KEEN ON
RETIREMENT

Could Joe Biden and Congress Cooperate on Social Security Reform?

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hello, everybody and welcome back to another episode of Keen on Retirement. I'm your cohost, Steve Sanduski and with me as always is Bill Keen and Matt Wilson. Hey, guys, how was the Thanksgiving for you this year? I know it's a little bit different than usual.

Bill Keen: Yes. Well, it was still good, Steve, and we're giving thanks for many things this year, as usual as in each year, but especially giving thanks for many things this year, as we've all had a somewhat tumultuous 2020 and one of the things we're giving thanks for is that 2020 is almost behind us. What do you say?

Steve Sanduski: It is? Yeah, it's definitely been a year for the books. One that we're never going to forget, that's for sure. And you're right. There's so many things we can still be thankful for and we're grateful that we can still have these conversations and thanks to technology, we haven't skipped a beat with these, even though we have been at home for many of these. Yeah, there's still some things to be thankful for. Matt, how about you?

Matt Wilson: It was great. We were just actually chatting about who had the best turkey for Thanksgiving. And I don't know, I'm not a huge fan of turkey. It's pretty much dried out within 30 minutes after cooking it and leftovers don't taste good either.

Steve Sanduski: It's good protein though.

Matt Wilson: It is good protein, but yeah, I don't know. I need a juicier meat, I guess is my preference.

Steve Sanduski: Is there a favorite traditional Thanksgiving dish that you always look forward to that might be a little different?

Matt Wilson: I'm a mashed potatoes and gravy kind of guy. I guess that's not very different or off the reservation.

Steve Sanduski: How about you, Bill?

Bill Keen: Well, I've been on a health and fitness journey this past year and so it was nice to come off that and enjoy some food on Thanksgiving. Not track my macro count on Thanksgiving Day. Wasn't concerned about calories, protein in, carbohydrates or fats that day. Just enjoyed that. I like the pumpkin pie. I'm sorry, but that's kind of what I'm leaning toward here. Course there's always multiple shots at it. Matt gets upset that it dries out after 30 minutes, just put a little more gravy on that turkey and it gets it going.

Matt Wilson: That's why they make gravy, makes the protein taste good.

Steve Sanduski: Yeah, boy, I can't pass up a nice piece of pumpkin pie for sure. One of the things we always have is barbecued green beans. You ever had those? Well you guys in Kansas City, you know all about barbecue.

Bill Keen: Yeah. But never heard of the green bean part.

Steve Sanduski: Barbecued green beans. Yeah. Some homemade stuff. We have ketchup and Worcestershire sauce, brown sugar, onions, bacon and there might be one or two other ingredients in there. You mix all of that up and then you get your green beans out and then you pour that mix over the top of your green beans and then you have bake it in the oven and it comes out and they're just really, really good. It was a recipe that I got from my mom. She made those when I was a kid and now it's been passed on to me and it's been passed on to my kids as well. Barbecued green beans.

Matt Wilson: All right.

Bill Keen: And now passed on to us and all of our listeners.

Steve Sanduski: That's right. We should put the recipe in the show notes.

Matt Wilson: Sounds like a great idea.

Bill Keen: Now, you're originally from Nebraska, Steve, was that a Nebraska tradition? Or I guess started there? Or not Wisconsin?

Steve Sanduski: No, I don't think my mom invented the recipe. I think she may have actually found it in a cookbook somewhere and I'll have to go back and get the story from her, but yeah, we've had it for decades and I always look forward to the barbecued green beans.

Matt Wilson: Wow. All right.

Bill Keen: I love it.

Steve Sanduski: All right. Well, hey guys, we've got a lot to talk about today and one of the topics here today is Social Security. I have a hard time getting that word out there. Yeah, what do we want to talk about here as it relates to that?

Matt Wilson: Well, we did hit a milestone. Before we go into Social Security.

Steve Sanduski: Actually let me redo that because I forgot that we're going to do that. We'll scratch that, Joe.

Well, guys, we've got a couple things we want to talk about here today. The first one is we hit a new milestone in the stock market and I know you guys know what I'm talking about.

Matt Wilson: Yeah. We got several emails from clients too. It was Dow 30,000. We hit that just before Thanksgiving.

