

TAUNTON DAILY GAZETTE

Cut in Social Security tax leaves extra in paychecks

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BOSTON — Coming soon to your paychecks: a 2 percent raise, courtesy of the government.

With the stroke of a pen last month, President Barack Obama gave workers the raise, cutting, for one year only, the amount we pay to Social Security.

"It's certainly going to help people. The idea behind it is 'Let's stimulate the economy,'" said Dana Levit, of Paragon Financial Advisors.

Workers who make \$30,000 will save \$600 a year. That's an extra \$50 a month. If you earn \$50,000, you'll save \$1,000 a year, or \$83 a month. A \$100,000 salary earner gets back \$2,000 a year, or a little more than \$166 a month.

There's always the option to let the extra money slip away and spend it, but financial advisers suggest making the money work for the long term.

"If you have credit card debt, that's 15 percent interest every year. Use this money to pay down the credit card debt," said Levit. "If you don't have your emergency fund done, this is a perfect opportunity to build that up," she said.

"And if both of those are taken care of, you might want to bump up your retirement savings, if you're keeping up with that."

People on the streets of Boston ran the gamut when asked about how they'd spend the extra money. Some said they'd invest it, others said they'd use it to pay bills. And others said they'd save it.

"It's there as a cushion," said Levit. "We've see in this economy that jobs are unstable, water boilers break, and that puts a lot of stress on people."

The maximum you can get back is \$2,100 a year. But experts say each check can add up to money that makes a difference.

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