



## *Pathfinders in Elder Law*



*“Many of the issues facing older Americans are tightly bound with the broader economic challenges facing the Obama Administration. That means we're likely to see changes over the next four years that affect anyone who is retired -- or hopes to be soon.”*

### ***Retiring on Obama's Watch: What to Expect from 44***

By Mark Miller, [RetirementRevised.com](http://RetirementRevised.com)

The Barack Obama's hair turned a little gray during his 20-month quest for the presidency but he's hardly the only one showing some age. President-elect Obama will lead a country that is aging rapidly as the huge baby boomer generation heads toward retirement. By the year 2030, there will be 72 million Americans over age 65 -- about 20 percent of the total population, according to the U.S. Census Bureau.

With all the urgent problems facing the country, you might think aging and retirement policy issues would be far from the top of the new President's priority list. But many of the issues facing older Americans are tightly bound with the broader economic challenges facing the Obama Administration. That means we're likely to see changes over the next four years that affect anyone who is retired -- or hopes to be soon.

Here are some key areas to watch:

**Social Security.** First things first: privatization of Social Security is dead as a doornail. Obama and his Democratic allies in Congress are staunch opponents of plans like the one floated by the Bush

Administration in 2005, which would have phased in private Social Security accounts with at least some assets invested in equities.

Social Security enjoys tremendous public support, and the program is an important, reliable benefit to millions who would otherwise face a very insecure retirement. Still, the program faces a major solvency problem as boomers start to retire and draw benefits. Most forecasters say Social Security's expenses will surpass incoming revenue starting in 2017, which would force the system to start relying on its trust fund. And that would only last until the year 2041.

Policy experts point to a menu of options for restoring Social Security's fiscal health. These include raising the payroll taxes that fund the program, raising the maximum amount of Social Security benefits subject to tax, or gradually raising the age of full benefit eligibility.

Obama has made clear that he opposes benefit reductions. He has called for boosted payroll taxes -- which fund Social Security -- for individuals with annual income over \$250,000 to plug the gap. Still, there will be a great deal of give and take with Congress on fixing Social Security, so don't rule out the possibility that benefits could be trimmed a bit -- probably on a graduated basis over time. Raising the Normal Retirement Age -- now pegged at 66 or 67 for most boomers -- could be in the mix.

*Continued on next page...*



## *Pathfinders in Elder Law*



*“Many of the issues facing older Americans are tightly bound with the broader economic challenges facing the Obama Administration. That means we're likely to see changes over the next four years that affect anyone who is retired -- or hopes to be soon.”*

### *Retiring on Obama's Watch... (continued from previous page)*

**Retirement savings.** The financial crisis has sharply eroded private retirement savings in 401(k) and IRAs -- but we weren't doing all that great a job saving for retirement even before the market crashed. Half of the country's working population doesn't participate in retirement savings plans -- mostly people who work for small businesses that don't offer qualified plans.

Obama was an early supporter of a bipartisan concept called the Automatic IRA, which I recently wrote about. Small businesses that don't sponsor their own plans would be mandated to offer a payroll-deduction saving option to employees -- no different from the way employers deduct for taxes.

Another Obama proposal aims to ease the impact of the current economic crisis by allowing retirement savers to withdraw up to \$10,000 -- or 15 percent -- of their 401(k) or IRA account funds in 2008 and 2009 without penalty to meet short-term financial needs.

**Medicare.** The problems with Medicare make Social Security look like a walk in the park. Medicare expenditures are expected to hit \$486 billion in 2009,

accounting for roughly 14 percent of the federal budget. Expenses are rising much faster than overall inflation, and are on track to hit \$887 billion by 2018. Obama's plans to cure Medicare include letting the federal government negotiate for lower drug prices, and providing greater transparency in the Part D prescription drug program. He also has cited the Medicaid Advantage program as a wasteful privatization plan. He's promised to scale it back or even eliminate big portions of the Advantage program.

Moreover, Obama's broader health insurance program -- which would offer coverage to people without employer-based insurance -- could help people who retire or lose their jobs before age 65, when Medicare eligibility starts. Some health care experts have even called for expanding Medicare eligibility to younger retirees.

**Taxes.** Obama has promised to eliminate income taxes for seniors who make under \$50,000 a year -- but I'm not betting that this will happen. Even advocates for seniors have given the idea lukewarm reviews; most low and moderate income seniors already pay no taxes, and more affluent seniors wouldn't see relief since they may be asset rich but have current income under \$50,000.

*Continued on next page...*



*Pathfinders in Elder Law*



***Retiring on Obama's Watch...***

*(continued from previous page)*

**Long-term care.** Obama has recognized problems with the financing and quality of long-term care, and has said he wants to improve care options by training more nurses and providing more non-institutional care options.


Obama's Web site offers details on his ideas about issues related to retirement and aging.

*Mark Miller is a journalist who writes the weekly column Retire Smart, which appears in more than 30 newspapers around the U.S.*

*RetirementRevised.com is the companion Web site of Retire Smart. This article originally appeared on RetirementRevised.com and is reprinted with permission. ▲*

*Information and articles from our website are presented as a public service by Severns & Stinson. We help our clients protect their assets and their rights to health care and long-term care. This article is general in nature and is not to be taken as legal advice to any particular person. Consult an attorney for specific legal advice for your circumstance.*

*Severns & Stinson is an Indianapolis Elder Law firm that helps older adults, persons with disabilities and their families plan for long term care needs, protect assets and get the care they need. For up-to-the-minute information about elder law issues and to sign up for our electronic newsletter, visit our website, [www.severns.com](http://www.severns.com).*



*“Many of the issues facing older Americans are tightly bound with the broader economic challenges facing the Obama Administration. That means we're likely to see changes over the next four years that affect anyone who is retired -- or hopes to be soon.”*