RALPH: Blackrock is sponsoring this event tonight. We're going to have a Q&A session through Slido, we'll get to that in a second. It really gives me great pleasure tonight to bring Lloyd Watnik back into the Enduring Wealth fold. He did a workshop like this for us about eight years ago. Of course, we've been doing these Zoom Open Hours since COVID started and it's really been something that many of you that are in the room tonight have participated in a few of them. But this one has had some of the better turnout we've had, it's been well received. This afternoon session had 25 people registered for it. We are recording it and there will be some opportunities afterwards. Lloyd has a background, he'll give you a little bit, but let's just say the guy knows his stuff and in testament to that, I just wanted to share. One of my colleagues was on this afternoon session who attends a social security seminar at every conference she goes to, she attends one, and she said this was the best that she had ever been to. There was one other that was comparable, and it's because Lloyd has such an extensive background in the business is working with Social Security. We've got on the screen the Slido. If you take your smartphone and point it at the QR code up on the screen, the camera on your smartphone will take you right to the Slido webpage, where you can ask your questions, and that's where we'll process them. So, that being said, Mark, you want to switch us back to the opening slide, and Lloyd, I'm going to let you take over.

LLOYD: My background is this; I worked 27 years in Social Security. They had an early out when I was 48 years old, and I have been offered many jobs to teach Social Security and teach government employees about their retirement. My kids are grown, I started early, I've been 26 years at this now, and I absolutely love it. My job is to help people get the maximum Social Security benefit they can. Social Security screws up all the time, that's why you come to me, hopefully even before you go to Social Security, so we can make sure that everything is right and when the Social Security employee tells you something, you can say, wait a minute, somebody else told me something different. We want to make sure you can maximize your benefits. We want you to get the most you can over your lifetime. Now, the one question I can't answer is when you should take your Social Security, because I don't have the information, like your IRA, your 401-K, that's why you really need a financial planner. I can give you the facts so you can make a good choice, but I can't make the choice for you. And I really appreciate Ralph having me in here. Social Security is open from 7:00 in the morning until 7:00 at night on the phone. We used to tell people to call at 5:00 in the evening because nobody figured Social Security was open and you would get in real quick. People have found out about that, and even if you call them at 6:30, you're going to get a thing that says you will have to wait an hour and 20 minutes; just stay on the line if you're doing that, and they will offer you a callback, and you can take the callback and everything will be fine, and they will call you when they say they would. Their address, www.socialsecurity.gov and that's where you find all the information, and www.ssa.gov works, also. You will find that their website is really good, and we'll talk about another website they have later on called www.mysocialsecurity.gov. Let me point out at this point that all civilian agencies with the exception of the post office are dot gov. What you will find is there is a socialsecurity.com, and that's a bunch of crooks. People wouldn't hide themselves like that if there wasn't a sneaky reason for doing it. So, when you see a dot com after what you thought is government, it is not the government, and be very, very careful about it. Next slide, please.

So, will it be there when I need it? Everybody says you know, I know it's going to be broke. When I started with the government in '67 I thought it was going to be broke long before I got benefits. I'm 75 now and have been collecting for a few years. I have here, "No politician calling for the elimination of Social Security." There are a few who are calling for it, but it can't be done. Social Security takes in money and pays out that money to the people who were on there before. If they stopped Social Security and people all of a sudden weren't paying in, to pay off the people current on the rolls and those coming on the rolls within five years after that law would be passed, it would cost the government $18 trillion dollars, and there is no way they can do that. So, the real question is how will it change? Because you have a lot more people on it than we used to. Again, I'm 75, and I collect, my mother is 98, perfectly healthy and collects also, and I have some sons who are within a few years of collecting. So, it's not like it used to be that way. The changes, when they come, will be long range, I hope affecting mainly people who are under 40. The reason I say that is when they raised the retirement age from 65 to 67 back in 1984 it did not take effect until 2003. So, I'm hoping it will be the same thing, they will give the people enough years to prepare for less Social Security benefits so they can build up their IRAs and their investments, and so on, and I think that's the way they're going to go. The other way they can go is raise the Social Security tax, they would take, in spite of them saying 2%, it would take 0. 2% to do that, and make Social Security safe for a lot of years. If they do nothing, but 2039 Social Security benefits will have to be cut 25% and that's not going to happen, because 60 million people collect, and they all vote. They will do something to save it. Reagan did a really good job of saving it, and it's time for the politicians now to step up and do the same thing. Next slide, please.

