



TOO HARD TO TIME THE MARKET BUT...

NOW
 LATER

You Can Time Your Social Security Benefits



Last month I wrote about the solvency and outlook for Social Security. I got a lot of positive feedback about the article, so I thought I would stay on topic this month as well. If you are nearing that magic age of 62 and excitedly wringing your hands, salivating over the thought of collecting early social security benefits, this article is for you.

The first thing to understand about Social Security is what's known as the NRA (Normal Retirement Age). It's this age that determines your full Social Security benefit and it's based on the year of your birth (see the chart to the right).

So how do they calculate your benefits at Normal Retirement Age?

Remember getting one of those social security pamphlets in the mail, usually three months before your birthday? It breaks down your earnings year by year ever since you started working? This is the baseline they use to determine

your benefits. The formula takes into account your "highest" 35 working years. It inflates each of those years, based on the Average Wage Inflation Index. After averaging those 35 years of earnings, they determine your AIME (Average Indexed Monthly Earnings). This is where it gets complicated.

Because Social Security was designed to overly compensate lower earners to prevent poverty and essentially create a social safety net for the elderly.

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 & later	67

They use, what are called "Bend Points" to determine the PIA (Primary Insurance Amount)

For 2019, the first "Bend Point"

significantly weights income to the first \$926 of your Average Indexed Monthly Earnings, by allocating a PIA benefit of 90%. From \$926 to \$5,583 they add another 32% and finally 15% above \$5,583. So, you can see how disproportionately weighted it is towards lower income earners.

This figure is what's known as your PIA (Primary Insurance Amount) which is the benefit payable at your Normal Retirement Age. So, hypothetically, if your PIA was \$1700 per month and your NRA is age 66 and 6 months, then this is what your benefit would be if you started receiving Social Security at that age. However, you can elect to start benefits as early as age 62. But, for every year under your NRA, your benefits will be permanently reduced by about 6%.

<https://www.ssa.gov/oact/cola/piaformula.html>

A second consideration when deciding whether or not to start Social Security early is, in my opinion, the most compelling consideration, the "Earnings Test". If you are under your NRA and start benefits early and still have "Earned Income" that exceeds \$17,640 for 2019, your benefits would be penalized \$1 for every \$2 above that amount and in the year you reach your NRA, the threshold is \$46,920 and they withhold \$1 for every \$3 above that amount.

"... to be continued"



So how are your New Year's Resolutions going? Here we are, already a month into 2019. Are you eating healthy, starting an exercise routine and getting out of debt? Whatever it is, it's really easy to slide right back into life. Hopefully you've got your plan and you're sticking to it. If you live in Daytona, I'm sure you could hear the echoes of screaming racecars lapping the track all night long with the kick off of the Rolex 24, Jan 26th-27th. Race week continues up until it's culmination of the Daytona 500 on Sunday, February 17th. The waving of that checkered flag marks the beginning of the Tourism and Travel industry in Daytona Beach and the promise of warm weather very soon.

February has several holidays. Ground Hog Day is on Saturday, the 2nd. We'll see if Punxsutawney Phil sees his shadow or not? If you haven't seen that movie, Ground-Hog Day, it's a worthwhile flick! Valentine's Day is Thursday the 14th, so don't forget those flowers and chocolates. Finally, Presidents Day is Monday the 18th. Hope you have a wonderful month!

Respectfully,
Scott Weidman, CFP®

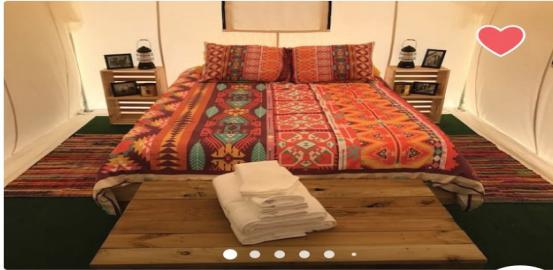
Alpaca Your Bags! We're Going Glamping!



I always love to find something new and exciting to do. Well, during Christmas break I decided to plan a little getaway for Savannah and I and accidentally stumbled across an Airbnb ad. "Glamping with alpacas". Yes, "Glamorous Camping"!

I knew Savannah loved farm animals and thought what a unique and adventurous experience to co-habitate with these mythical creatures; part llama, part camel and part horse. So, we embarked on our adventure.

When we arrived in Lee, just over the Suwanee River in North Florida, Bart and Jennifer were there to



FARM STAY - 1 BED

Glamping with Alpacas

"... continued"

Now, there's a lot of confusion with regards to what "Earned Income" is <https://www.ssa.gov/oact/cola/rtea.html>

It is NOT Pension Income, IRA or 401k withdrawals, These are just two considerations when contemplating. It IS, what I call ing whether or not to start Blood, Sweat and Tearsin- Social Security early. There come. Money earned by are other things to consider working and receiving a er, such as Spousal Sur- W-2 or Profit from a Busi- vivor Benefits, Taxation ness that you are actively of Benefits, Delayed Re-

greet us. They gave us a personal tour of their little farm and shared the history of alpacas. That evening we built a campfire, played guitar and pointed out constellations in the sky. I forgot how bright and vivid the stars were, out in the country.

When it was time for bed, we spent the night in our own luxurious tent donned with a King- Sized bed, a portable air conditioner and WIFI. Though we spent the evening sharing the same field as the alpacas they really didn't want much to do with us. I know we both had a great bonding experience and an adventurous time away together. And what a story to tell!

If you find yourself trying to conjure up something new and different to do with your kids or grandkids, consider glamping with the alpacas in Lee Florida. I'm certain that Bart and Jennifer will deliver a memorable experience.



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