



Savvy Social Security Planning



Presented By:




TIMMICK FINANCIAL GROUP

Integrity . Insight . Leadership

Specializing in Retirement Planning


Securities and Advisory Services Offered Through Founders Financial, LLC, Member FINRA, SIPC and a Registered Investment Advisor

1





Timmick Financial Group

Savvy Social Security Planning




A Brief History

1. Signed Into Law on **August 14, 1935**
2. A Direct Response to the **Great Depression**
3. **Hotly Debated** at the time




2




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security: Key Points

- Social Security is a National Pension Plan
- Social Security Provides Lifetime Income You Can't Outlive




Source: Social Security Administration

3



Timmick
Financial
Group

Savvy
Social Security
Planning



Social Security Statement


The only thing **most people know** about Social Security is **what's on their Statement**

Obtain Yours At:

ssa.gov/myaccount/


Source: Social Security Administration

4



Timmick
Financial
Group


Savvy
Social Security
Planning




Social Security Decision Making

BEST PRACTICE

**Focus on
Lifetime Income
vs.
Monthly Benefit Amount**




5




Timmick
Financial
Group

Savvy
Social Security
Planning



Potential Cumulative Lifetime Income




\$3,600 monthly benefit started today with 2.0% COLA

In 10 years	you'll have received a total of	\$473,028	in payments
In 20 years		\$1,049,646	
In 30 years		\$1,752,541	


Source: Social Security Administration

6




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #1

Is the Social Security System Broke and Will It Even Be There for Me?




7



Timmick
Financial
Group


Savvy
Social Security
Planning



How the System is Funded

- System is funded EXCLUSIVELY by a Dedicated **Payroll Tax**


Contributor	Social Security
Employee	6.2%
Employer	6.2%
Total	12.4%



- Self-Employed people pay both sides of the tax (12.4%)
- Taxed on the first \$168,600** of wages earned in a year (2024)
- Funds are deposited directly into the **Social Security Trust Fund**
- No individual accounts exist**, contributions are simply pooled to pay benefits to all who are eligible


Source: Social Security Administration

8



Timmick
Financial
Group


Savvy
Social Security
Planning



How the System is Funded


History of The Payroll Tax Rate

Year	Rate
1935	1.00%
1950	1.50%
1960	3.00%
1970	4.20%
1980	5.08%
1990	6.20%
Today	6.20%




Source: Social Security Administration

9



Timmick
Financial
Group

Savvy
Social Security
Planning




How the System is Funded: Example

Taxes you and your employer pay into Social Security:

Hypothetical Example:

Born in 1955

Earned the Social Security maximum each year from age 22-61




Source: Social Security Administration

Age	Year	Maximum Earnings	Payroll Tax Rate	Employee Share	Employer Share
22	1977	\$16,500	4.95%	\$817	\$817
23	1978	\$17,700	5.05%	\$894	\$894
24	1979	\$22,900	5.08%	\$1,163	\$1,163
25	1980	\$25,900	5.08%	\$1,316	\$1,316
26	1981	\$29,700	5.35%	\$1,589	\$1,589
27	1982	\$32,400	5.40%	\$1,750	\$1,750
28	1983	\$35,700	5.40%	\$1,928	\$1,928
29	1984	\$37,800	5.70%	\$2,155	\$2,155
30	1985	\$39,600	5.70%	\$2,257	\$2,257
31	1986	\$42,000	5.70%	\$2,394	\$2,394
32	1987	\$43,800	5.70%	\$2,497	\$2,497
33	1988	\$45,000	6.06%	\$2,727	\$2,727
34	1989	\$48,000	6.06%	\$2,909	\$2,909
35	1990	\$51,300	6.20%	\$3,181	\$3,181
36	1991	\$53,400	6.20%	\$3,311	\$3,311
37	1992	\$55,500	6.20%	\$3,441	\$3,441
38	1993	\$57,600	6.20%	\$3,571	\$3,571
39	1994	\$60,600	6.20%	\$3,757	\$3,757
40	1995	\$61,200	6.20%	\$3,794	\$3,794
41	1996	\$62,700	6.20%	\$3,887	\$3,887
42	1997	\$65,400	6.20%	\$4,055	\$4,055
43	1998	\$68,400	6.20%	\$4,241	\$4,241
44	1999	\$72,600	6.20%	\$4,501	\$4,501
45	2000	\$76,200	6.20%	\$4,724	\$4,724
46	2001	\$80,400	6.20%	\$4,985	\$4,985
47	2002	\$84,900	6.20%	\$5,264	\$5,264
48	2003	\$87,000	6.20%	\$5,394	\$5,394
49	2004	\$87,900	6.20%	\$5,450	\$5,450
50	2005	\$90,000	6.20%	\$5,580	\$5,580
51	2006	\$94,200	6.20%	\$5,840	\$5,840
52	2007	\$97,500	6.20%	\$6,045	\$6,045
53	2008	\$102,000	6.20%	\$6,324	\$6,324
54	2009	\$106,800	6.20%	\$6,622	\$6,622
55	2010	\$106,800	6.20%	\$6,622	\$6,622
56	2011	\$106,800	6.20%	\$6,622	\$6,622
57	2012	\$110,100	6.20%	\$6,826	\$6,826
58	2013	\$113,700	6.20%	\$7,049	\$7,049
59	2014	\$117,000	6.20%	\$7,254	\$7,254
60	2015	\$118,500	6.20%	\$7,347	\$7,347
61	2016	\$119,500	6.20%	\$7,413	\$7,413
			FICA Taxes Paid:	\$167,428	\$167,428
			Total Employee and Employer Paid in:	\$334,856	