So, the future, what's the future? I told you it's going to be around forever. But before we discuss the future we have to understand how the current program works. Next slide, please.

A critical point to understand is the word "social" in Social Security means something. And it doesn't mean what you think it means, which is socialism, and I know Obama said it was socialism, Bush said it was socialism. It's social insurance, which is a lot different than that. You pay in, don't let them kid you, you pay in for it, it is your insurance, and you should collect it. A former

Secretary of State called me and he said, "I waived my Social Security because I'm very wealthy." And he said, "But now people explained to me that it really is my money, and if I don't want it, I should give it to charity." And I told him how to do that. All the benefits from the years prior were lost, but at least we set up the Social Security, at the last years of his life he donated to charity. If you don't want it, that's the way it is. The toughest speech I ever gave was in 1972 in Fresno, to a statewide electrical union. And a guy gets up and he says, "I'm 42 years old, I've worked, paid maximum my whole adult life. I have no spouse, I have no dependents whatsoever. What happens if I die?" And the answer then was exactly the same as the answer now. If you die and you leave no dependents, you have nothing to worry about. It is social insurance, the money goes in the pot to support those who are living and need the benefit. Next slide, please.

This is a slide from the early 50s, when Social Security started giving benefits to children and surviving spouses. As I told the last class, in my neighborhood in Brooklyn where I grew up, we had all over the place these places they called orphan homes, they were orphanages. They were terrible places. But there was a reason for them, and that is when the husband died, in those days it was the husband who was working, the wife couldn't afford to keep them, the widow couldn't afford it and put them in these awful places. Within two years of the childhood benefits, those placed virtually all closed down, and that's a big deal, keeping families together, Social Security does that. Next slide, please.

So, let's talk about the urban myths. The number one urban myth is this; if Social Security is so good, how come Congress and the President don't pay in? That is not true. They all pay in to Social Security, every US government employee now pays in to Social Security.

The next myth is Congress steals Social Security's money. That's absolutely not true. Social Security's money is in US Savings Bonds and they get interest on their money. They have currently in the bank, Social Security, $8 trillion dollars. There was one time a few years ago where Obama cut the Social Security tax and that caused Social Security to run in the red for the two years he did that, and Social Security went and took money out of the funds it has. People will tell you, you will read it a lot in the newspaper, that Social Security has $2 trillion dollars. It has $8 trillion; what they're not including in there is the interest it has earned, and the interest shows up in its account. Next slide, please.

The next myth is benefits are paid to people who never worked. Benefits are only paid to people who worked at least 10 years. There is a program called SSI which is a welfare program that pays people who never worked, but Social Security is not part of that.

Benefits are paid to illegal aliens, prisoners and drug addicts. Illegal aliens have never been able to get Social Security. Social Security knows who is illegal. They can't give out the information to Customs, they know a lot more than Customs knows, you would be surprised at what Social Security knows. Social Security makes money off illegal aliens because they pay in to Social Security and they can't collect, so that money just stays with the Social Security Administration. Social Security pays money to prisoners? No, not since something called the Son of Sam Act. Those of you who are old enough to remember, there was a guy who killed a bunch of people because his dog told him to. He called himself Son of Sam, the dog. And when he went to jail he did not call his lawyer with his one call, he called Social Security and he said, "I'm nuts, and you gotta pay me." And they did have to pay him. When word got out about that, they passed what they call the Son of Sam law, that prisoners can't get money, so that's just not true. And drug addicts and alcoholics have not been able to get Social Security since January of 1997. Next slide, please.

RALPH: Before we move on, if we could pull up the Slido Q&A so that people can get a chance at that. We already have a question in the Slido from earlier. Marty has asked, how will COVID affect the Social Security calculations?

LLOYD: It doesn't. Basically people are not paying in as much, so their Social Security will be lower at least that year, but it probably won't be one of their high 35, I don't see it affecting Social Security at all, I really don't.

RALPH: Okay. Good. So, as a reminder, go to slido.com and enter that code, #NX1701, or point your smartphone camera at the QR code; by that way, that stands for "Quick Response," we learned that a little while ago, and it will pop up a link, and then you can use the Q&A and submit your questions if you don't want to interrupt. By the way, you can also do that, just kind of interrupt us as we're going. Raise your hand and we might see it, or just unmute yourself and jump in.