Bill Keen: Yes we did. And Matt, I thought earlier in the year you had talked about Dow 30,000 and you even, now, for those of you that have seen Matt's webinars, many of you have, I'm sure. You even saw him don a hat that he had specifically made that says, "Dow 30,000" on it, earlier in the year.

Matt Wilson: Well, I've had that hat since the Fall of 2018, by the way.

Bill Keen: Okay. Fall of 2018.

Matt Wilson: Got a little early on it. Yep.

Bill Keen: It wasn't that you were wrong. You were just, your timing was off, but the bottom line is we're there now or we made it there.

Matt Wilson: That's right.

Bill Keen: You weren't wearing that hat back in April though, were you?

Matt Wilson: No. At one point I thought it was cursed. I might have to throw it in the dumpster and then we would hit it past. And once we got rid of that Dow 30,000 hat, but no we have pushed through finally. And I saw a interesting stat, so this is a good question I can ask you also. How long did it take for the Dow to cross through 10,000?

Bill Keen: 10,000. I was in the business in the early 90s and it was a big deal when we saw it pass through 10,000. What's our starting point? I guess that would be the question. If our listeners really want to try to make an answer, what's the starting point?

Matt Wilson: Well, that's part of the answer.

Steve Sanduski: That's the answer.

Bill Keen: I was trying to break you guys. No prize for this question.

Matt Wilson: There is no prizes.

Steve Sanduski: Well, here I can give you a partial answer. I remember back in 1987, in October of 87, after the market had its big drop that month, I think the Dow dropped to 2,000 I'm going to call it 2,250. I'm going to say it went from 2,250 to 10,000, between 1987 and 2020. I don't know when the first 2,250 came.

Bill Keen: He's modifying the equation.

Steve Sanduski: That's partially my answer.

Bill Keen: He's modifying that.

Matt Wilson: Sounds like a politician. He's creating an answer.

Steve Sanduski: Oh yeah. I just want to please everybody. How's that?

Matt Wilson: Change the question for the answer he's got.

Bill Keen: Probably the appropriate timeframe for any question you can.

Steve Sanduski: That's right.

Matt Wilson: The Dow passed through 10,000 in 1999 and it took a 103 years from the inception of the Dow to pass through 10,000. How long did it take to go from 10,000 to 20,000? 103 years to go through 10,000. The next 10,000 points?

Bill Keen: Less than a 103 years.

Matt Wilson: Well, that is correct.

Steve Sanduski: I'm going to say less than 50 years.

Matt Wilson: That is also correct.

Steve Sanduski: Tell us if we're getting warmer or colder.

Bill Keen: Less than 10 years.

Matt Wilson: Actually, it was 18 years.

Bill Keen: 18 years.

Matt Wilson: 2017 is when we passed through 20,000. Which isn't that long ago. And then the third, the next 10,000 from 20,000 to 30,000, it took us almost four years. Not quite, it was January of 2017. We just passed through 30,000 here in November of 2020. And here's what this shows, the power of compounding. Because it's the same 10,000 points, but the base is different. And so that's when, we've talked about this in other webinars and in live events we put on, Dow 50,000, we do a question, we ask a show of hands, Dow 50,000. What's the rate of return? How long do you think it's going to be? And just people can't fathom it and it's on the horizon.

Bill Keen: Dow 50,000.

Matt Wilson: That's right. It's not that far away.

Bill Keen: That's right. Are you getting hats ordered with Dow 50? Or are you going to go some increments?

Matt Wilson: I might make some lower increments.

Steve Sanduski: Just so you can win more often.

Matt Wilson: That's right. We got to celebrate the small wins.

Steve Sanduski: That's right.

Bill Keen: Steve, we're giving all of the kids here at the firm, the team members' kids, they're all getting to present this year and it's the Dow 30,000 hats.

Matt Wilson: The Dow 30,000 hat. Yeah.

Bill Keen: What do you think? Is that a good idea? Or no?

Steve Sanduski: That's great. With the Keen Wealth Advisor logo.

Matt Wilson: And it'll be a hot item this year.

Steve Sanduski: That's right, awesome.

