

Social Security Strategies

Most people are aware of the standard options in receiving Social Security benefits: early payout with a reduced benefit for life or standard payout at full amount.

Married couples need to carefully consider the strategy they use to protect against unexpected reductions in benefits if one spouse dies. Electing a reduced benefit could result in lower spousal survivor benefits. But there are other strategies that might prove even more useful in your retirement plans.

Emily Brandon writes in the August 6 issue of US News and World Report:

Deciding when to sign up for Social Security could be the most important retirement decision you make. Social Security is the largest source of income for over half of retirees, and the age you begin receiving payments can vastly affect the amount of money you receive over your lifetime.

The Center for Retirement Research at Boston College published a paper describing unusual—but allowable—strategies future retirees can ponder before they sign up for their due. Here are some highlights.

Strategy 1: Borrow and Invest

If you sign up for Social Security at age 62, you receive reduced benefit payouts for life; that is, unless you can afford to pay the money back. If you return every cent you've already received—without interest—you can qualify for higher payments for the rest of your life. Feasibly, a Social Security recipient could invest the benefits, keep the earnings, and then pay back the "loan" from Uncle Sam. "This strategy is the same as receiving a zero-interest loan from Social Security," according to the BC paper.

Strategy 2: Claim Now, Claim More Later

A married worker with a retired spouse can claim a spousal benefit at full retirement age and then switch to his or her own benefit at a later date. This approach allows an employee to receive spousal benefit checks while still building up his or her own



work record, which will result in bigger Social Security checks later.

Strategy 3: Claim and Suspend

A spousal benefit is generally equal to half of the higher earner's due, although claiming it before full retirement age diminishes the amount of the benefit. A wife cannot claim a spousal benefit until her husband signs up for Social Security, and vice versa if a husband wants to collect based on his wife's record. But any worker can claim Social Security and then suspend payment. This way, a spouse without enough earnings to qualify for benefits can start receiving checks, while the other spouse continues to work longer to get higher Social Security payouts later.

Understanding what your retirement picture will look like is critical to having a secure retirement. Social Security is often a foundation for many people and it needs to be only a part of a total retirement picture. Ideally you should have several sources of retirement income:

- Social Security
- Pension
- 401(k) or 403(b)
- Investments
- Income producing property
- Savings
- Annuities
- Life insurance
- Business
- Doffgoff plans

A variety of plans will help you have a more financially secure retirement. If you are not certain about your own retirement plans, we are here to help you. Just call 808-625-3782 or email us at pacconltd@yahoo.com or make an appointment and let's sit down and visit about your situation.



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