LLOYD: Okay, the people who designed Social Security were basically following the ideas of a guy named Adam Smith, a capitalist who wrote the book, Wealth of Nations, in 1776. He said there has to be a way for people to retire, you can't wait until your workers die, you don't want that, they don't want it. So, you've got to have a guaranteed source of income to them, which is Social Security, and it has to be portable. Because just like employers can let employees go, employees generally don't spend their whole career with one employer, and this benefit, of course, follows you from job to job, and that's a big deal. He also said you need pensions and savings, IRAs came along later on, you need insurance, he said you need investments, and then people with higher income have other income. But, you can't live just on your Social Security. The good news, though, is this; when I started with Social Security in 1967, 92% of the people who were getting Social Security, that was the only source of income. Now, over 92% have other sources of income and that is great news, and that is why we see so many successful retirements nowadays. Next slide, please.

It's not just retirement benefits, it's disability benefits for young workers who become disabled, it's death benefits to dependent survivors, and it's health benefits through Medicare, so it's a broad range of programs and they all work very, very well. It started in 1937 and they took out 1% tax on the first $3,000 in earnings. There was a reason for that; $3000, they thought, there were no machines like that in those days, that that was the top 10% of wage earners, the people who earned over $3,000 a year, imagine that. They didn't want to take it out on the rest of their income because the more you pay in to Social Security the lower the rate of return. If people pay in on their whole salary, what you're going to have is so low a rate of return for those higher people, that they're basically paying for the other people on the rolls and that's not what this system is all about. Smith speculated, and hopefully it's true, that the top 10% will be investing, and that will bring about jobs. It was a very interesting concept. People have wanted to change it, it never has changed, and I think it's terrific. Next slide, please.

Truman raised the tax in 1950 to 1. 5%, because they were starting to have problems. They wanted to give higher benefits, they put in survivor benefits, so they raised the tax to 1. 5%. In 1951 they determined that the top 10% was $3,600. In 1954, Eisenhower raised the tax to 2% because he said it's unfair if somebody becomes disabled at 30, that they have to wait until age 62 to get a benefit. So, he said we'll raise the tax to cover it, they raised it to 2%, and he said we'll start paying disability benefits, which they did in 1956, and that is a big deal, because a lot of workers become disabled long before age 62. Next slide, please.

Well, it's not that way anymore. Last year you paid 7. 65% on $137,700. So, if you made that $137,700, you paid $10,000 in Social Security tax and self employed people, and I'm one of them, paid double. So, so far they collected tax at a total of $250,000, if anybody has been around and working since 1937, but that's what the total tax would be for someone who made the maximum from 1937 until 2020. Next slide, please.

On the $137,700, you pay 7. 65%. Above that, you pay 1. 45%, in other words, once you pay the $137,700 they take away the 6. 2% Social Security tax, but the Medicare tax which is 1. 45% you pay if you make a million, 10 million in wages, you pay that tax. Next slide.

And you can see, it goes up slightly every year. Now they have computers that tell them what the top 10% should be, and again, self-employed people pay both halves. Boo, I don't like that. Next slide, please.

So, a worker age 66 in 2021, if they had worked from 1937 through 2020, paid in $250,000. Well, obviously they didn't work from 1937, because they were born in 1955. So, if they have made maximum from the 70s when they probably started working until now, they've paid in about $165,000 in Social Security tax. And their monthly benefit is $3,080 at their full retirement age, age 66. If they have a spouse and the spouse was a low income or house spouse, the spouse gets 50% of what they get, and they get a grand total of $4,620. So, they're even supposedly in 4. 4 years, but that's a lie. The reason it's a lie is they pay it in 80s and 90s dollars and they're getting it back in 2025 dollars. In reality, they're even in about 8 years. 90% of people who collect Social Security collect more than they paid in. You must be vested to qualify. You must have enough credits, which they used to call "quarters of coverage," to be able to get benefits. To get benefits as a retiree, you must earn 40 credits, 10 years of work. This year, for every $1,470, you earn a credit. So, if you earn 5 times that, $5,800, whatever it is, my math stinks, you get all 4 credits, even if you earn it in one day. But again, if you have a job that's paying $5,800 a day, let me know, if it's legal. The most you can earn is 4 credits per year. So, it doesn't make a difference whether you made $100,000 or whatever. People call and say I have 80 credits, what does it mean? It means nothing. Either you have the 40 credits, or you don't. All credits say is whether you will get benefits, or not. How you're going to get benefits, how much the benefit will be, depends on how much you paid in.

