

strategies to help

**Maximize Social
Security Benefits**

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The Expertise of Many. **The Synergy of One.**






File:
#3993495.1

Baby Boomers Want to Know...

- 🌀 Will Social Security be there for me?
- 🌀 How much will I receive?
- 🌀 When should I file?
- 🌀 How can I maximize my benefits?

Social Security offers Lifelong Income

If total benefit is \$2,000/month:

TIME		BENEFIT
10+ years	You'll receive a total of 	\$302,689
20+ years		\$666,456
30+ years		\$1,141,276

Assumes 2.7% annual cost-of-living adjustments

This is a hypothetical illustration

How Social Security is Calculated?

- 🌀 Highest 35 years of “indexed earnings” to calculate Average Index Monthly Earnings (AIME)
- 🌀 \$1,640 per quarter = 1 Credit
- 🌀 Need 40 credits

Full Retirement Age (FRA)

Year of Birth	Full Retirement Age
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Source: Social Security Administration SSA.gov

Applying Early?

Reduced Benefits

Apply at age	If FRA = 66	If FRA = 67
62	75.0%	70%
63	80.0%	75%
64	86.7%	80%
65	93.3%	86.7%
66	100%	93.3%
67		100%

Source: Social Security Administration SSA.gov

Applying after FRA?

Increased Benefits

Apply at age	Benefit will be % of PIA if FRA = 66	Benefit will be % of PIA if FRA = 67
66	100%	93.3%
67	108%	100%
68	116%	108%
69	124%	116%
70	132%	124%

Source: Social Security Administration SSA.gov

Annual Earnings Test

- \$1 withheld for every \$2 earned over **\$21,240** from age 62-65
- \$1 withheld for every \$3 earned over **\$56,520** in year you reach FRA



Annual Earnings Test: “Grace Year Rule”

🌀 Earn \$100K Jan.1- June 30

🌀 Earn \$0 July 1- Dec. 31

🌀 If File on July 1

– NO benefits withheld

Monthly Limit = \$21,240/12 = \$1,770/mo.

“The Do Over”

🌀 Up to 12 months

🌀 Payback Social Security benefits received

🌀 Only one “do over” allowed



- ⑥ CAN'T “suspend” prior to FRA
- ⑥ CAN “stop and restart” between FRA and age 70

New Social Security Rules

- 🌀 Current recipients
- 🌀 Age 66 by May 1, 2016
- 🌀 Age 62 by January 1, 2016
- 🌀 Age 62 after January 1, 2016

Spousal Benefits



- Spousal benefits = 50% of primary worker's Primary Insurance Amount (PIA)

Example:

- John's PIA is \$2000
- Jane's PIA is \$800
 - If Jane applies at FRA, her benefit will be \$1,000 (50% of John's PIA)

Backdating Applications

- 🌀 Only allowed after “full retirement age” (FRA)
- 🌀 Lesser of 6 months or FRA

Backdating Applications *continued*

Assume January 2023

- 🌀 Husband, 66, Jan. 2022, PIA = \$2,700
- 🌀 Husband's FRA = 66 and 6 mo. (July '22)
- 🌀 Wife, 68, collecting \$950

Q: What if husband files in January 2023?

Q: What if husband backdates application 6 months to July 2022?

Backdating Applications *continued*

Husband Files in January 2023

- 🌀 Husband \$2,800/mo. ($\$2,700 \times 1.04$)
- 🌀 Wife \$400/mo. “spousal add-on”
 - ($\$2,700/2 - \$950 = \$400$)
- 🌀 Wife collects: $\$950 + \$400 = \$1,350/\text{mo.}$

Backdating Applications *continued*

Husband Files in July 2022:

- 🌀 Husband \$2,700/month (PIA)
- 🌀 Husband **\$16,200** lump-sum back-payment
 - (6 months x \$2,700)
- 🌀 Wife collects: \$950 + \$400 = \$1,350/mo.
- 🌀 Wife **\$2,400** lump-sum back-payment (6 months x \$400)

Combined back-pay= **\$18,600** (**\$16,200** + **\$2,400**)

Maximum Strategy vs. “The Sweet Spot”

- John, 65, PIA = \$3,600 working
- Mary, 65, PIA = \$3,300 retired

Maximum Strategy:

- Both defer to 70
- Maximize Individual Benefits at 70

Q: Is Maximum Strategy also “The Sweet Spot”?