10


For workshop attendee's personal use only.
Unauthorized duplication and distribution
strictly prohibited.

5




Timmick
Financial
Group


Savvy
Social Security
Planning



Trust Fund is Currently Over-Funded




- Significantly more has come in from payroll taxes than has been paid out in benefits:
 - Total current surplus = \$2.8 Trillion**
- Surplus Assets are managed by a **Commissioner** and overseen by a **Board of Trustees**
- The surplus is **invested in special-issue US Government Bonds only**




Source: Social Security Administration

11




Timmick
Financial
Group


Savvy
Social Security
Planning




So What's the Problem?



- Decreasing Worker-to-Retiree Ratio
- Baby Boomers Are Retiring
- Depletion of the Surplus is Looming




12




Timmick
Financial
Group

Savvy
Social Security
Planning






So What's the Problem?



1. An Aging Population (lower birth rates & immigration rates)


Leads to a Lower Worker-to-Retiree Ratio

<u>1935</u>	<u>1955</u>	<u>Today</u>
42:1	9:1	3:1




Source: Social Security Administration & US Census Bureau

13




Timmick
Financial
Group

Savvy
Social Security
Planning




So What's the Problem?



2. Retiring Baby Boomers Placing Heavy Demands on the System


- Born: 1946 – 1964
- Current Ages: 60 - 78



77.3 million
Boomers


Source: US Census Bureau

14



Timmick
Financial
Group

Savvy
Social Security
Planning




So What's the Problem?