RALPH: I wanted to jump in and point out the term that Social Security uses for people who are qualified means that they are insured. Remember, it's a Social Security insurance benefit, and it's described that way. So, they use the term, "insured," the person on the street, you and me, will typically use the term "qualified" for Social Security benefits when you have the 40 credits.

LLOYD: Thank you for saying that, "insured" is a better term because it is an insurance policy, it's a retirement insurance policy, and when you have your 40 credits, you are insured. And again, younger workers need fewer credits for disability and survivor benefits. I've seen a child as young as 14 who was working and became disabled, and get Social Security disability benefits on their own record.

RALPH: Wow.

LLOYD: Yeah, it's really something. Next slide, please.

They use something called "Average Indexed Monthly Earnings." I'll show you how that works a few slides from now. They use your top 35 indexed years. In other words, they give the value of the dollar, let's say you earned $10,000 in 1960, and today it's worth $60,000, that's what they will give you credit for, what the money is worth today. And then they have three tiers of benefit. In the first tier, from $0 to $996, you get a 90% return. From $961 to $6,002, you get

35%. From $6,003 and up, you get 15%. Let me show you how that works, and we'll show you why it's done that way. Next slide, please.

They have what they call Bend Points. At $960 there is a bend point, then you go to a lower, you get 32% from this point on, and then once you reach the higher benefits, the $2,600, you get 15%.

RALPH: Is there any final cap on that 15%?

LLOYD: No, you can only pay in a maximum tax. So, the high benefit is the same for everybody of that age who paid in the same amount.

RALPH: Okay, so if you had 35% maximum years of benefit, it doesn't really matter when those 35 years were...

LLOYD: It does, it does...

RALPH: Oh, it does, okay.

LLOYD: Here's the reason why. The most you could have paid in, in 1960, was actually $4,200. So, even if that $4,200 is now worth $42,000, that's not the same as paying as paying $137,000.

RALPH: Paying on $137,000, paying tax on $137,000, and the tax rate was lower in 1970.

LLOYD: Right, right.

RALPH: Okay. So, this is a returns based upon how much, for me, how much I've paid in to the system.

LLOYD: Right, counting only the 35 highest years, though.

RALPH: So, if the bulk of my 35 highest years were recently, as opposed to early in my career, I'm going to get a higher benefit, than if all my high earnings, all my maximums were when you only had 3 to 5 or $7,000 a year.

LLOYD: Exactly right. Here is a low income wage earner, over his 35 highest years, with indexing, he averaged $33,000 a year, $2,800 a month. So, on 90% of the first $996 of this $2,800, he gets $896. 40. On the next $1,804, to bring it to this total, he gets 32%, $577. His benefit is $1,473. That is 52. 6% of what he averaged over his working lifetime. And that's a pretty good deal, 52. 6%. Most financial people tell me that you need between 70% and 80% to maintain your lifestyle. To build 52% into 70% really doesn't take that much investing, and remember this person with $33,000 a year in index earnings really didn't have much money to do investing. Next slide, please.

Here's somebody who averaged $99,000 a year in index dollars, $8,250 a month. You get 90% of the first $996, $ 896. 40, 32% of the next $5,006, $1,601, then 15% of the next $2,248, which brings him to this total. His benefit is $2,835, a lot higher than the other person's which as $1,700. But look at this, it's only 34. 3% of your average indexed monthly earnings, because this person has a better ability to save and invest, and that's a big deal. What you're doing by giving a higher rate of return to the low income wage earner is keeping them off welfare. I assure you, since I ran both programs, that welfare is a lot more expensive program than Social Security. Social Security is easy to run. Next slide, please.

Prior to people being born in 1938, the full retirement age was 65. In 1984 they changed that and notice, they change it to people who were born in 1938, so it didn't affect them until 2003, when they were actually ready to get their benefits. People born between 1943 and 1954 get their benefit at age 66. People born 1960 or later get their full benefit at age 67. That doesn't mean you can't get benefits at age 62, but you will get a lower amount. Next slide, please.

There's something called the Windfall Elimination Provision and I have to bring it up in every class, although it doesn't affect some you, it may affect more than we think. It affects people who get a pension based on non-Social Security covered employment. I am an example of that. I worked for the government when we did not pay in to Social Security. I worked, I'm insured with Social Security, but it's unfair, because my Social Security since I didn't pay in for those 27 years I worked for Social Security, looks a lot lower, and if you gave me that 90%, it really wasn't designed for me, because part of my pension is what would have been Social Security. So, this was a windfall to these federal and state employees who did not pay in to Social Security while they were in their real fulltime job. Next slide, please.