Maximum Strategy vs. “The Sweet Spot” *continued*

Maximum Strategy

- Both defer to 70
- Lifetime Benefit = \$2,320,000

“The Sweet Spot”

- Mary files at 67
- John files at 68 and 6 mo.
- Lifetime Benefit = \$2,230,000
(\$90K less)



Maximum Strategy vs. “The Sweet Spot” continued

- Maximum Strategy generates \$90,000 of additional lifetime benefits BUT...
- “The Sweet Spot”
 - Payments earlier: Mary’s 67, John 68 and 6 mo.
 - Receive \$200,000 before Maximum Strategy starts their payments at age 70
 - NPV of \$90,000 in 25 years?

Same-Sex Couples

Supreme Court Ruling June 26, 2015

- 🌀 Same-sex marriage legalized nationwide
- 🌀 Afforded same benefits as heterosexual couples

Divorced Spouse Benefits

Divorce Rate:

- ① First marriage _____?
- ① Second marriage _____?
- ① Third marriage _____?

Government research on divorce...

Divorced Spouse Benefits *continued*

- ② Married 10 years or more
- ② Currently unmarried
- ② You and ex-spouse at least age 62
- ② Divorced more than two years

Divorced Spouse Benefits *continued*

- ➊ Divorcee, age 67, still unmarried, PIA less than 50% of ex-spouse's PIA
- ➋ My doctor, age 67; divorced, still unmarried, PIA is greater than 50% of ex-spouse's PIA
- ➌ Divorced woman married 9 years and 9 months

Child & Child-In-Care Benefits

- 🌀 Ex-husband, age 62
- 🌀 Ex-wife, 35, no earnings
- 🌀 Marriage lasted 6 years
- 🌀 Child, age 5

Q1: Benefits if he files at 62?

Q2: Benefits if he dies at 62?

Survivor Benefits

- Joe's benefit is \$2,000
- Julie's benefit is \$1,200
- Joe dies



Julie collects \$2,000 survivor benefit only

Survivor Benefits *continued*

🌀 Joe, age 63, widower

🌀 Laurie, partner, age 59, widow

They decide to get married...



College Funding

- 🌀 Husband, 67, PIA = \$2,600
- 🌀 Wife, 56, Earned Income = 0
- 🌀 Child, 14

Q: Should husband file now to fund a 529 plan?

Estate Planning: Social Security & Life Insurance

- ⑥ Husband, 66, PIA= \$2,600
- ⑥ Wife, 66, PIA= \$1,600
- ⑥ Net Worth= \$80 Million
- ⑥ 3 Children, 5 Grandchildren
- ⑥ SS funds \$2.5 million life insurance

Social Security & Charitable Giving

- ② Social Security benefits can be used to make annual charitable contributions if not needed for retirement income.
- ② Leverage the value of Social Security using Social Security benefits to fund a life insurance policy for the benefit of a charity or family member.

Medicare “Gotchas”

- 🌀 HSA’s (Health Savings Account) can’t be funded once collecting Social Security.
- 🌀 If age 65 and on COBRA you must file for Medicare.

Taxation of Social Security Benefits

Filing status	Provisional income*	Amount of SS subject to tax
Married filing jointly	Under \$32,000 \$32,000 - \$44,000 Over \$44,000	0 Up to 50% Up to 85%
Single, head of household, qualifying widow(er), married filing separately & living apart from spouse	Under \$25,000 \$25,000 - \$34,000 Over \$34,000	0 Up to 50% Up to 85%
Married filing separately and living with spouse	Over 0	85%