3. Transitioning from Surplus Creation to Surplus Consumption


Source: Social Security Administration & US Census Bureau

15



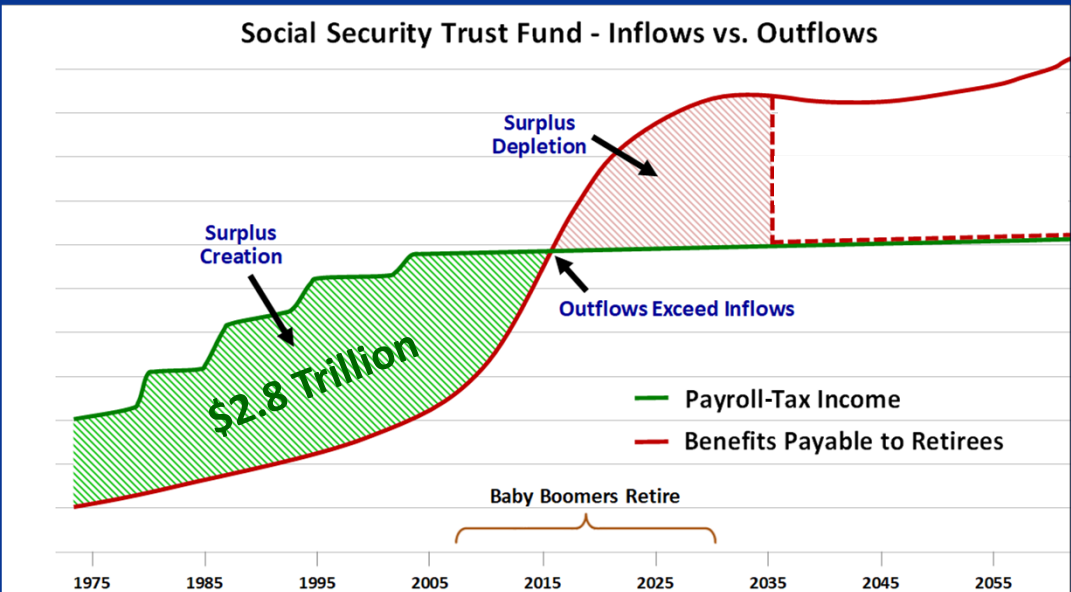
Timmick
Financial
Group

Savvy
Social Security
Planning




So What's the Problem?

Social Security Trust Fund - Inflows vs. Outflows




Source: Social Security Administration


16



Timmick
Financial
Group

Savvy
Social Security
Planning






Potential Changes Being Considered


Potential Solutions to Keep System Fully Solvent

1. **Increase Payroll Tax Rate** (Currently 6.2% Worker + 6.2% Employer)
2. **Raise the Maximum Taxable Salary** (\$168,600)
3. **Raise the Earliest Age for Starting Benefits** (62)
4. **Raise the Full Retirement Age** (65-67)
5. **Lower Cost-of-Living Adjustments (COLAs)**
6. **Means-Test for Benefit Eligibility**
7. **Some combination of all the above...**

URGENT: It's rapidly becoming too late to make easily absorbable changes!





17



Timmick
Financial
Group

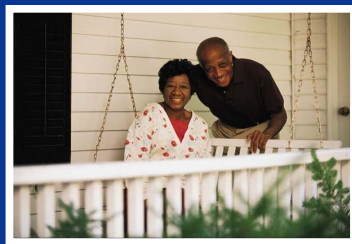
Savvy
Social Security
Planning






The Bottom Line...

1. **Benefits could drop 25%** around 2034 if Congress does not act
2. Deciding to **start benefits early** based on a **poor understanding** of the **system's finances** could be a **mistake**
3. If you have an opinion on **what should be done** and when, **contact your Congressional Representatives** and **advocate**




18




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #2:

Who is eligible for benefits and how do you qualify?



19



Timmick
Financial
Group

Savvy
Social Security
Planning




Who Qualifies for Social Security Benefits?

- Earned at least 40 Social Security Credits**
 - One credit is earned for every \$1,730 of earned income
 - Maximum of 4 credits can be earned in a single year
 - For most people it takes 10 years of work to be eligible for benefits
(4 credits per year x 10 years = 40 credits earned)
- Spouse** of a covered worker
- Divorced Spouse** of a covered worker
- Widow(er)** of a deceased covered worker




Source: Social Security Administration

20




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #3:

How is my payment amount calculated?




21




Timmick
Financial
Group

Savvy
Social Security
Planning




Your Benefit Amount Is Based On:



1. How much you earned over your working life
 - Calculation uses your **highest 35** years of wage earnings
2. The age at which you choose to start your benefits
 - **Age 62 - 70**


Source: Social Security Administration

22




Timmick
Financial
Group

Savvy
Social Security
Planning



How Your Benefit Amount is Calculated




A Three Step Process:

1. Determine your **Average Indexed Monthly Earnings (AIME)**
2. Calculate your **Primary Insurance Amount (PIA)**
3. Adjust PIA for **Early** or **Delayed Benefits**


Source: Social Security Administration

23




Timmick
Financial
Group

Savvy
Social Security
Planning




Step 1: Determine Your Average Indexed Monthly Earnings (AIME)



- Earnings are indexed first to **account for wage inflation**
- Highest 35 years of **inflation-adjusted wages** are averaged (does not have to be consecutive)
- Social Security **maximum taxable amount** is the **most** that can be counted toward a given year
- Result is **Average Indexed Monthly Earnings**, or **“AIME”**


