

Ellen E. Schultz in an article entitled "How Much Is Social Security Worth?" (Oct. 20 – 21, 2012 at B9) writes that "[if] no adjustments are made, then in 2036 the system will deplete its reserves, meaning it will be paying out one dollar for every dollar it takes in." This sentence is patently incorrect. The Social Security welfare scheme has no segregated reserves, entrusted or otherwise, as the U.S. Supreme Court has confirmed in *Helvering v. Davis* (1937) and again in *Flemming v. Nestor* (1960), and as we explain in *Loring and Rounds: A Trustee's Handbook* (2012), at pages 1334-1336. On July 12, 2011, President Obama said he could not guarantee that retirees would receive their Social Security checks on August 11, 2011 should Democrats and Republicans fail to reach an agreement on raising the debt ceiling. If nothing else, the President's pronouncement serves as an official confirmation that Social Security Bonds are a legal fiction without economic value, that the Social Security Trust Fund has always been unfunded. The Social Security Trust Fund is not a true trust and the social security bonds are not true bonds. There are no "reserves" of property and Ms. Schultz was doing her readers a disservice by suggesting otherwise. For a prior posting on why the social security bond is a legal fiction, see <http://www.jdsupra.com/legalnews/the-fiction-of-social-security-bonds-83569/>.