



CAMBRIDGE

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PRESS RELEASE

11/14/17

SOCIAL SECURITY FUNDS MAY BE DEPLETED BY 2035, SAYS NEW GOVERNMENT REPORT

The children of today's baby boomers may not be able to access the same level of Social Security benefits as their parents, so says a report by the Government Accounting Office (GOA) of the United States. The study, which was commissioned by the GAO's director, Comptroller General Gene Dodaro, also outlines a number of other potentially serious issues facing future retirees of America unless current systems are addressed and reforms are made.

Cambridge Realty Capital Companies Chairman Jeffrey Davis has unique insight into the financial challenges facing senior populations. Having worked closely with senior care facility operators for three decades, he has seen the cost of building, renovating and operating senior living facilities as well as skilled care rise exponentially. "With the cost of housing and medical care already a strain on lower-income seniors, this scenario will only make the situation more dire," he commented.

GAO studies are often conducted at the request of Congressional representatives or governmental committees. However, the fact that this commission came top down from within the GAO itself suggests a sense of urgency on the part of Director Dodaro and a passion for the potential consequences to senior citizens should the US government maintain its current financial trajectory. In fact, the reports states that "the nation's approach to financing retirement has not been evaluated by a federal commission in 40 years." Unless the government addresses how Social Security is currently being funded, invested and distributed, there won't be enough left by 2035 to adequately meet the needs of seniors.

This warning was just one of several points made in the report with regard to America's future seniors. It addresses a number of issues of concern to retirees, including access to workplace retirement benefits, barriers to saving for retirement (stagnation in wages, rising cost of living, household debt and the fact that the cost of health care is outpacing inflation) and the reality that people are living longer than they did forty years ago, which further stretches the money available for aging Americans.

Dodaro stated that the goal of the report was fivefold:

To promote universal access to retirement savings.

To ensure greater retirement income adequacy.

To improve options for the spend-down phase of retirement.

To reduce the complexity and risk for retirement plan participants as well as sponsors.

To stabilize financial exposure to the federal government.

Dodaro recognizes that these will not be easy tasks. For one thing, some of the goals represent competing interests and will involve tuning very complicated systems while balancing the needs of parties on either side. Increasing funding is, of course, another looming obstacle. However, Dodaro feels that putting off the issue for another government to decide may simply be the final nail in the coffin for the future of the Social Security system.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 400 closed senior housing transactions totaling more than \$4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately \$60 million.

Cambridge is the creator of *The Signature Experience*[™], a four-step process designed to transform the traditional lender/borrower relationship and identify "ideal" capital solutions for worthy projects. The company has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to info@cambridgecap.com. The firm also has embraced social media and networking via Twitter at <http://twitter.com/cambridgecap>, via Facebook at <http://www.facebook.com/cambridgecap>, via blog at www.cambridgecap.com/blog and via LinkedIn at <http://www.linkedin.com/companies/454232>, where information on the firm and its employees can be found.

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