Source: Social Security Administration

24



Timmick Financial Group

Savvy Social Security Planning



Step 1: Average Indexed Monthly Earnings: 2 Examples

Earning History Scenario 1

Age	Year	Maximum SS Wages	Index Factor	Indexed Earnings	Rank
22	1977	\$16,500	4.85	\$79,993	
23	1978	\$17,700	4.49	\$79,497	
24	1979	\$22,900	4.13	\$94,579	
25	1980	\$25,900	3.79	\$98,130	
26	1981	\$29,700	3.44	\$102,236	
27	1982	\$32,400	3.26	\$105,711	15
28	1983	\$35,700	3.11	\$111,067	13
29	1984	\$37,800	2.94	\$111,071	12
30	1985	\$39,600	2.82	\$111,605	11
31	1986	\$42,000	2.74	\$114,957	21
32	1987	\$43,800	2.57	\$112,697	28
33	1988	\$45,000	2.45	\$110,350	34
34	1989	\$48,000	2.36	\$113,223	25
35	1990	\$51,300	2.25	\$115,665	18
36	1991	\$53,400	2.17	\$116,074	16
37	1992	\$55,500	2.07	\$114,727	22
38	1993	\$57,600	2.05	\$118,053	10
39	1994	\$60,600	2.00	\$120,955	5
40	1995	\$61,200	1.92	\$117,445	13
41	1996	\$62,700	1.83	\$114,714	23
42	1997	\$65,400	1.73	\$113,057	26
43	1998	\$68,400	1.64	\$112,362	29
44	1999	\$72,600	1.56	\$112,966	27
45	2000	\$76,200	1.47	\$112,354	33
46	2001	\$80,400	1.44	\$115,785	17
47	2002	\$84,900	1.43	\$121,051	4
48	2003	\$87,000	1.39	\$121,085	3
49	2004	\$87,900	1.33	\$116,903	15
50	2005	\$90,000	1.28	\$115,471	17
51	2006	\$94,200	1.23	\$115,549	19
52	2007	\$97,500	1.17	\$114,405	24
53	2008	\$102,000	1.15	\$116,994	14
54	2009	\$106,800	1.16	\$124,375	1
55	2010	\$106,800	1.14	\$121,503	2
56	2011	\$106,800	1.10	\$117,812	11
57	2012	\$110,100	1.07	\$117,775	12
58	2013	\$113,700	1.06	\$120,091	6
59	2014	\$117,000	1.02	\$119,340	7
60	2015	\$118,500	1.00	\$118,500	8
61	2016	\$118,500	1.00	\$118,500	8
Sum of Highest 35 Years:				\$4,054,192	
Annual Average (Sum/35):				\$115,834	
Average Monthly Earnings = AIME:				\$9,653	


Earning History Scenario 2

Age	Year	Maximum SS Wages	Index Factor	Indexed Earnings	Rank
22	1977	\$0	4.85	\$0	
23	1978	\$0	4.49	\$0	
24	1979	\$22,900	4.13	\$94,579	24
25	1980	\$7,800	3.79	\$29,553	27
26	1981	\$9,000	3.44	\$30,981	28
27	1982	\$10,800	3.26	\$35,237	25
28	1983	\$0	3.11	\$0	
29	1984	\$0	2.94	\$0	
30	1985	\$0	2.82	\$0	
31	1986	\$0	2.74	\$0	35
32	1987	\$0	2.57	\$0	34
33	1988	\$0	2.45	\$0	33
34	1989	\$0	2.36	\$0	32
35	1990	\$0	2.25	\$0	31
36	1991	\$0	2.17	\$0	30
37	1992	\$0	2.07	\$0	29
38	1993	\$0	2.05	\$0	28
39	1994	\$60,600	2.00	\$120,955	5
40	1995	\$61,200	1.92	\$117,445	12
41	1996	\$62,700	1.83	\$114,714	23
42	1997	\$65,400	1.73	\$113,057	26
43	1998	\$68,400	1.64	\$112,362	29
44	1999	\$72,600	1.56	\$112,966	27
45	2000	\$76,200	1.47	\$112,354	33
46	2001	\$80,400	1.44	\$115,785	15
47	2002	\$84,900	1.43	\$121,051	4
48	2003	\$87,000	1.39	\$121,085	3
49	2004	\$87,900	1.33	\$116,903	14
50	2005	\$90,000	1.28	\$115,471	17
51	2006	\$94,200	1.23	\$115,549	16
52	2007	\$97,500	1.17	\$114,405	18
53	2008	\$102,000	1.15	\$116,994	13
54	2009	\$106,800	1.16	\$124,375	1
55	2010	\$106,800	1.14	\$121,503	2
56	2011	\$106,800	1.10	\$117,812	10
57	2012	\$110,100	1.07	\$117,775	11
58	2013	\$113,700	1.06	\$120,091	6
59	2014	\$117,000	1.02	\$119,340	7
60	2015	\$118,500	1.00	\$118,500	8
61	2016	\$118,500	1.00	\$118,500	8
Sum of Highest 35 Years:				\$2,889,342	
Annual Average (Sum/35):				\$82,553	
Average Monthly Earnings = AIME:				\$6,879	

