

## Social Security: A Closer Look

Deciding when to file for Social Security may seem like an easy decision. But many Americans are short-changing the benefits they receive from a program they have paid into their entire working lives. Sadly, a snap decision can lead to leaving money on the table if you don't know how to get more from the Social Security system. The **average** Social Security benefits paid to an individual over 25 years of retirement is \$404,100 (and can be over \$1,000,000 for higher earners)! It's important to get it right.

### Consider the following cases...

#### JOE

Joe decided to 'try out retirement' and claimed his benefits at age 62. Within 18 months he decided he wasn't ready to retire, so he returned to work. Joe's earnings exceeded the Social Security earnings limit of \$16,920 for 2017. Not only was Joe taxed on the benefits, he was shocked to learn that he had to give back \$1 for every \$2 earned over the limit of \$16,920 for the year.

#### WALT & WILMA

Walt and Wilma have another story. Walt is not in good health and his parents both died at relatively young ages. Walt decided to claim at 62, as early as possible to be sure to collect his benefits. Walt's wife, Wilma on the other hand, is in excellent health and both of her parents lived into their 90's. Because of Walt's choice to start collecting before full retirement age, Wilma is now relegated to survivor benefits that are 25% less. Walt's decision has permanently cut Wilma's benefits and increased her risk of running out of money.

#### MARY

Mary lost her husband, Sam, to a sudden illness in 2004. She is now 62 years old. She continues to work full-time to try to maximize her Social Security benefits but wishes she could spend more time with her young grandchildren who live nearby. She is unaware that she is eligible to claim either her benefits or Sam's at age 63 and allow the other benefit to increase until age 70 and then switch at that time. This could allow her to cut down on her work hours and spend more time with family.

As these examples illustrate, each circumstance is unique. There is no "one-size-fits-all" approach. Age, longevity, earnings history, and marital status all come into play. The 'best' strategy will uncover more in overall benefits, spousal benefits and survivor benefits that could mean tens of thousands of dollars over your retirement. More in Social Security benefits means taking less from your investments.

*This is a hypothetical case study and is for illustrative purposes only. Actual performance and results will vary.*