So, they passed the Windfall Elimination Provision and it does not affect anybody who has 30 years of substantial earnings under Social Security. Substantial earnings changes every year, this year it's $23,000. I've got 26 years now, so it's really cut it down. Next slide, please.

If you have 30 years or more, you get the full 90% on the first year. If you have 26 years, you get 70%. Next slide.

Most people have 20 years or less, so they get %40, rather than 90%. It only affects the first year of benefits, the 90% year. Next slide.

So, here's a civil service person who was born in 1956. In 1969, in private industry, he earned $4,000, today he gets credit for $35,000, that's what it's worth today. In 1976, he earned $6,000, today that's worth $31,000. Then he went to work for the government, he came back out in 1999. In 1999, he made

$20,000, today worth $32,000. In 2008, he made $15,000, today worth $17,000. Next slide.

He earned $128,000 in Social Security wages, that's what he paid tax on. But with indexing, he gets credit for $395,000. So, his average indexed monthly earnings is $940 a month. If he had not been a federal employee he would get 90% of the $940, $846. Since he was a federal employee, rather than 90%, he gets 40%, and this figure is not right, it's $470 less. So, in other words, he would have gotten $470. Whatever the first tier would have been is cut in half. So, in this case he will get $470, rather than $846. Next slide, please.

Now, the question is should you retire, or should you work? And again, you really have to discuss that with your family and your financial planner. I have a rule that I give the feds in the classes I do for them. I mostly teach federal employees in government sponsored seminars. What I say to them is we use the Snow White test. Do you wake up in the morning singing, hi ho, hi ho, it's off to work I go? Don't retire, you will be miserable in retirement, you will absolutely hate it. If you don't like the job, before you retire, you better make sure you have enough to live on. No matter how much you hate the job, if you can't afford to retire, retirement is worse. So, you have to figure that kind of stuff out, and you have to figure it out working with a financial planner. To get Social Security and you want to get retirement benefits, you can't go above the following limits. In the year you hit full retirement age until the month you hit full retirement age, currently 66, you can make $50,000 and get your Social Security for the whole year. Once you reach full retirement age, no matter how much you make, you can get your benefit. Once you're 66, there is no earnings test, you can get your benefits. Last year it was $48,600. Once you reach the full retirement age until the month you hit full retirement age, currently 66, you can make $50,000 and get your Social Security for the whole year. Once you reach the full retirement age, it started in the year 2000, there is no limit on how much you can make. Next slide, please.

RALPH: There's a question that's in the queue right now, and this is probably, maybe not the best point, but this is a good point to ask the question. The question is, what we describe is somebody who is collecting Social Security benefits, but is continuing to work. And the question that's in the queue is if you continue working after you start collecting, can you improve your benefit? In other words, does your Social Security benefit go up?

LLOYD: There's a great question. There was a gentleman lost money because he only asked me that last week, and he was already 73, and he said, "I'm still working and I'm making a million dollars a year." He said, "I don't want to collect my Social Security, but those earnings won't count," and they absolutely will. Every year they look at it, and if it's one of the high 35 years, it raises your Social Security, even if you're collecting.

RALPH: That's good to know.

LLOYD: It's very important to keep in mind. Now, people under full retirement age in the years before full retirement age, are limited this year to $18,960 in earnings, and that goes up slightly each year, last year it was $18,240. Next slide, please.

If you're under the year where you reach full retirement age, you're 62, 63, et cetera, for every two dollars you earn above the $18,000, you lose a dollar of your Social Security benefit. So, if you make $1,000 over, you lose $500. It sounds like a 50% penalty, but it's really like an 85% penalty, because you have the cost of going to work and taxes involved in going to work, including the Social Security tax, so it's really an 85% penalty. Most people find it is not worthwhile to collect Social Security while they're still working, even if they can get a few dollars.

RALPH: Until they hit the full retirement age.

LLOYD: Until they hit full retirement, but even then, they may want to wait until 70, and get the benefit.

RALPH: And you're going to explain that in just a minute.

LLOYD: Right. Now, in the year you reach full retirement age until the month you reach full retirement age, if you make over $50,000, for every $3 you earn, you lose $1, so this one is a little bit more generous. If you earn $1,00 over, they're going to withhold $333. Next slide, please.