Two Hypothetical Examples:


Both workers born in 1955 who earned the Social Security Maximum in each year they worked

25



Timmick Financial Group

Savvy Social Security Planning



Step 2: Calculate your PIA

- Apply a formula to your AIME to determine your **Primary Insurance Amount (PIA)**
 - PIA is the amount you'll **receive at Full Retirement Age (FRA)**
 - PIA is the **basis for computing** all other Social Security benefit amounts

Example 1:

- AIME = \$9,653
- PIA formula:

Bend 1

$\$885 \times 90\% = \796.50

Bend 2

$\$4,451 \times 32\% = 1,424.32$

Excess

$\$4,317 \times 15\% = 647.55$

PIA = \$2,868.37

Example 2:

- AIME = \$6,879 **28.8% Lower AIME**
- PIA formula:

Bend 1

$\$885 \times 90\% = 796.50$

Bend 2

$\$4,451 \times 32\% = 1,424.32$

Excess


$\$1,543 \times 15\% = 231.45$

PIA = \$2,452.27

14.5% Lower Benefit


Source: Social Security Administration

26



Timmick
Financial
Group

Savvy
Social Security
Planning




Step 3: Adjust PIA for Taking Early or Delayed Benefits


PIA = \$2,868
Born in 1955
FRA Year: 2021

Start Benefits Age	% of PIA Full Benefit	Monthly Benefit WITHOUT COLAs
62	74.2%	\$2,128
63	79.2%	2,271
64	85.6%	2,455
65	92.2%	2,644
66 & 2mo.	100.0%	2,868
67	106.7%	3,060
68	114.7%	3,290
69	123.7%	3,548
70	130.7%	3,748

Source: Social Security Administration




27




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #4:

What's the most I can receive?




28




Timmick
Financial
Group

Savvy
Social Security
Planning



What Is The Most You Can Receive?



Maximum Benefit Payment If You Started This Year (2024)

If Your Age This Year Is:	Monthly	Annually
62 (Earliest)	\$2,710	\$32,520
67 (Full Retirement Age)	\$3,822	\$45,864
70 (Latest)	\$4,873	\$58,476


Assumptions:

- Worked continuously the last 35 years prior to starting benefits
- Made at least the maximum taxable amount every year you worked

Note: Values change annually


Source: Social Security Administration: <https://faq.ssa.gov/en-us/Topic/article/KA-01897>

29




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #5

Does the amount I get ever increase after I start my benefits?




30




Timmick
Financial
Group

Savvy
Social Security
Planning



Cost-of-Living Allowances (COLA)




- Annual Cost-of-Living-Adjustments (COLAs) are **Automatic** based on changes in the **Consumer Price Index (CPI)**
- Automatic COLA's were **introduced in 1975**. An act of congress was needed prior to 1975.
- Benefits **never decrease** in years the CPI is down
- Benefit increases have historically **averaged about 2.5%** per year

Year	COLA
2015	0.0%
2016	0.3%
2017	2.0%
2018	2.8%
2019	1.6%
2020	1.3%
2021	5.9%
2022	8.7%
2023	3.2%


Source: Social Security Administration

31




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #6

When Does it Make the Most Economic Sense to Start?




32



Timmick
Financial
Group

Savvy
Social Security
Planning



Why Delay Starting Benefits?

Start Benefits Age	% of Full Benefit	Monthly Benefit WITHOUT COLAs	Monthly Benefit WITH COLAs	Annual Income WITH COLAs	Cumulative Lifetime Income At Age 88	# Years Received Benefits
62	74.2%	\$2,128	\$2,128	\$25,536	\$919,595	26
63	79.2%	2,271	2,328		\$954,231	25
64	85.6%	2,455	2,579		\$1,001,138	24
65	92.2%	2,644	2,847		\$1,044,886	23
66 & 2mo.	100.0%	2,868	3,165		\$1,096,211	22
67	106.7%	3,060	3,462		\$1,129,302	21
68	114.7%	3,290	3,815		\$1,169,434	20
69	123.7%	3,548	4,217		\$1,211,764	19
70	130.7%	3,748	4,567	\$54,804	\$1,226,861	18


\$176,616 Difference

\$307,266 Difference

\$130,650 Difference

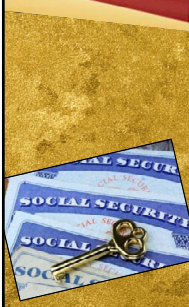
Worker Born in 1955. At age 66 & 2 mo. has a calculated FRA PIA of \$2,868/mo. Assumes Annual COLAs of 2.5%.

