

**EPISODE 1628**

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**FT:** So Money episode 1628, what it's like to retire on almost nothing but Social Security.

***AT:** We felt like it was important after having profiled people who retire after saving a million, two million dollars, a half a million dollars. We felt like it was important to look at people who retire after basically having saved almost nothing, and that's where this one came in because, thanks to Social Security, the vast majority of people in this country do actually have a retirement income."*

[INTRO]

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**FT:** Welcome to So Money, everyone. I'm Farnoosh Torabi. If you're listening to this show, my guess is you care about your future, your financial future. You've already started to look at retirement and what it's going to cost. Imagine, though, you arrive at retirement and you have nothing saved, zero. What do you do?

This is our show today. We're going to talk to one reporter at The Wall Street Journal, Anne Tergesen, who met up with a number of Americans across the country living on just their Social Security paychecks. They had zero saved. They had otherwise zero dollars saved for retirement, and they're not working in their retirement to supplement their income. How are they doing that?

According to Anne's article, in 1940, when the program was just launched, Social Security replaced just over 20% of a typical worker's income at age 65 probably because they had a pension. As Congress enhanced the benefits, that figure rose to about 50% in the early 1980s. Today, Social Security replaces about 40% of a person's income at 65. That average monthly Social Security check, \$1,900. Imagine living on just \$1,900 a month in your 60s, 70s, and

beyond. I have a link to The Wall Street Journal article in our show notes for more, but now let's hear from Wall Street Journal reporter, Anne Tergesen.

[INTERVIEW]

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**FT:** Anne Tergesen, welcome to So Money, and great to have you here. Really interested, excited to dive into your recent piece that you co-wrote for The Wall Street Journal with Veronica Dagher on what it's like to actually retire on Social Security and nothing but Social Security. Welcome.

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**AT:** Thanks for having me.

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**FT:** Well, first tell us a little bit about what led you to wanting to write this piece. So many people in the audience and everywhere are curious, confused about Social Security. A lot of people here on the show ask about whether it's even going to be around by the time they're ready to retire, even though they are paying into it. I have a hunch that this is probably something that your team at the journal thinks about a lot. So tell us about the genesis of this piece, and then we'll get into it.

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**AT:** Sure. This is the latest in a series that Veronica and I are writing, where we look at – we usually profile four people, and they usually fit into some kind of category. In the past, we have done people who retire after having saved a million or have after having saved two million dollars or a half a million dollars. We've done these various sort of savings levels. We've also looked at people who fit into a certain theme. For example, people who retire and then move

abroad or people who retire and then they move on to their RV or their boat. It's been a lot of fun.

We felt like it was important after having profiled people who retire after saving a million, two million dollars, a half a million dollars. We felt like it was important to look at people who retire after basically having saved almost nothing. That's where this one came in because, thanks to Social Security, the vast majority of people in this country do actually have a retirement income waiting for them, and they don't – it's, obviously, not great to not save anything on top of that, but a lot of people don't.

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**FT:** You highlighted in your article quite early on in the piece that one in seven Social Security recipients ages 65 and older depend on their benefits for nearly all their income. That's according to an AARP analysis. Did that surprise you?

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**AT:** No, not really. I've been covering retirement for years, and I know the statistics. It's hard for me because I haven't done a deep dive into the data. But for people who have lower incomes, Social Security actually can replace a significant portion of your income. There's not necessarily a huge incentive to save more. I mean, obviously, it's great if you can. A lot of people who have lower incomes don't really have the flexibility to save a significant sum on top of that.

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**FT:** Right. You profiled with Veronica several people, including 70-year-old Eric Miller who was a professional chef. Now, he's living on \$1,400 a month. That's his Social Security check. Then you have Kathy Rote who is 73 and living off of her paycheck of \$1,040 per month. Kathy was an advocate for people with disabilities her entire adult life. She's a retired social worker.

If you had to sort of summarize some of the themes along the lines of the strategies that these folks were implementing, are implementing because, to be honest, that's what I walked away

really appreciating about these profiles, Anne, is just how creative these people have to be to afford not just the basics because some of them do have active social lives. What were some of the takeaways you found and how they were going about designing their lives in this retirement, where they're mainly living off of Social Security?

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**AT:** Sure. I'd love to talk about Kathy. She's one of the two people who I interviewed, and she's just a wonderful person to talk to, very interesting life that she's had, which is the case for most of the people who we end up profiling in this series. You realize how everybody's had a very interesting life, or it's just been fascinating to talk to people.

Kathy really, as you mentioned, she's been an advocate for people with disabilities her adult life. She worked for years for a nonprofit in San Francisco area. That was at the forefront of helping people with disabilities live independently. Kathy was in charge of their housing program. She's also a social worker. She has a lot of knowledge of the world of how people can get kind of hooked up with benefits that might help them. She herself has done that to a decent extent.

