67 surpass those you'd get by taking retirement at 62.

You can use a similar calculation to determine the break-even age for taking your maximum benefit at age 70 — in this example, approximately \$2,230 a month.

Starting at 62, your benefits would come to \$120,960 over the next eight years. Starting at 70, you'd get approximately \$970 more a month, or about \$11,640 more a year. It would take about 10.4 years to break even, so you'd be 80 and change when claiming your maximum monthly benefit begins to pay off in terms of total dollars.

Other factors to consider

When planning for retirement, however, there's more to consider than just dollars and cents. You could pocket the most money in the long term by waiting to start your benefits, but only if you live past the break-even point.

That's where other factors such as your physical condition and family situation come into play. Suppose you reach claiming age in poor health. Do you expect to live long enough to make up for the payments you'd forgo by delaying? On

the other hand, is your spouse going to be depending on your benefits after you die? The tradeoff for starting your payments early could be lower survivor benefits for your mate.

Other income, or assets such as a pension or IRA, might affect your claiming decision. Perhaps you like your job and want to keep working well into your 60s, or you can afford to live on your savings while you delay Social Security and boost your eventual benefit. On the flip side, if you're unable to work and need the money, collecting Social Security benefits early could help you make ends meet.[Claiming Social Security](#)

We, at [The Prizant Group](#), are frequently approached by our retirement plan participants with questions relating to Social Security Benefits. This is **NOT** in our "Wheelhouse" so we direct them to appropriate educational material (see the above AARP article) and to the Social Security website (www.ssga.gov). We encourage our participants to register electronically with the Social Security Administration as it allows for regular information gathering. Unfortunately, in a cost-cutting effort, annual paper statements are no longer sent to citizens who are 60 years and younger. Congress has been trying to change the age cutoff as it would certainly benefit younger workers. Nonetheless, if you take a few minutes to go to www.ssga.gov and register; it will be well worth your time. Of course, one could avoid the whole "Break-Even" quandary and recreate the travails of "Bonnie & Clyde."

Live Fast, Die Young and Leave a Good-Looking Corpse. ("Knock on any Door"- William Motley)

[We Rob Banks](#)

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