33



Timmick
Financial
Group

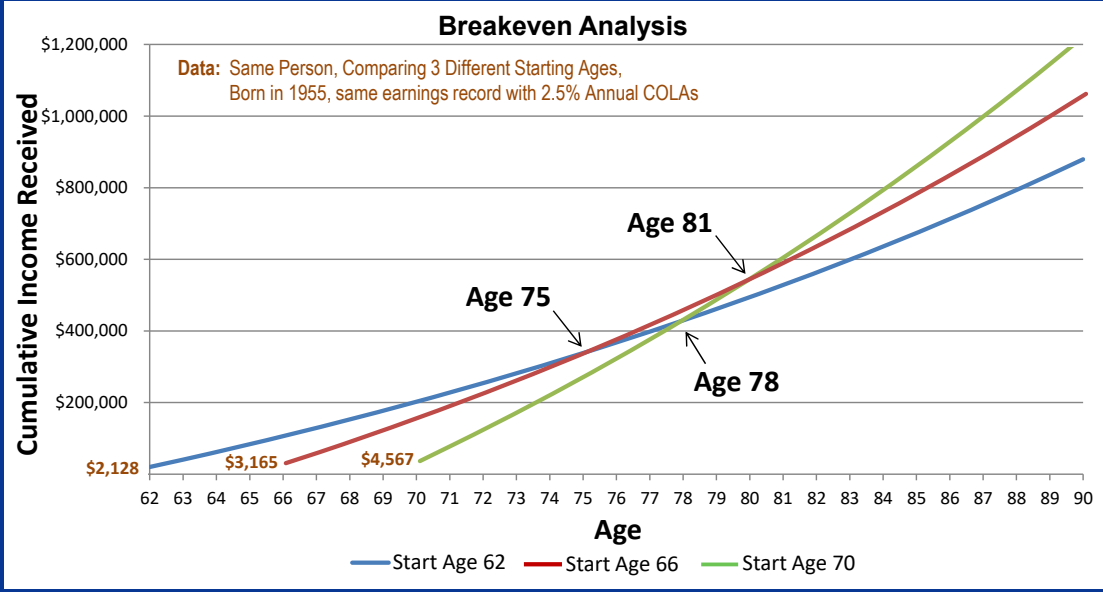
Savvy
Social Security
Planning



Breakeven Analysis

Breakeven Analysis

Data: Same Person, Comparing 3 Different Starting Ages, Born in 1955, same earnings record with 2.5% Annual COLAs




Cumulative Income Received

Age

Start Age 62 Start Age 66 Start Age 70


Source: Timmick Financial Group

34




Timmick
Financial
Group

Savvy
Social Security
Planning




Factors For When to Start Your Benefits




1. Your individual life expectancy
2. When you plan to stop working
3. Whether you can fund delaying from your savings

35




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #7

Can I Work While Receiving Benefits?




36




Timmick
Financial
Group

Savvy
Social Security
Planning




Working Could Reduce Your Benefits



- Penalties apply if you **exceed the limits** on income from work
- Two earnings limits apply:
 1. From age 62 up to the year you turn your full retirement age, the earnings limit is **\$22,320**
 - Penalty = \$1 for every \$2 over the limit (e.g. 50% of your overage)
 2. During the one year that you turn your full retirement age, the earnings limit is increased to **\$59,520**
 - Penalty = \$1 for every \$3 over the limit (e.g. 33.3% of your overage)
- Your **check is TOTALLY WITHHELD** until the full penalty is paid
- After Full Retirement Age you can **earn an unlimited amount from working with no Penalty**


Source: Social Security Administration

37



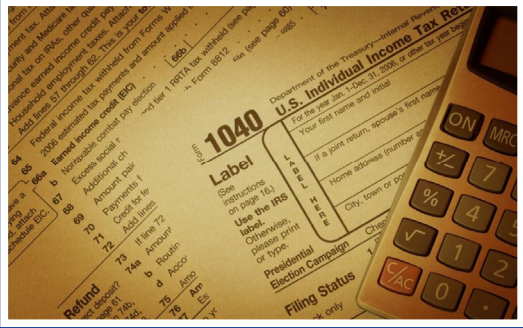
Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #8

Are Social Security payments considered taxable income?