Bill Keen: That is interesting information though, because it does put things into perspective as Matt says. If we continue just on the long term return of the market and I haven't calculated it, but if you think about an eight or 10% return on the broad market, which is kind of in the long term return over time, I think closer to 10 actually, you're talking about a Dow 50,000 in somewhere around eight years or so from here. That's 50 so that's going from 30 to 50. We didn't mention going 30 to 40, but it's not as far out, as you say.

Matt Wilson: Three years at 10% a year.

Bill Keen: How many?

Matt Wilson: Three.

Bill Keen: To get to 40?

Matt Wilson: Mm-hmm (affirmative). That's on a compounded 10% a year using my financial calculator. As we know, we talk about this a lot. Returns don't come in a straight line.

Bill Keen: That's correct.

Matt Wilson: But that's what the math tells us.

Bill Keen: This year was a pretty darn good example that we all just lived through that returns do not come in a straight line.

Matt Wilson: Yep. And asset classes all do different things at different times, too.

Bill Keen: That's right.

Matt Wilson: Now, a lot of different lessons learned. We'll share a lot of this at our year end virtual holiday of at this year where we kind of talk about what happened this year and what we see going forward.

Bill Keen: Yeah. Steve, you were our guest at our holiday event last year here in Kansas City, there over the Park Convention Center. You did a fine job coming in town from Omaha for us. Driving down. And we got a lot of great reviews on that for folks that were present, saw it online as well. But this year, first year in a long time, first year ever, actually that we're not able to do that in person. We're going to be virtual.

Steve Sanduski: Well, it was a real treat for me to be there last year. And yeah. Definitely be virtual this year.

All right. Well guys, I know we want to talk about Social Security here as well. Some potential changes there now that we have President-elect Joe Biden and he's got some things that he's thinking about doing with that, but it's really not totally up to him, is it?

Matt Wilson: That's right. There is some conversations, some talking points that Biden has put out in his campaign about Social Security. But that all that has to go through Congress. But, I think it's helpful. Social Security and Medicare, they do have changes every single year and October, November is when they make their annual announcements for the next year. Social Security came out and determined that the cost of living adjustment went up by 1.3%. In 2021, starting in January, the average recipient will receive about $20 more in Social Security benefits based on that 1.3% cost of living adjustment.

Bill Keen: That's $20 per month.

Matt Wilson: Per month. That's correct. Yeah. Did I say per year?

Bill Keen: I'm not sure that you said, did you?

Matt Wilson: I think yeah, I just said 20 by itself. But $20 per month it increased there. But a lot of times that gets wiped out by Medicare, especially if you're age 65 and you're on Medicare because Medicare premiums have a history of going up every single year. That number has. Social Security comes out in October when they make the announcement. Medicare is announced in November and the Medicare premium in 2021, the base premium went up by $3.90. It's not that much, relative to some of the increases we've seen in the past. And actually earlier this year, with COVID and everything else that was going on, there was talks that Medicare premiums could go up by $50 a month at one point, which is crazy to think that that would happen. But, considering the year we've had, there's a lot of crazy things that have happened. To see that it came in and they've only increased it $3.90 was a nice. At least it's not going to wipe out most people's Social Security benefits.

Bill Keen: We talk about also the maximum that someone can receive at full retirement age. What are you seeing on that, Matt? And that's someone, I guess, working to that age that's stated based on birth dates, when is your technically your full retirement age.

Matt Wilson: Yeah. The maximum that you can receive is $3,148 a month in 2021 at full retirement age.

Bill Keen: Okay. That's up, I think it was just over 3,000 before that so it's up to some extent. You know what's interesting? We talk about these things with respect to Social Security and Medicare and they really do. They affect nearly every single person that's listening to this and all of us here on the call. And for some folks, this makes up, Social Security at least makes up a good portion of your retirement income. For others, it's you have other sources of income or there's some combination of income sources, but it is good to be on top of this and to understand it. We always talk about eliminating surprises so talking about it now, I think is a good thing.

Matt Wilson: Well, it's an important leg of the stool. Most Americans are eligible for Social Security, receives Social Security benefits and there's decisions that have to be made. When do you start it? You can start as early as age 62, delay it up to age 70. If you're married, if your spouse passed away, you might have some different options relative to it. And then how does that fit in your overall plan? A lot of different decision points. And actually if you're still working, that factors into it too and you're eligible for Social Security. The earnings limit actually increased in 2021 as well.

