

## Social Security: Good Things Come to Those Who Wait,,, and Work

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**Kurt Czarnowski**

Czarnowski Consulting: Expert Answers to Your Social Security Questions  
[www.CzarnowskiConsulting.com](http://www.CzarnowskiConsulting.com)

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## A Foundation for Planning Your Future



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## The Social Security Statement



- The *Statement* provides you with benefit estimates and allows you to check your earnings history for accuracy.
- While mailings have resumed on a limited basis, you can also request a Statement anytime at:  
[www.SocialSecurity.gov/myaccount/](http://www.SocialSecurity.gov/myaccount/)

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## Use the Retirement Estimator

- Convenient, secure, and quick financial planning tool
- Immediate and accurate benefit estimates
- Lets you create “What if” scenarios based on different ages and earnings



[www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator)

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## Full Retirement Age

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943 – 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 or later	67

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## Your Age At The Time You Elect Retirement Benefits Affects the Amount

**If You’re a Worker and Retire:**

- At your FRA, you get your full benefit amount.
- Before your Full Retirement Age (FRA), you get a reduced monthly payment. 62 is the earliest age at which you can begin to collect benefits.
- Past your FRA, you get an even higher monthly payment. However, you can only earn these Delayed Retirement Credits (DRCs) until age 70.

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## Your Age At The Time You Elect Retirement Benefits Affects the Amount

For example, if you were born from 1943 through 1954:

- Age 62 75% of benefit
- Age 66 100% of benefit
- Age 70 132% of benefit



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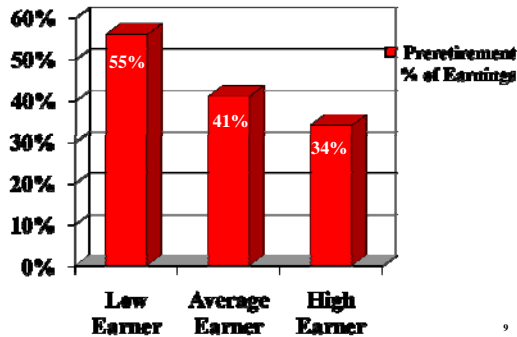
## How Social Security Determines Your Benefit

Social Security benefits are based on earnings

- **Step 1** -Your wages are adjusted for changes in wage levels over time
- **Step 2** -Find the monthly average of your 35 highest earnings years
- **Step 3** -Result is “average indexed monthly earnings”



## What You Can Expect at Full Retirement Age



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## You Can Work & Still Receive Benefits

If You Are	You Can Make Up To	If You Make More, Some Benefits Will Be Withheld
Under Full Retirement Age	\$15,720/yr. (\$1,310/mo.)	\$1 for every \$2
The Year Full Retirement Age is Reached	\$41,880/yr. (\$3,490/mo.)	\$1 for every \$3
Month of Full Retirement Age and Above	No Limit	No Limit



Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.

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## Spouse's Benefit Computation

- Benefit is 50% of worker's FRA amount. DRCs have no impact.
- If spouse's own benefit is less than 50% of the worker's, the benefits are combined.
- Benefit amount is reduced if spouse is under FRA.
- Does not reduce payment to worker.

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## Widow or Widower Benefit Computation

- At full retirement age, 100% of deceased worker's benefit
- At age 60, 71.5% of deceased worker's benefit
- Reduced benefits on one record at age 60, reduced or unreduced benefit on other record at age 62 or older
- Full benefits to both widow or widower and divorced widow or widower

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## In Addition to the Retiree, Who Else Can Get Benefits?

### Your Ex-Spouse

- Marriage lasted at least 10 years
- Ex-spouse is 62 or older and unmarried (you can be married)
- If you have been divorced at least two years, and you and your ex-spouse are at least 62, he or she can get benefits even if you are not yet retired
- Ex-spouse's benefit amount has no effect on the amount you or your current spouse can get

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## Social Security "Strategies"

- "File and Suspend"
- "Claim Some Now; Claim More Later"
- "Combined Strategies"
- "No Can Do Over"

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## Social Security "Strategies"

### File and Suspend

- One member of the couple must be at or over Full Retirement Age;
- Files for own retirement benefits and immediately requests that benefit payments be suspended;
  - ❖ Worker earns DRCs since no payments being made
- Spouse can begin to collect up to 50% of worker's FRA amount;
  - ❖ Spouse must be at least age 62
  - ❖ Eligible children can begin to collect, as well

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## Social Security "Strategies"

### Claim Some Now; Claim More Later

- One member of the couple must be at least age 62 and must have applied for own retirement benefits;
- Spouse restricts the scope of the application and files ONLY for a spouse's benefit;
  - ❖ Spouse begins to collect up to 50% of other worker's FRA amount, while earning DRCs on own
- Spouse must be at or over Full Retirement Age;
  - ❖ Prior to FRA, spouse cannot restrict scope of application and is "deemed" to file for own benefit first

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## Social Security "Strategies"

### Combined Strategies

- One member of couple "files and suspends" while the other member files for spouse's benefits only;
  - ❖ Both must be at or over Full Retirement Age
- Allows some benefits to be paid while both members of the couple earn DRCs going forward;
- If couple still married, both CANNOT receive just spouse's benefits at the same time.
  - ❖ However, divorced couples can do just that, if divorce was finalized at least two years previously

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## Social Security "Strategies"

### The Do Over

- Since December, 2010, more properly called "The No Can Do Over;"
- An individual may still withdraw an application, but only within 12 months of the first month of entitlement;
- Also limited to only one withdrawal in a lifetime;
- At FRA can request benefit suspension in order to earn DRCs, even if payments had already started.

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## Your Benefits Can Be Taxable

- Applies to those with a Modified Adjusted Gross Income (MAGI) above \$25,000 (individual) or \$32,000 (couple filing jointly).
- Up to 85% of benefits received could be treated as ordinary income for federal tax purposes.
- Proceeds are transferred back to Social Security.
- At the end of each year, people receive a *Social Security Benefit Statement* (Form SSA-1099).
- About half of people who get Social Security pay income taxes on their benefits.

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## A Foundation for Planning Your Future



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