I mean, for example, she actually owns her house. Thanks to an inheritance she got years ago. But before inheriting that property, she was able to qualify for Section 8 housing, which is a federal program that subsidizes housing. She also has been able to qualify for federal programs that help her with her Medicare costs, her prescription drug costs. Those are the ones that directly come to mind, but she was just sort of a font of knowledge of all these different programs that people, lower-income seniors can qualify for.

There's a tool out there called Eldercare locator, and there's a network of – I think they're called area agencies on aging that can help people kind of hook up with local programs. I actually spoke to this great nonprofit up in Maine that routinely helps low-income seniors up there. I think actually people of all ages get help with their utility bills, which during the winter up there your utility bills are going to be really high. That was one strategy that I felt like kind of needed to be highlighted. I was really happy that Kathy was willing to talk to us because she was just sort of a master at navigating those things.

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**FT:** Really, by virtue of what she did during her full-time working years. So nice coincidence, I guess. For those who aren't tapped in like Kathy is because of just the nature of the job that she has had as a social worker, being more familiar with some of these subsidies and government provisions, do you find an that typically seniors and retirees are scrambling or don't have the directionality when it comes to finding and securing these resources, which whether you're living on Social Security or not can be immensely helpful?

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**AT:** Well, that's why I felt it was important for us in the introduction of this article to mention this Eldercare Locator tool and an organization called USAging, which I think is tapped into these – I think they're maybe county or local area agencies on aging because those are among the places that people can go to find out about these programs that maybe can help them subsidize some of their costs.

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**FT:** Did you find that some folks had to move? I know that with all retirees, they often look at their financial picture and think about where they live. It's such a huge variable, costly variable, especially if they're looking to still live where they were, say, raising their kids, and the property taxes were high. What role did their location play in their ability to afford life on Social Security?

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**AT:** Oh, on Social Security. Well, I would say, in general, it's been very eye-opening to me to see how well it works for people who retire or who worked for years and raised their kids in high-cost parts of the country, for example, the New York metropolitan area. Then in retirement, they move somewhere else.

There was a man I spoke to who retired with a million dollars in savings, but he moved from the New York metropolitan area to North Carolina. His property taxes went from around \$15,000 a

year. This was back maybe 15 years ago. In North Carolina, I think they're more like – I can't remember the exact number but more like 4,000 or 5,000 dollars a year. Right there, that just shows you how helpful it can be to move to a cheaper part of the country.

Some of the big ticket expenses like property tax taxes, I mean, for people who are living on Social Security, maybe they're renting. Still, there are going to be ways that cost of living-wise that they can save by moving to a cheaper part of the country. I think a lot of people do that in retirement. I don't know the fraction. It's certainly probably far less than half because people – if you live in a certain area, your friends and maybe a lot of your relatives are there. So there's a lot of incentives to stay in a high-cost area, but that's certainly a very, very powerful strategy.

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**FT:** Going back to Kathy, you profiled her. She lives in Tucson. She's the retired social worker who is disabled. I just want to recap for listeners some of the ways that she's been able to make ends meet. You mentioned she had an inheritance. She bought a home with about \$60,000 that her uncle left her. She has no debt. Because of her age and her income, she gets discounts on her property taxes, utilities, wireless bills. You said that she spends about \$135 a month for gas and electric and phone service. She spends about \$200 a month on food.

When you spoke with her, what was the sense that you got in terms of how she's enjoying her life? Does she feel like retirement's been fulfilling?

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**AT:** Yes. I think she really is. I mean, she had polio as an infant, actually. So she's always had to get around with the aid of crutches when she was young. Now, she has a motorized wheelchair. She actually had to stop working, I believe, in her mid-40s because of something called post-polio syndrome, which it really was sort of, I think, very draining and exhausting. She found it hard to have the stamina to work eight hours a day. She's got this just like very, very upbeat mentality. She's very can-do. She has a – it's an old van, but it's equipped with a lift for her wheelchair. So she is able to get around, run her own errands. She's very independent, and that's been a theme throughout her life.

Interestingly, before she got recruited to work at the nonprofit for people with disabilities in California, she was a folk singer. This was back in the seventies. She was very involved. She had gone to college in the Tucson area. She was very involved in the folk music scene there, like with many retirees where you have an interest early in life. I mean, she was actually considering becoming a folk singer as her profession. Obviously, she was quite good.

A lot of people who put aside interests when they're young to pursue a career, they returned to that later in life, and she did. When she came back to Tucson, she got very plugged into the folk music scene again. She loves having friends come over, and they have dinner on her patio. They sing. They have a good time. She's been also just very involved in her neighborhood. She needs some help a couple hours a week, and she got hooked up with a program, I believe, through Medicaid, but I'm not positive that enables her to get some help and get reimbursed for some of the costs involved.