Bill Keen: Yeah, sorry. I was going to ask you to define that. A lot of people might not even know what that means.

Matt Wilson: Yeah, it the amount that you could receive. Well, if you start Social Security early and then still earning a paycheck, W2 income, how much W2 income could you earn before your Social Security becomes penalized? And that amount in 2021 went up slightly to 18,960 a year. It went up about 700 bucks a year or so from 2020. It's not as common for clients that we work with, but it is something that does come into play especially if you have part-time work, what have you, you're receiving Social Security. Now, once you hit your full retirement age, they don't care about earned income anymore. It's only if you're receiving Social Security and working before your full retirement age.

Bill Keen: But there is a nuance in that year that you actually hit full retirement age if you're still working, so now you've got a partial year, correct?

Matt Wilson: Yeah, that's right. And they kind of look at it depending on if you turned it on beginning of the year or waited till after your actual birth date. Because once you hit your birth date, it doesn't matter anymore. It's just that earnings period prior to it, but that limit increased to 50,520 in 2020. It's a little bit different formula during the year you reach your full retirement age.

Bill Keen: Well yeah, you mentioned, we always ask folks when they come in, we want a real complete assessment of someone's situation so we can advise them appropriately. And if someone retires before full retirement age and they don't tell us that they're going to continue consulting and sometimes they don't even know that they're going to continue consulting or get another job. And they start Social Security before full retirement age, they start making a good wage and they look up and they find out that I think, it's Social Security holds back a dollar for every three or no, I guess in the years Social Security holds back a dollar for every $2 that you earn over those limits that you mentioned.

Matt Wilson: That's right.

Bill Keen: For folks. And that's a surprise. It becomes a surprise come tax time.

Matt Wilson: Exactly. That's the penalty. And that's when they find out is when you file your taxes. Tell you, "Wait a minute, you made too much money. You'd have to pay us back $14,000 on your Social Security benefits." Now, the way this actually works a lot of times is you can talk to Social Security administration and what they'll do is instead of you just having to write a check it's, they'll just reduce your future Social Security checks to make that money back. They'll just say, "Okay, well, if you were receiving 2,000 a month and you owe us $12,000, well, we'll just send you a 1,000 a month for the next 12 months and you're whole again."

Bill Keen: Or you could pay it, would it be on your tax return, Matt? You know what's funny is I don't know this. Would you write a check to the Social Security administration?

Matt Wilson: I believe that's an option because you do have the ability to pay it back within the first 12 months, act like nothing ever happened.

Bill Keen: True.

Matt Wilson: There are ways to make amends with Social Security if you make a mistake. Yeah. The other thing that changed this year is the payroll tax. This is something that, we'll talk about Biden's plan here, where they're talking about tweaking this a little bit, but the earnings limit, the amount of earned income that is subject to the Social Security portion of the FICA tax is increasing to 142,800 in 2021, up from 137,700. It doesn't get talked about a lot unless you're really paying close attention to Social Security and Medicare tax law. But the Social Security portion, which is 6.2% that you pay, your employer matches 6.2% so 12.4% of the first 142,000 is going into the Social Security trust funds.

Steve Sanduski: Now, how do they calculate that percentage increase? Because that percentage increase is definitely higher than the cost of living adjustment.

Matt Wilson: That was set by Congress. I don't recall the exact year, but this was probably within the last decade. It used to be kind of low, maybe it was a 100,000, 110, where it capped. And it didn't seem like it was moving very much for several years and then Congress passed as part of their kind of year end budgeting is they passed, hey it increased for the next year, but I think they also set escalations already in automatically so it doesn't have to be readdressed anymore. And this is kind of one of those silent ways where they can pass something like that, that doesn't get discussed because they put in these escalations, they pre-thought through them and said, "Well, we're just going to have this be automatic so we don't even have to talk about it anymore."

Bill Keen: Definitely buys the Social Security trust funds some time, doesn't it?

Matt Wilson: And that's all factored in to the calculations. When they do come and discuss the solvency of the trust funds, they do factor in, well, here's what current tax law is and here's what we project it to be. Now, if they change it, then that changes those calculations. But those are factored in, which is interesting because that is part of one of the issues. Here's what those are the big changes for 2021. And those are automatic, those happen.