Usually in the first year of retirement you can receive a check for any nonservice month, meaning, you didn't work, regardless of what you earn for the year. So let's give you an example on the next slide.

A person that earns wages of $50,000 and they stopped working May 30, they can get checks starting in June, because they're not working, it's that simple. So, you can start your checks when you stop working regardless of age if you're over 62, you don't have to wait until January to do it, even though you made $100,000 through July. So, when can you collect your Social Security? Collect it at age 66, the full amount, 100%, at 62 it's 75%. It depends on the month you stopped working. If you start your benefits at 65 and 11 months, you would get, what was the figure you gave me, Ralph?

RALPH: It's about half percent per month, so they get 99. 5% if they were 65 and 11 months, in this scenario it would be roughly 99. 5% instead of 100%.

LLOYD: If you want to retire at 65 and 11 months, it's very little difference to wait until 66. But on the other hand, if you don't get it at 66 and you wait until 70, they will give you 8% more per year, that's 32% of found money. That is really a good deal, and as I said, if you're still working, your Social Security will keep increasing and that 8% will be based on the higher figure. So it really works out very, very well. People who are going to have to be 67 to retire will get, at age 62, 70%. Next slide, please.

Again, this woman got this check in 2015, but I don't know how the heck she got a check, there hasn't been a check issued in 10 years, but she got one. We wanted to discuss when should she take her Social Security, 62, full retirement age, or age 70. At age 66 she gets 100%, the full benefit. At age 70 she would get 132%, and you can see, if she goes to age 67, she gets 108%, et cetera. If she collects at 62, she gets 75%. Now, let's deal with the actual dollars. Next slide, please.

She would get at 62, if she wanted to collect then, $1,125. If she waits until age 66, $1,500. Look at age 70, 76% more than age 62. That's between you and your financial planner to see what the best deal is, but have this option, and it's something you certainly should be thinking about all along.

RALPH: One of the points I want to jump in on there, and we hinted at it, is that the benefit increments on a monthly basis is not just once a year that it increments. So, as Lloyd pointed out, you can retire a month early, you would give up a half percent. But there is that threshold when you get to your full retirement age, that the rules change substantially for you, you can continue working, and collecting, your spouse gets a full benefit in a survivor case, so those are some considerations. Life expectancy is a big consideration. One of the things we didn't talk too much about, but we have people that retire in their late 50s, and we've always been real cautious about delaying Social Security if you're spending down your other assets to delay Social Security. So, that's a tricky wicket to get into. But that's generally a mitigating factor in whether you're going to delay it, or not. What's it going to cost to you to delay it, and if it costs you all your liquid assets, that might not be the best move.

LLOYD: Let me tell you what happens, these are weird cases, but get them from time to time. A person is 62 and they're dying, so they say I better take my Social Security now, I may only live another year. Well, if you take it at 62, your surviving spouse, your widow or widower, can only get your age 62 amount, whereas if this person had died and not taken any, the surviving spouse could get the age 66 amount.

RALPH: And that's a huge difference that just identified, it's at least a 25% difference at 66.

LLOYD: Only because the person gave up the 6 months of benefits. In that particular case, I advise against doing it. That's the way I feel.

RALPH: That makes sense, the numbers add up there. But those are the situations, like Lloyd mentioned before, you really have to have a conversation with somebody who understands Social Security and we have access to Lloyd if we can't answer that question, we can't follow up with those questions, and you have access to Lloyd, he's already given that. But if you know somebody who is in one of these odd situations, please have them give us a call, because we do have the resources to figure it out.

LLOYD: I'm only too happy, if you guys want to set it up, for a conference call with you and me, and Ralph, so we all understand what's being said. I have no problem with those, I have them all the time.

RALPH: Indeed.

LLOYD: In 1984, we had what we call in government an evil genius. Social Security benefits were never taxed because you already paid tax on your Social Security tax. You can't take that off as a deduction on your tax return. So, Social Security benefits, you would pay the tax in advance. This evil genius said that's true, but your employer also pays 6. 2% and your employer's Social Security donation has never been taxed. Well, to me it's incredibly stupid, but it's a reason. So, if you make over $25,000 as an individual in retirement or $32,000 as a couple, it counts the adjusted gross income plus your non-taxable interest income, plus one half your Social Security, you have to pay tax on 50% of your Social Security. The tax you pay is based on what your tax level is, not counting the Social Security tax. So, in other words, if your tax level is 20%, you would pay 20% on the 50%. Next slide, please.