She's made it a practice to hire people who she knows from the neighborhood. That's been twofold purpose. One is that she gets the help she needs. The second is that she's really getting to know her neighbors, and she's really enjoyed that. Some of her neighbors have needed help in turn. There was a woman who helped her who was moving. So Kathy helped her out by helping her move using Kathy's van. I think her life is very full.

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**FT:** You bring up a really important point about getting to know your neighbors. I was reporting on climate change and the cost of climate change a couple of years ago. What I learned is that it's really important for retirees, especially if they're looking to relocate, they're getting older, to go to areas where there is infrastructure for disaster relief. That they know they have ways to communicate and connect with members of the community who can help them. There are pipelines. There are accessible resources, especially if you're disabled or you live alone, and you may not have someone to immediately go to for necessities. I think AARP actually ranks towns across America based on this disaster preparedness, as it would relate to somebody who's retired.

Let's talk about some of the other folks you profiled with Veronica. I'm looking right now at Joyce McKiney, 77. You write that she's living off of \$1,800 a month. That's her Social Security check. She lives in Philadelphia, and she's doing this mainly by downsizing. She pays \$343 a month for a storage unit, and then her rent is \$5.84 per month. She subsidizes her senior transportation for a dollar a ride, which helps her get to most places. Her food budget is \$200 a month.

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**AT:** Yes. I think Joyce, she's very involved in a senior center there. If I remember, this was not one of my interviews. Yes, she also seemed like a very positive can-do woman. I believe her husband died and left her a widow, and she was forced to sell their home to low-income senior housing. She discovered, I believe, the senior center where I think she spends a lot of time. Then that offers her either very low-cost source of food and also just a network of friends and activities that she seems to really enjoy.

Yes, again, I feel like one of the strategies that she was able to tap into there is, in some cases, subsidies for some of the critical expenses that people have such as housing and food.

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**FT:** Were you able to see how well or if at all these seniors were able to save money because still important, right, to save in retirement for unexpected costs? I know some in my world who are in their 70s and older have reserves for funeral costs, for example. Did you have those conversations? Do they feel prepared for what-ifs?

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**AT:** This is, again, where I was so impressed with Kathy because, I mean, she has these property taxes that she has to pay, right? She already gets a subsidy by virtue of being, I believe, her age and possibly her age and income. She's done what she can to kind of reduce those costs. Usually, property taxes are paid once a year, maybe once every six months, depending on the locality. So that's where people can really have trouble, right? I mean, if they



don't budget for that, then when it comes time to pay the property taxes, maybe they don't have enough money in that account.

Kathy is very careful to set aside that money every month to make sure that she has it there when she needs to pay because once you get behind on your property taxes, then you are at risk of potentially being evicted at some point. Yes. That was one example of – I do think it's – when you're talking about people living on Social Security benefits, that's where I think cost of living can really come into play. I have spoken to people who are living on Social Security benefits in pretty inexpensive parts of the country, and they might have an easier job putting some money aside on a Social Security-type budget.

In a place like Philadelphia, I could only imagine that would be pretty difficult. But I can't speak to whether Joyce did or not. I'm just saying there's a real difference in cost of living there between, say, Tucson and Philadelphia.

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**FT:** I will say, too, that what really struck me with Joyce's profile – again, Joyce is the single woman living in Philly on \$1,800 a month. You mentioned that her husband died unexpectedly, and she had to learn how to acclimate to that financially and in other ways. But she had regrets. She didn't realize that boosting her earnings during her work years could have raised her Social Security benefits. She wish she had had more literacy. She would have gone for bigger jobs that paid more or had asked for raises. She regrets not pursuing higher education, so maybe she could earn more.

When you interviewed people for your article, did you feel like they thought, “This wasn't supposed to be the plan. I didn't think I was going to have to simply live on Social Security.”? I think one person thought he was just going to continue working in retirement, but then his body gave out because it's hard as you get older. You imagine you're going to be able to do all these things. In hindsight, did you talk about some of the steps they wish they had taken or thought about prior to retiring, so they wouldn't have to be on such strict budgets?

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**AT:** Yes. I think it's very common. That was Eric who thought he was going to be able to work for longer than he ended up being able to. He was a chef. That's, obviously, a very physically demanding job, so yes. That happens a lot. You see that in the national statistics. There's a survey that I follow that is very – it's a very good representative sample of people. They've been doing it for years and years. I think since the early nineties.

Every single year, I see in the statistics that people who retired expected that they were going to work a couple years longer than they actually did. I mean, things come up, if not for the retiree themselves, some kind of a health issue or physical limitation. Often people have to retire early to take care of relatives who are having health problems. Also, there's layoffs that happen, and it's harder for older people to find employment once they're unemployed. There are a number of factors, and that actually is quite common.