President-elect Biden, he's come out with a proposal for Social Security and his aim is to increase benefits for lower income workers and widows and also shore up the funds a little bit. His proposal, doesn't have a huge amount in there for increasing the solvency and the longevity of it. More so about just increasing benefits. Here's what he's proposed. Now, the president doesn't choose what happens with Social Security. That goes through Congress. Just because he's saying this, someone has to sponsor a bill in Congress and write it and vote on it and everything else. This isn't an executive order, he can just sign off and it's just decided. But here's the piece that he has on low wage earners.

If a person works for 30 years in low paying jobs and ends up with a very low benefit, the benefit would be increased to equal 125% of the federal poverty level. If this were to have been applied in 2019, the monthly benefit that would be equal to is 1,300, which would have been an increase from 886. Just that 125% of the federal poverty level, that'd be about just over $400 for somebody and that's an individual, not a family, that's just one person. That's actually a pretty big increase.

Bill Keen: And that's if you worked for 30 years, correct?

Matt Wilson: That's right.

Bill Keen: Because to qualify for Social Security, you have to only work 40 quarters or 10 years.

Matt Wilson: 10 years.

Bill Keen: But in this case, he's saying somebody who's been consistently in the workforce for that amount of time, 30 years, would receive this benefit. And I think I saw a talk of that someone that did have the 10, but less than 30 would get some prorated portion of that. Yes.

Matt Wilson: They'd have some calculation.

Bill Keen: Now Matt, we were just talking about the wage base on Social Security and as it stands today and then we rotated into Biden's plan here. I think he's suggested some changes in the wage base.

Matt Wilson: Well that's how he's going to pay for some of this. Here's some of the other things he's proposing.

Bill Keen: First. Okay, good.

Matt Wilson: Yep. When a spouse dies, and the lower of the two Social Security benefits drops off. Remember that, one spouse passes away, the surviving spouse keeps the higher of the two.

Bill Keen: Currently.

Matt Wilson: That's right. Biden's plan would ensure the surviving spouse receives at least 75% of the amount that the two of them were receiving as a couple. That would be a little bit of an increase.

Bill Keen: 75% of what both of them were receiving.

Matt Wilson: That's right. If they were receiving, 10,000 a year, which just easy math, they would at least receive 7,500, the surviving spouse would.

Bill Keen: Just think if both had maxed the program and one was going to be completely dropped off, that would be quite a nice increase.

Matt Wilson: It'd be, yeah, a pretty big bump there. He also has benefits for caregivers, not as common, but that'd be for people who care for children under 12, and for family members with disabilities. They would receive some Social Security benefits as well. This is an interesting proposal too that he has on long term beneficiaries. Once a person receives Social Security benefits for 16 years, their benefit would increase by 1% a year to a maximum of 5% after receiving Social Security for 20 years. And the idea behind that is that it would help, it would inflate. The longer you live, 16 years, that means you have to have been on Social Security that long and you're getting older, your healthcare costs are going up. The idea is that that would help cover some of the increased costs relative to your healthcare expenses.

Bill Keen: And to be clear, that's in addition to the normal COLA, that would also be applied.

Matt Wilson: That's right. Yep. That would be an extra COLA. This next piece is actually, we're here on the border of Missouri, Kansas so we see a lot of this, especially with teachers in the Missouri system here. Individuals that are subject to those windfall provisions or those offsets so those are government employees that weren't required to pay into the system. Missouri teachers are one of them, their pension, they pay into that, which exempts them from paying into Social Security and they receive a nice pension, but they don't receive any Social Security benefits now where that hits them is on the survivor benefits. If their spouse passes away, they almost lose all the Social Security benefit because that offset provision prevents them from receiving it. He's proposing to eliminate it completely.

Bill Keen: Interesting.

Matt Wilson: That would be an interesting development if that passed.

Bill Keen: You didn't pay into Social Security, but you paid into a government pension, you actually did pay into the government pension, but you would still qualify for both?

Matt Wilson: Well, you would qualify if you paid into Social Security as well. If you paid into both. The offset provision, so the reason where people get hit on that is let's say they worked in just at a private corporation for 10 years, qualified for Social Security, then became a teacher or a part of the government pension plan or are part of the railroad and they received a pension from that, well that could offset any Social Security benefit, even though they paid into it.