38



Timmick
Financial
Group

Savvy
Social Security
Planning



Taxation of Social Security Benefits

- The amount taxable depends on your “Provisional Income”

Calculation of Provisional Income

- + 1/2 of Social Security Income
- + Income from Work
- + Taxable Pension & Annuity Income
- + Taxable IRA Withdrawals
- + Interest, Dividends & Capital Gains
- + Rental & Business Income

= Provisional Income

States that Tax Social Security Benefits:


1. Colorado
2. Connecticut
3. Kansas
4. Minnesota
5. Missouri
6. Montana
7. Nebraska
8. New Mexico
9. Rhode Island
10. Utah
11. Vermont

Social Security Included as Federal Taxable Income

Filing Status	Base Amount	"Provisional Income"	Amount of Social Security to be Included as Taxable Income
Married Filing Jointly	\$0	\$0 - \$31,999	0%
	\$32,000	\$32,000 - \$44,000	50%
	\$44,000	Over \$44,000	85%
Single, Head of Household, Widow(er), Married Filing Separately & Living Apart	\$0	\$0 - \$24,999	0%
	\$25,000	\$25,000 - \$34,000	50%
	\$34,000	Over \$34,000	85%
Married Filing Separately & Living Together	\$0	Over \$0	85%


Source: Social Security Administration & State Comptrollers

39




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #9

What Are Spouse, Survivor & Divorced Benefits?




40



Timmick
Financial
Group

Savvy
Social Security
Planning




You Could Be Eligible for More Than One Benefit

1. Your Own Earned Benefit from Working
2. Spousal Benefit
3. Divorced Spouse Benefit
4. Survivor Benefit

*** You can only be claiming one benefit at a time!**


Source: Social Security Administration

41




Timmick
Financial
Group

Savvy
Social Security
Planning



Spousal Benefits



Spousal Benefit = 1/2 of the Other Spouse's Earned PIA


Example 1:

- Sam's FRA working benefit is \$2,200
- Sally's FRA working benefit is \$800 based on her own earnings record
- Sally's also has a spousal benefit of \$1,100 (1/2 of Sam's)

Example 2:


- Betty's FRA earned benefit is \$2,400
- Bob's FRA earned benefit is \$1,800
- Bob also has a spousal benefit of \$1,200 but would take his own earned benefit because it is higher

42




Timmick
Financial
Group

Savvy
Social Security
Planning



Eligibility for Spousal Benefits




- Must have been married for 1 full year (same-sex marriages now recognized)
- You must be at least 62
- Your spouse must have applied for their benefits
- Benefit is reduced if you start before your own FRA

Birth Year	62	63	64	65	66 (FRA)	67	68	69	70
1943 - 54	35.0%	37.5%	41.7%	45.8%	50.0%	50.0%	50.0%	50.0%	50.0%


Source: Social Security Administration

43




Timmick
Financial
Group

Savvy
Social Security
Planning



Divorced Benefits



Benefit:


- While Ex is Alive: 50% of the ex-spouse's PIA
- If Ex is Deceased: 100% of the ex-spouse's PIA

Eligibility:

- Marriage lasted 10 years or more
- You are not currently married
- Ex-spouse does not have to be drawing their benefits

Source: Social Security Administration


44



Timmick
Financial
Group

Savvy
Social Security
Planning

Divorced Benefits




Divorced Benefit = 1/2 the ex-spouse's PIA


Example:

- Mary is divorced from Mike and both are FRA
- Mary's own earned benefit is \$900, and Mike's benefit is \$2,200
- Mary files and receives \$1,100 in monthly benefit