Yes. I think the topic of regrets came up with some of these people but not with others. Joyce, yes, she had that regret. I do think it's important to point out that people who are married have the advantage of being able to – while both spouses are alive, you obviously can draw Social Security from both of their earnings records. When the first spouse dies, the higher benefit goes to the survivor. So there is a little bit built into Social Security, a little bit of a cushion for people who are widows or widowers in that regard. Joyce did have these regrets about education level and that maybe she would have benefited from pursuing higher-paid jobs.

There's another woman I spoke to, Barbara.

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**FT:** Barbara Talisman, 63. She's a self-described nomad.

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**AT:** Yes. She really was sort of an outlier in this group, both because of her age because she was younger and also because of her approach. She actually had quite well-paying job. She's college graduate, but she never really saved a significant amount for most of her career. She

and her ex-husband had this very – I mean, they loved to travel, and they just had an attitude where if they had extra money, they would jump on a plane and go to Paris for the weekend. They would go to Australia on vacation. They lived in Chicago, so they were just constantly looking for ways to get out of the cold weather. She just – that is her passion through and through for her whole life is traveling.

She gets to retirement, and she has some money that that she's managed to put away. Actually, in the course of talking to her, as the market went up and up and up, her nest egg went from something. I can't remember the exact numbers but something like \$130,000 to in the upper hundred thousands. Her strategy is not to draw too much on that nest egg. I mean, she does draw – I think it worked out to be like an average of \$800 a month from her savings, which is not insignificant. Then she has her Social Security on top of that.

Her strategy was to cut out housing entirely. She is a nomad. Through various websites, she will housesit for people and through word of mouth. Sometimes, she ends up –

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**FT:** You can go on a 90-day cruise, right? That's a thing.

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**AT:** Yes, yes. She's launching a career as sort of a side gig as a travel agent. Yes. She is kind of traveling at length. She went to Australia one winter, and she was housesitting for most of that. She will look for these housesitting gigs to trade her labor in terms of taking care of somebody's house, often pets.

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**FT:** I just want to let everyone know that you can go on to the Social Security website, so much fun, [ssa.gov](https://ssa.gov), and see your estimated Social Security monthly payments in retirement. They do the calculations for you based on your work history, your future work, and when you want to start collecting. I can call this fun, right? It's always fun to go and see like what am I going to

make in my future. Do I believe that we'll be getting this? Yes, I better be. Because if not, I mean, I've been paying into this for 20 years. If we're not getting this, if I'm not getting this, I'm going to be wreaking havoc. There will be pitchforks in the streets.

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**AT:** Well, I – exactly. I mean, that is the point, right? I think that Congress is going to be reluctant to mess too much with the benefits of people who've already paid in, especially those who've paid in for years. Historically, actually, I wrote an article about this because there are a lot of people out there who have this idea that they need to claim the moment they become eligible at age 62. Otherwise, they're fearful that somehow the money is going to be taken away from them.

It's a little bit of a complicated nuance story. But if you look back to the eighties when Congress last kind of changed, did an effort, a run it, help buttressing Social Security's finances, they did take away – they did whittle away a little bit of the benefits of people who were already claiming Social Security. By and large, they really did not mess with that. People who claimed early, that's not necessarily all that protective.

I think people really need to think about the value of delaying Social Security because for every year that you delay, they adjust your benefits upwards by somewhere between six and eight percent. That's a guaranteed or very close to a guaranteed six to eight percent increase per year, in addition to the cost of living, the inflation increase that Social Security builds in. It's a very attractive strategy to wait to claim if you can afford to.

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**FT:** Yes. That's a really important point. Thank you for raising that. Thank you so much for this series, Anne. Please keep us in touch. We'd love to get a closer look at all of your real-life stories because there's nothing more inspiring than hearing how people are making ends meet and then some, potentially. I really just once again love how creative and resourceful these seniors that you found are being. They're doing the unimaginable, which is living on their Social

Security checks. Everybody, if you want to read the article, I got it linked in our show notes. Thanks so much, Anne.

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**AT:** Well, thanks for having me.

[END OF INTERVIEW]

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**FT:** Thanks so much to Anne Tergesen for joining us. The Wall Street Journal piece that she and Veronica Dagher wrote is called Here's What It's Like to Retire on Almost Nothing but Social Security. That article linked in our show notes.

Also in our show notes, if you're interested in getting more advice from me, more access to me, and connecting with like-minded peers who care about their financial wellness, I have something very special that I've developed. For a limited time, you can enroll in my So Money Members Club. Every month, I'm going to be offering free live financial trainings, a live office hour where you can walk in and ask me anything you want. Everything's recorded. There's also lots of engagement and questions getting answered in our online community. Check out [somonemembers.com](https://somonemembers.com) for all the information and to secure your spot today.

Thanks for tuning in. I'll be back here on Friday for Ask Farnoosh. I hope your day is So Money.

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