Bill Keen: With you. Okay.

Matt Wilson: Yeah. This would eliminate that. You would get both or the surviving spouse in a situation where one spouse is a teacher, other spouse was worked in private industry. Well, the private industry spouse passed away, the surviving spouse really doesn't get any Social Security in those elimination provision situations. This would help with that.

Bill Keen: This seems reasonable.

Matt Wilson: Yeah. I think part of the reason is it probably doesn't impact a lot of people. Now I'm sure people in the government who think, oh, the government's just trying to help themselves out and they can all qualify for Social Security too.

Bill Keen: Well, as long as they paid into it.

Matt Wilson: That's right. They would have to have paid into it. But the survivor benefit is at least someone in the family paid into it.

Bill Keen: That's right.

Matt Wilson: And then this last piece is he would change how the cost of living is calculated. It's currently used the CPI-W which is the cost of living or the consumer price index, which is a basket of goods for a working individual. And we've mentioned this before. They actually, the government has a CPI-E which stands for consumer price index for elderly, someone over age 65. That cost of living increase actually is higher because healthcare costs and everything else related to folks that are older can be higher at certain times. And for the last 20 years it has been higher. That CPI-E would increase Social Security benefits. If it would have been enacted, would have gone up instead of 1.3, 1.5.

Bill Keen: Not a huge amount, but it would make a difference over time.

Matt Wilson: It adds up. That's right. Yeah. And so those are some interesting dynamics, but so here's how he's suggesting part of the way to pay for that because that's usually the first question is, okay, well, there's some increase outflows. Social Security trust funds are already set to be insolvent in a certain number of years.

Bill Keen: We don't just about how to pay for this stuff anymore. Don't you know that?

Matt Wilson: Well, that's what we were talking about that among the financial planners and I said, "Yeah, we just print all the money we want and everything's good."

Bill Keen: I have an article out on modern monetary theory, you folks should go back and check that out. But not that it necessarily applies here, but all right, let's talk about how we pay for this.

Matt Wilson: Really his main proposal is on that FICA tax that's subject to earned income. It would cap at 1428 is the normal rule. While he's saying, "Instead of it capping, it's going to be a donut hole." The first 1428, you would pay the FICA tax then there would be no FICA tax or no Social Security portion of the FICA tax from 1428 to to 400,000. And then anything over 400,000, you'd be back onto the 6.2% individual, 12.4 for the combined with your employer, Social Security FICA tax. That's that donut hole philosophy.

Bill Keen: And that's all the way up to whatever, an unlimited amount of income.

Matt Wilson: Unlimited.

Bill Keen: There's no cap on that. It's anything over 400, you got the donut hole and now the Medicare piece that you mentioned, that already is taxed on an unlimited amount.

Matt Wilson: That's right. It's a lower amount, 1.45%, but it's on the first dollar and it doesn't stop. That's on paper.

Bill Keen: Okay. This just gives you a little bit of a window and then it kicks back in and it's full force again.

Matt Wilson: Yeah. We've seen the government going to go with different, that's kind of their angle of making the higher income individuals help support some of the low ones.

Bill Keen: It makes sense.

Matt Wilson: It is an interesting now, the president, as I mentioned, can't just sign this into law. There's he cannot just sign an executive order and it's done, it has to go through Congress and there is a proposal. It's not exactly the same, but there's a lot of similarities and it is the Social Security 2100 Act and that is being sponsored by representative John Larson. He's a Democrat out of Connecticut. And it doesn't have any likelihood of passing, but again, he's written a bill that has a lot of these similarities in it. There is at least some talk about it. Now, the reality is most of these politicians really don't want to risk making anyone angry. Doesn't matter who they are. They don't want to make anyone angry. I don't believe they're going to make any changes until they're forced to.

And there's a couple of scenarios. We're seeing the Social Security trustees, they're telling us 2035 is their estimate for when the trust funds run out of money. The CBO, the Congressional Budget Office, they're telling us 2031. Somewhere between the next 10 to 15 years, the trust funds are set to run out of money. And I believe it's going to be a scenario where we see a solution that is basically within a year of it running out of money. I do not have any confidence that they're going to address this ahead of time.