***Provisional income = AGI + one-half of SS benefit + tax-exempt interest**

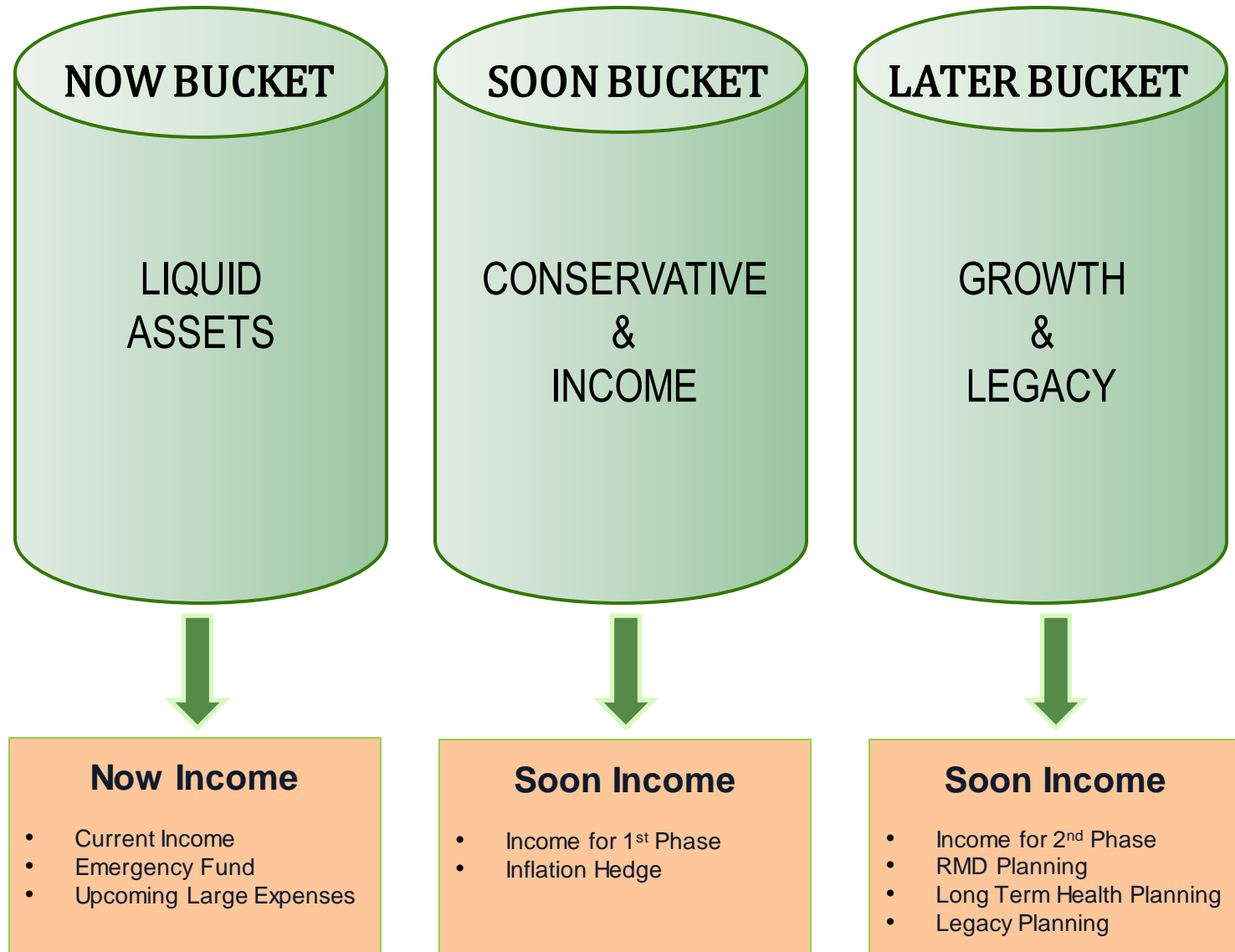


Your personal retirement road map varies greatly based on your personal circumstances

Your Social Security Plan should be integrated into a comprehensive retirement plan

**Portfolio should be segmented into buckets-
NOW, SOON AND LATER**

THE BUCKET PLAN



**Interested in having Ash customize your
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\$3,500**

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