Along came Bill Clinton in 1993 and he said I don't even have to give you a reason. Using the same rules, if you make over $34,000 as an individual or $44,000 as a couple, and this is not indexed, it stays the same, it has all those years now, they consider you rich and 85% of your Social Security is taxed at whatever your tax rate is. That is absolutely ridiculous. Luckily here in California the state doesn't charge tax. In Pennsylvania, for instance, they do, and that takes away a lot of Social Security benefit. When this happened, Al Gore was on Meet The Press with a guy by the name of Tim Russert, I miss Tim Russert, he was a great interviewer. He didn't understand Social Security and he said to Gore, how come you did this? And he said, well, we want to take away the Social Security benefit from people who don't need it. And I was in bed, and I was screaming at the TV, Al, it's not a needs program. It's not. And if you let them call it a needs program, they're going to take your money away. It is not a needs program. You are a beneficiary of an insurance policy, you are not a recipient like a welfare person is. It's a big difference, and don't let them confuse those two terms for you. Next slide, please.

When to file. The earliest you can file is now four months before eligibility. They're really backlogged, so they've gone to four months. You should request a benefit estimate from Social Security each time your income significantly changes or you contemplate a new retirement scenario. The way you do that is you as soon as you can to mysocialsecurity.gov and they will register you for that. They ask you a lot of questions, so they will ask you things like where did you get your last car loan, and they will give you a multiple choice. And you answer those questions and they set the program up for you, and you can go into it any time you want and see your earnings record. They will also tell you how much you will get at age 70, at age 66, and at age 62, but it's presuming that you're going to work until those ages. In other words, the age 62 amount presumes you're going to work until 62, the age 66 amount presumes you're going to work until 66. But now they corrected the system. You can go in and tell it I'm going to stop working at 59, but I want my benefit at 62, or, I estimate that my income is going to be lower, my Social Security wages are going to be lower, you can put those in there and they will count it that way. It will tell you exactly what you need to know.

RALPH: Let me ask you something. If you go in and you look at your earnings record and let's just say it doesn't look right, and in fact, it's not unheard of that there is a mistake someplace, and your earnings record shows that you only paid in, let's say your earnings record shows $100,000, but you know that you made $150,000 last year, so they're missing the $37,000 of taxable benefit, and you paid the tax, I mean, if you didn't pay the tax, then it shouldn't be there, but if you paid the Social Security tax on that, how long do you have and what is the process for getting that corrected.

LLOYD: If it's only a year like you say, that's why people should check this all the time and look at their earnings record, there's no problem. All they need is your W-2 or your tax return if you're self employed, and they can take care of that easily. But they can only do that for 3 years, 3 months, and 15 days. Beyond that, if it's wages, you have to prove fraud or a mistake on Social Security's part, or if your self employed, you have to have the tax return with the paid check, if you owed taxes, a copy of the paid check, of course. Then they can change it. But normally people who wait more than 3 years, 3 months, and 15 days, it is very hard to get done, very hard to get done.

RALPH: We always tell people, check it at least every 3 years and verify it, because you can get it fixed over a three year period, but I didn't realize there was 3 months and 15 days, where did they come up with that one? Well, that's the tax year, that's the tax year, right.

LLOYD: Right, that's how they did it. I've seen records corrected that go all the way, but it's in very few cases, and very bizarre cases. Next slide, please.

RALPH: When you're ready to file you can call Social Security at this number, and again, they will even take the application over the phone, well, lately they haven't been doing that, or they will get you an appointment with the Social Security office. Or better yet, I have to correct this now, go to www.mysocialsecurity.gov and you can file right online. I filed on a Saturday night, I was bored sitting home, I said, time for me to file my claim. It took about a half hour online, it was really great, they do better than going in in person, because if you screw up, you can't answer the other questions. It will have you sit there until you answer that question right, so it makes sense. I filed it on a Saturday night and I got my award letter telling me when I was going to paid and what I was entitled to the following Wednesday. It goes really fast, and line is the way to do it. If you're self employed, before you're going to file, give me a call. I want to make sure that you don't give them more information than they need. For instance, if you go in there and you're in a partnership with your spouse but all the earnings have been paid to you, because California is a community property state, if you were both working in the business, you should both get half the income, and they will go back forever and correct it. You really don't want that to happen. So, give me a call before you go in to Social Security and let's make sure you have the information you need to make an intelligent choice.

