



A look at this year's Social Security changes

By: Chris Woodward – January 31, 2013

An expert in retirement security is adding his two cents to thoughts on this year's changes with Social Security.

This year's changes include the expiration of the payroll tax cut, as well as the creation of more online services and reduced office hours to save money and avoid paying overtime to workers.

David John, senior research fellow at the Heritage Foundation, believes that this year's changes will mostly affect those directly involved, but do little to benefit Social Security in the long-term. John

"The biggest one that's going to affect people who are already receiving Social Security is the end of paper checks [effective March 1, 2013]," he says. "Social Security has been trying to move over for a number of years to electronic transfers to a bank account. This is going to concern some people who obviously are used to getting a paper check -- but at the same time, it'll make it much harder to steal them out of mailboxes or to receive them in places like prison or something along that line."

Social Security beneficiaries also began receiving slightly bigger payments this year as a result of a cost-of-living adjustment.

"Most of these are administrative changes. They're important, especially to an individual affected by them, but what they do not do is to do anything about the long-term viability of Social Security," John says.

"The fact is that Social Security is still going to face severe funding changes in the years ahead, and if we don't address those challenges sooner rather than later, essentially we're going to find that everyone who is receiving Social Security in about 2032 is going to see a benefit cut of about 25 percent."

Earlier this month (January 9), Cato Institute senior fellow Michael Tanner told OneNewsNow that Social Security would run a deficit this year of between \$50 and \$70 billion, even with the expiration of the payroll tax cut and workers back to paying in their usual percentage.