

## MEENA'S MONTHLY FOCUS ON SOCIAL SECURITY

Hello Friends,

Do you have a movie you like so much that you can watch it over and over again? I can name a few, and one of them is *Forrest Gump*.

With the brilliant Tom Hanks playing the titular role, it's a feel-good movie about a simple-minded Southern boy who approached life through his simple lens. Despite that, or maybe because of that, he grew up to achieve some remarkable deeds.

He told the world what his mama has taught him about life is like a box of chocolate, never knowing what we are going to get. He replied *stupid is as stupid does* when asked if he's plain stupid, a pithy reply to his smarter counterpart that we are what we do and not how we look.

These are simple quotes from a seemingly simple person. Yet simple and easy don't always travel on the same linear path.

Our Social Security program is a case in point. While the program itself is simple, most people have found it anything but easy to understand, resulting in lost benefits for a large number of retirees who often rely on it as an important source of their retirement income.

As an example, let me tell you about Dennis and Daisy who called me two weeks ago...

### ~ HIGHLIGHTS ~

#### **Spousal Benefit: Use It or Lose It:**

Dennis is 74 and his wife Daisy is 67 1/2. He is well-read, vibrant and crackling with humor when I talked to him over the phone. He told me based on what he read, he is convinced that delaying both of their social security benefits until 70 is the best strategy for them. It is for that reason that Daisy has not yet applied for any benefits. He called me simply wanting to make sure they are on track.

For those who have been reading my newsletter for a while, it should be obvious that there's one thing they should have done but didn't do.

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When Daisy turned 66 in 2014, she should have filed for spousal benefit based on Dennis' work record. While collecting this benefit, her own benefit can simultaneously earn the annual 8% [delayed retirement credit](#) (DRC). Not doing that has cost them thousands of dollars in lost benefit.

Dennis was incredulous when I told him that.

The simple fact is, after a person\* reaches [full retirement age](#) (FRA), there is NO reason NOT to file for spousal benefit. It is truly one of those take it or lose it kind of deal. But as simple as this is, it is one area people tend to miss the most. (\*With the new law, this applies only to those who have reached 62 as of December 31, 2015.)

For Daisy, even though she cannot get back all of her 18 months' benefits, she can apply for a 6-month retroactive pay and move forward from here. While it doesn't make her whole, it's a consolidation nonetheless.

### **What You Ask For May Not Be What You Get:**

Often time a person is eligible for more than one type of SS benefit, like in Daisy's case. Because Daisy has reached her FRA, she can tell SSA **precisely** what benefit she wants to collect and what benefit she wants to set aside. This pick-and-choose strategy is the fundamental idea behind maximizing one's SS benefits, allowing someone like Daisy to collect some benefit now and a larger benefit down the road. (Note: Under the new law, a person must also be at least 62 by December 31, 2015).

This pick-and-choose strategy is **not** available to anyone who has not reached FRA, or anyone who has reached FRA but did not reach age 62 by December 31, 2015. Here, SSA will assume, or **deem** in their language, the person is applying for **ALL** eligible benefits. This means workers like me who didn't reach age 62 last year end will likely never be able to do what Daisy can do - collect spousal benefit while allowing our own benefit to earn the DRC.

There are two exceptions to this deeming rule which I will talk about in next month's newsletter.

## ~ ON A PERSONAL NOTE ~

### **Personal Note:**

Downsizing is a simple concept to embrace especially for empty nesters like me. Let's count the benefits: Less square footage to maintain, less utility bills to pay, less of a lot of other responsibilities that naturally come with owning a big house. Yet it has taken me three full years to internalize these benefits to a point I am committed to do something about it.

Simple doesn't always translate to easy. And simple is what simple does...

Enjoy the beautiful Seattle weather!

Meena

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