LLOYD: One of the other things that we talk about with setting up your account at www.mysocialsecurity.gov is that by doing that, and you should encourage your kids to do that today, if they're working, because the sooner you do that, the sooner you take control of your account at the Social Security Administration. If somebody else gets a hold of it, then it's not unheard of in today's world, it's almost commonplace, hacks and break-ins and identity theft, but that's just another way to protect yourself. If you have access to the account you've got control of your Social Security account records with the Administration, it just prevents somebody else from going in and claiming it, changing addresses, and ultimately doing harm to you. So, we like to see that done, as well.

RALPH: I got a note from MacAfee last week, they're my computer security, and they said your information is now on the dark web. I had to change a bunch of stuff, including my phone number. I've had that same phone number for a million years, now I've got to get used to this phone number. Be very, very careful, if this information does leak out, if you have any reason to think it does, the first thing you should do is file a police report and then you can down to Social Security and they will even change your social security number if you want them to do that. But, they will not do it without a police report telling why you need it done.

RALPH: Interesting.

LLOYD: Survivor benefits, I just quickly want to say one thing about that, and if you have questions about it, you can give me a call. My cousin died in September of 2008, he was 48 years old. I called his wife about a week after he died and I said, did you go to Social Security yet? She said, Social Security? I'm a young woman. I said, you also have two young children, and you and the children can get benefits. She said how much? And I said I don't know, because I don't know what your husband made, but I figure around $3,000 a month. It was actually $3,900, she was shocked, it was a big deal. And then the next year Social Security went up 5%. Right now she's getting well over $4,000, I think about $4,500. Actually, she doesn't get it herself anymore, just the children do, because with that income she was able to delay going right back to work, went to school and got a good job. That's really one of the nice things that I like to hear about Social Security.

RALPH: Good deal.

LLOYD: Any questions?

RALPH: Yeah, let's open it up to the floor. If there are no questions, I want to thank everybody for coming in. Mark, you want to give us the final slide? As a reminder, Lloyd is available for your questions, lloyd@watnik.com. It has been a pleasure, Lloyd, twice now in one day we've had these sessions to get together. So, thank you. I want to thank Blackrock for their sponsorship, as well. For those of you who don't know, we are active on social media, we have a Facebook page at Enduring Wealth Advisors. We'd love it if you would give us a thumbs up on Facebook, I think that's the way to get the like. We have a page on LinkedIn, plus everybody on the team has a personal LinkedIn page, and that's where I post my weekly vlog. We've recorded another one today. We'd love to hear your comments on that, so if you like, follow, share, whatever the thing is, and of course, Twitter, we have a Twitter account, it's @Enduring_Wealth, not quite as active on that one as we are on the other two platforms. So, we've been doing the video logs for quite some time, that we started early on in the pandemic. The other thing was these events, these Zoom Open Hour events, and we've been doing them since last May I think it is, that we've done them pretty consistently, at least one a month. We're going to stabilize that, probably to one a month, going forward. You can always find out what we have on the upcoming agenda, enduringwealth.com/events. We've got two events on the calendar already. You can't register for them yet, so you have to watch my emails for the registrations, but we wanted to do something lighthearted and last week the team put together an online trivia that we're going to do on the Zoom Open Hour. We had a blast doing it, so we know it's going to be a lot of fun. That's Thursday, July 22, it's a 6:00 evening thing Pacific Time, for those of you on the East Coast. And we do have people that join us from the East Coast, not so often at this hour, that's why we do the 2:00, we only do one session then, but you can have your libation and join us and have some fun with that one. And then, August 12, I have a new friend, but a good friend, Maggie Teliska, who is a PhD in batter technologies, of all things. This woman knows how batteries work and she works for a company that works in the green revolution. And I asked her some questions about some things, because I'm always curious as to yeah, they tell you this is great, but there's two sides to every coin and two sides to every argument, and we're not hearing, I don't think, as much about some of the downsides. For example, if we all started driving electric vehicles tomorrow, could the power grid support it? And the answer is absolutely not, so there are some issues there. That's going to create opportunities, it's going to create investment opportunities, it's going to create risk, it's going to create all kinds of things. So, we'll probably have a pretty good dialogue. Maggie loves to dialogue and like I said, she's a brilliant woman. So, we look forward to seeing you on that one. You can always check out our replays on the past events. We will get this one replayed. We do edit them, and we have to run them through our compliance department to get permission to run them and put them up on the website. Anyway, thank you all for attending. Lloyd, it has been a pleasure.