

Top Ten Estate Planning Mistake #3

Failing to Maximize Social Security Benefits

For most of us, Social Security retirement income will provide the bulk of our income during retirement. Yet, most people do not spend more than a few hours reviewing the benefits they may be entitled to. The reality is that Social Security is a very complicated program. We recommend you approach Social Security like you would any investment – do your homework (due diligence) before you go to the Social Security office.

The file and suspend program is just one example of how you can earn thousands of extra dollars in retirement. This is a complicated program to explain, but just think, if you spend 100 hours on research and get \$50,000 extra in retirement benefits, how much you earned per hour.

Let us use Dick and Jane for example. Dick is 66 (full retirement age), and Jane is 62. They are happily married. Dick wants to work until age 70, and Jane wants to retire early to enjoy the grandchildren.

Dick's retirement benefit at 66 is \$2,000 per month. Jane's Social Security benefit if she retires at 62 is \$400 per month reduced to \$300 ($\$400 \times .75$). They can use the file and suspend program to get more retirement funds. Dick can file for his benefits at age 66 and then suspend receipt until age 70 when he will receive monthly benefits of \$2,640. Jane can elect to receive spousal benefits based on his work record and receive \$700 per month ($1/2$ of Dick's benefit reduced by early retirement ($\$2,000 \div 2 = 1,000 \times .7 = \700)). This will increase their income by \$24,000 over the next 5 years at a minimum. The shocking thing is they may have even better options.

Social Security is such a complicated program not even skilled Social Security workers are fully versed in all of the benefit options. Talk to your financial advisor and do research on-line to take control of your benefits for a more secure financial retirement.

Respectfully Submitted,
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