

MEENA'S MONTHLY FOCUS ON SOCIAL SECURITY

Hello Friends,

I have come to believe that we are all hoarders of sorts. Some of us hoard stuff, others hoard memories. Many both.

As my husband and I go through the process of downsizing, cleaning out the garage is a natural rite of passage. Among the heaping piles of stuff we dug out from our cluttered 400-square-foot space are SIX(!) tape measures, and that is on top of the three we have inside the house. It's silly to think anyone would need six tape measures, especially for people like us who are not into DIY projects. I won't tell you how many can openers I have or the clothes I haven't worn in years. They are all now in Value Village.

Years ago, I read a Buddha saying that loosely translates to this: *When one has little, little can dust settle on.* It is probably why so many have found decluttering a liberating exercise.

I am glad we are doing it now while we are healthy and it's our choice to do it. But letting go is seldom an easy task at any age. So for this month's newsletter, let's talk about how *letting go* some of the preconceived notions about Social Security can give you a different perspective on how you can help your clients look at one of their most important retirement incomes...

~ HIGHLIGHTS ~

It is Really a Life Insurance Policy:

When we look at Social Security's survivor benefits, it is clear that maximizing SS benefit is not always about the benefit we collect in our lifetime. Often time it is about the benefit we leave for our surviving family. This is especially valuable for stay-at-home spouse who didn't work much in their lifetime and therefore didn't accumulate a large benefit for themselves.

Case in point, my sister-in-law stayed home to raise her daughter the last 18 years. When my niece started college last fall, she decided to go back to work. But even if she worked the next 18 years, which she won't, her benefit would never be as big as her husband's. So for her it's a huge peace of mind knowing if something happened to her husband, she would get to collect her husband's benefit for as long as she lives. This in many ways is like buying a life insurance policy for our family. In my experience, this is one of the biggest reasons why husband (or wife) chooses to delay their SS benefits until age 70 in order to maximize the survivor benefit.

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It is Really about Delayed Gratification:

Last week, a client e-mailed me with the subject line New Car! After driving her 1995 used Camry forever, she's over the moon to get her first new car. *At 65!* Talk about delayed gratification.

On some level, Social Security is a test of our propensity for delayed gratification.

As many of you know, SS benefit is calculated based on life expectancy, which means if we lived to our life expectancy, we get the same lifetime benefits whether we start our benefit early or late. But few people live to their exact life expectancy. This means if we started early and died early, we ended up with more lifetime benefit; and vice versa. But with no way of knowing when our time will be up, the decision to collect early or late mostly comes down to a personal one. Some prefer to collect early and use the money to enjoy life while they are still young and healthy, and some prefer to collect later to get the biggest benefit possible for later on in life. Neither decision is right or wrong, just what's right for our unique situation.

It is Really a Pension:

Pension by definition is guaranteed monthly income paid to retirees, almost always for life. Some come with inflation adjustments, some not especially the private sectors. How much pension a retiree gets is based on the person's historical salary and years of service. It is the best retirement gift an employer can give to their retired employees.

For all intents and purposes, SS benefit is like pension, only better. On top of the lifetime guaranteed income, it has a generous cost-of-living adjustment to help retirees catch up with inflation. Plus, for those who have not worked, worked little, or worked for companies that don't offer pension, SS is a critical pension-like income they will get in retirement. It's astounding to read statistics that show almost half of our country's retirees rely on SS to live on.

~ ON A PERSONAL NOTE ~

Personal Note:

Letting go is a certain frame of mind, an evolved perspective. It's the obvious opposite of hoarding and hanging on.

We started downsizing three years ago and must have made at least thirty trips to Value Village. Of all the *stuff* we let go, I honestly cannot remember what we gave away sans a few items.

I am not a Buddhist, but I can appreciate what they say about *when one has little, little can dust settle on.*

Happy Almost-Summer!

Meena

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