Source: Social Security Administration




45



Timmick
Financial
Group


Savvy
Social Security
Planning

Rules for Divorced Benefits




- The ex-spouse **does not have to be taking their own benefits**
- The ex-spouse **will not be notified** that you have applied
- **No contact** with the ex-spouse is required
- **More than one ex-spouse** can receive benefits on the same worker's record
- Benefits paid to one ex-spouse **do not affect those paid** to the worker, their current spouse, or the other ex-spouses
- Divorced-spouse **benefits stop upon remarriage**, but you pick up a regular spousal benefit with the new spouse
- Benefit is **reduced if taken** before Full Retirement Age (FRA)

Source: Social Security Administration




46




Timmick
Financial
Group

Savvy
Social Security
Planning



Survivor Benefits



When one spouse dies, the surviving spouse keeps the larger check, but the smaller check stops

Example 1:


- Joe's benefit is \$2,000, Julie's benefit is \$1,200
- Joe dies first
- Julie's \$1,200 benefit stops but she now receives a \$2,000 survivor benefit

Example 2:

- Same circumstances except Julie dies first
- Joe retains his \$2,000 benefit, but Julie's \$1,200 stops


Source: Social Security Administration

47




Timmick
Financial
Group

Savvy
Social Security
Planning




Rules for Survivor Benefits



- Couple **must have been legally married**
- Must have been **married at least 9 months** at date of death (except in cases of an accident)
- Survivor **must be at least 60** to claim (50 if disabled)
- Survivor **benefit is lost** if a **person remarries before age 60**, but regains the benefit if their second marriage ends
- Remarriage at **60 or later** does not affect survivor benefits from a previous marriage


Source: Social Security Administration

48




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #10

How Do I Maximize My Payments?




49




Timmick
Financial
Group

Savvy
Social Security
Planning



Improve Your Earnings Record



Examine your Social Security statement earnings history:


- Are the numbers reported accurate?
- Do you have at least 35 years of reported earnings?
- Can you improve your earnings record by working longer?
 - Ensuring you have 35 years of reportable earnings from work
 - Replacing a lower-earning year with a higher-earning year

50



Timmick
Financial
Group


Savvy
Social Security
Planning




Special Claiming Strategies: Now Eliminated

- No Longer Available
 - "Claim & Suspend"
 - "Restricting"

Source: Social Security Administration




51




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #11

Is My Decision to Start Benefits Permanent or Can It Ever Be Reversed?




52




Timmick
Financial
Group

Savvy
Social Security
Planning



A “Do Over” Can Reset Your Benefit




The “Payback-and-Restart” Option

- Must **pay back all the benefits you have received in one lump sum payment**, without any interest or penalty due
- Only allowed **1 time within 12 months** after starting
- You **reapply at a later age** and receive the higher benefit **as if you had never taken benefits**


Source: Social Security Administration

53




Timmick
Financial
Group

Savvy
Social Security
Planning




Social Security Question #12

How and When Do I Apply?





54



Timmick
Financial
Group

Savvy
Social Security
Planning






Factors for Deciding When to Apply


1. Your life expectancy
2. When you plan to retire
3. How important it is to maximize your benefit
4. Can you fund retirement out savings while you wait to start
5. Whether or not you could possibly work after Age 62
6. Age difference between spouses
7. Survivor income needs
8. Other sources of retirement income


55



Timmick
Financial
Group

Savvy
Social Security
Planning





When to Apply: Key Points to Remember

- You can **apply 3 months prior** to the month you want your benefits to start
- At FRA you can **file for benefits retroactively** for **up to 6 months**
- **Benefits** are **prorated monthly**
- Day of the Month **you get paid** is based on the **day of the month you were born**:

Day of Month Born	Day of Month Paid
1 st – 10 th	2 nd Wednesday
11 th – 20 th	3 rd Wednesday
21 st – 31 st	4 th Wednesday

Source: Social Security Administration

56



Timmick
Financial
Group

Savvy
Social Security
Planning



How to Apply

- **Ways to Apply**
 1. Phone
 2. Apply Online
 3. Visit a Social Security Office



57



Timmick
Financial
Group

Savvy
Social Security
Planning



The Best Decisions Are Made as Part of an overall Retirement Income Plan

Considering:

- Retirement Age
- Retirement Income Goal
- Pension Eligibility
- IRA, 401(k) and TSP Withdrawals
- Income from work
- Spousal Income Needs
- Required Minimum Distributions (at age 73)



58



Timmick
Financial
Group

Savvy
Social Security
Planning



Retirement Planning Guidance

Schedule a Complimentary Consultation





Timmick
Financial
Group

Savvy
Social Security
Planning