

Hi Everybody,

I just finished teaching Social Security to a great group of students at the UNM Osher program earlier this week. I'm using questions from that class as the basis for this quarter's newsletter (below), also available on our website at:

<http://www.mgm-llc.com/p/newsletters>

and click on the link that says

2015 – 2nd Quarter – The Social Security Blanket

I'm teaching a new Medicare class this summer through the UNM Osher program. Minimal cost. Register here:

<http://issuu.com/unmce/docs/osher-su15-catalog>

Look for the class on page 15 or search for my name (Doug Lindsey) or the word "Savvy".

Savvy Medicare Planning for Baby Boomers: June 25 from 3-5pm

I'll also be teaching Social Security at UNM Osher again in the fall, September 1. And Medicare at UNM Osher on 9/24 and 10/23. Look for those classes once the fall catalog has been published.

We'll also be teaching two more retirement classes later this year at Grace Church on September 14 and December 7 from 6-8pm. Free! Details here:

<http://www.mgm-llc.com/p/newsletters>

and click on the link that says

2015 Educational Workshops at Grace Church

To sign up for the Grace Church classes, email the office at register@mgm-llc.com or call us at 505-346-3434 and let us know how many will be attending. Bring your spouse, parents, kids, neighbors and friends!

Regards,

Doug

The Social Security Blanket

2015 Quarter 2

Clarification of earnings test in the year of turning "full retirement age" (FRA=66 for most of you).

Remember if you are under age 66 and file for Social Security (SS) and are still working, you can only make \$15,720 (as of 2015) before the "2 for 1" earnings test applies to you. SS will withhold \$1 for every \$2 you earn over the \$15,720 earnings test limit. If you are already 66, you can collect SS and earn as much as you want in your job; the earnings test no longer applies. But if you've started collecting SS BEFORE you turn 66, then the year that you TURN 66, the limit on your earnings for the months before full retirement age is \$41,880 (and the withholding ratio is "3 for 1"-for every \$3 over \$41,880, SS withholds \$1). See details here:

<http://www.socialsecurity.gov/planners/retire/whileworking2.html>
<http://www.socialsecurity.gov/pubs/EN-05-10069.pdf>

Can I still earn the Delayed Retirement Credits (the 8% bump each year after 66) after suspending Social Security?

First let me clarify that you can only SUSPEND your Social Security (SS) at FRA (66) or later. Say you're 67 and collecting SS and you land a great new job and don't need the SS anymore. You could SUSPEND your benefit and let it grow at 8%/year to age 70. No payback necessary. But you can't do this BEFORE age 66. So YES, you earn delayed retirement credits after suspending Social Security (but you couldn't do this if you were under age 66).

Contrast this with WITHDRAWING your application. In this case, you can be 62 or 67 or whatever age from 62-70, age doesn't matter. You have one year from starting SS to WITHDRAW your application, payback the benefit and everybody pretends it never happened. You can do this only once per lifetime. Notice the language WITHDRAW vs SUSPEND.

See here:

<https://www.kitces.com/blog/options-for-when-your-client-has-a-change-of-mind-about-starting-social-security-benefits/>
<http://www.ssa.gov/planners/retire/suspend.html>
<http://www.socialsecurity.gov/planners/retire/withdrawal.html>

Should I "File and Suspend" at age 66 for insurance purposes? So let's say you're single and you're going to let your Social Security (SS) benefit grow to age 70. No need for you to call the SS office, right? Wrong. You can still "file and suspend" to protect your ability to change your mind before 70 and collect a lump sum payment.

The idea here is that you "file and suspend" at age 66 so that if you get sick or circumstances change before you turn 70, then you decide to collect your benefit (say at age 69 because you have a life-threatening illness), you can collect a lump sum back to age 66 when you suspended benefit. This is a little known twist in the SS rules. This is my favorite explanation from Certified Financial Planner Rock Star, Michael Kitces:

<https://www.kitces.com/blog/why-individuals-should-file-and-suspend-their-social-security-benefits-reinstatement-of-voluntary-suspension-versus-retroactive-benefits/>