Bill Keen: You say John Larson's bill doesn't have a whole lot of chance of passing. Is that why you say that? Just because you believe it's, they're going to kick the can? Continue to kick the can?

Matt Wilson: Yes, I do. I believe he wrote it because I do think some of these politicians do have a very good objective and they want to be known for something and kind of hang their hat and maybe Social Security is something that he's very passionate about and wants to fix. I just believe there's not a lot of support among, because it has to go through, has to pass the House and then it would have to pass 60 votes in the Senate. That's a lot of support.

Steve Sanduski: Now there's another question. Another thing that we could bring up here at the risk of going down the rabbit hole and we should probably save this for another conversation down the road, but this whole idea of how do we pay for it? And Bill, you mentioned this idea of the modern monetary theory and we've got an article on that. That may be something that we want to explore, because that is definitely gaining traction, the concept of using modern monetary theory as a way to describe how the government accounting system works. And some people would say, "Modern monetary theory is neither modern nor a theory."

We could discuss that too but I think that is something that we need to think about too, as it relates to something like Social Security, because those people would say, "It will never run out of money. It can never run out of money because the government can just make an accounting entry and can wipe out any shortfall in that. Or they could just make an accounting entry to put more money in there." And we don't need to go into that today, but I think that's a topic for the future as well, that I think could be interesting.

Matt Wilson: Yeah. I agree. Especially, a year like this year and just kind of the history we've had, the trajectory been on the last 20 years, there's been a lot more debt here in the United States and across the world and people get concerned about it, but let's kind of address it, talk about it.

Steve Sanduski: Yeah. Yeah. I think that'd be a great topic. Just the whole topic of the federal budget deficit period. And what's real? What's not real? How should we be thinking about it? How might that affect the financial markets? Why hasn't it really affected the financial markets up to this point, even though we have very, very large deficits this year? Stock market's hitting all time record highs. There's something going on here.

Bill Keen: Maybe as a homework assignment for our listeners, you can go back to our blog, keenonretirement.com and look for that article on modern monetary theory that came out a month ago or so, and Steve, I don't know if you knew this, but I had a version of our article I did with Forbes that got produced here just a few days ago as well, with some different points and such that I made. And I get a lot of comments back on this because for the normal person that operates their financial life, where they spend less than they make, they save money, they plan for the future. It's hard to get their mind around this concept that we're talking about today. Yeah, as a homework assignment, go back and look at some of that so when we do that episode, that Steve mentioned on this topic, you'll be ready to engage.

Steve Sanduski: Excellent.

Bill Keen: At least start to develop a personal opinion on it, I said.

Steve Sanduski: That's right.

Bill Keen: It's always a starting point.

Steve Sanduski: All right, guys. Well, as we get ready to wrap up here, Bill or Matt, either one of you have any final closing comments?

Bill Keen: I would just like to say, well, happy holidays, Merry Christmas to all of you, our listeners. I know it's been a tough year this year. It's been a very interesting year. We've all had our different versions of what we've had to go through this year, live through. And as I've said in prior episodes, don't miss this opportunity to take notes, maybe make a journal, think about what we've gone through. Think about what we've succeeded through this year and document some of that and learn from it. Don't miss that. And it's going to be interesting. We may not be around. Probably Matt might be. Who knows. Maybe I will be 50 years from now if I keep working on my health and fitness regimen that I've been on this year, but this will go in the history books as something that people are studying about decades and decades from now, about the pandemic of 2020.

And I just commend each one of you for doing what you've had to do on a day to day basis to get through this year. And part of that is engaging in things like we're doing today, where you're learning, trying to educate yourself, think about your own personal futures and plan for that in an appropriate way. Hopefully this talk today of Social Security, some of the changes that are coming, some of the potential changes that may come, has been helpful and we'll look forward to talking to you on our next episode, Steve.

Steve Sanduski: All right. Well thank you, Bill. Thank you, Matt and for all the details on what we talked about today, as well as all the past episodes of Keen on Retirement, you can go to keenonretirement.com and guys, thanks and we'll look forward to chatting with you on the next show.

Bill Keen: Thank you.

Matt Wilson: All right. Thank you, Steve.