

How the 2016 Social Security Changes Impact You and Your Families

Presented by:

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(Source; Kiplinger's Retirement Report, Rachel L. Sheedy December 2015)

What Was Taken Away?

- **File and suspend**

The strategy: Typically, in “file and suspend,” one member of a couple would file and claim benefits—allowing his or her husband or wife to begin collecting spousal benefits—and then suspend his or her own benefit—allowing that future benefit to increase.

The change: Under the new rules, when an individual suspends his or her own benefits, not only will all benefits payable to that individual be suspended, but all benefits payable on his or her earnings record payable to *other individuals* will also be suspended.

What happens: Those who are receiving benefits now under this strategy will continue to receive them. The new rules limiting suspended benefits go into on April 30, 2016. After April 29, 2016 no one will be able to elect this option.

Why Would Anyone File and Suspend?

Social Security strategies are built around the fact that you can start to claim benefits as early as age 62, but if you defer, the benefit can grow—up to age 70. Each year you delay Social Security in that time frame, the benefit you receive will grow by as much as 8%.

That growth adds up—a monthly benefit could be 75% more if benefits start at age 70 instead of age 62.



What Was Taken Away? (Continued)

In addition to the basic question of timing one's own benefit, couples have additional choices, because an individual is entitled to his or her own benefit **or** a spousal benefit.

- Restricted spousal benefits (sometimes referred to as “Claim Now, Claim more Later”)

The strategy: At or after an individual's official Full Retirement Age (FRA) a person could file a “restricted” application for “just” spousal benefits, while allowing his or her own future retirement benefit to grow.

The change: Social Security will no longer allow certain individuals to restrict an application to spousal benefits only; the individual will be required to file and claim all eligible benefits.

What happens: People age 62 or older at the end of 2015 will continue to have the option of restricting an application to spousal benefits only. People turning age 62 in 2016 or later will have to claim all their benefits upon filing.

These two strategies were often used together, with one spouse filing and suspending, and the other claiming just the spousal benefits—allowing each of their benefits to grow. That combined strategy will now be available only for those who are at their FRA and who claim within six months of the budget deal being enacted.

What to Do Now:

For Those Within Five Years of Retirement

Due to the fact that fewer options exist, planning for retirement including maximizing the use of Social Security claiming strategies is more important than ever.

If you already have a plan in place, we recommend you review it with us to assure the assumptions used are still accurate.

Four key areas of focus:

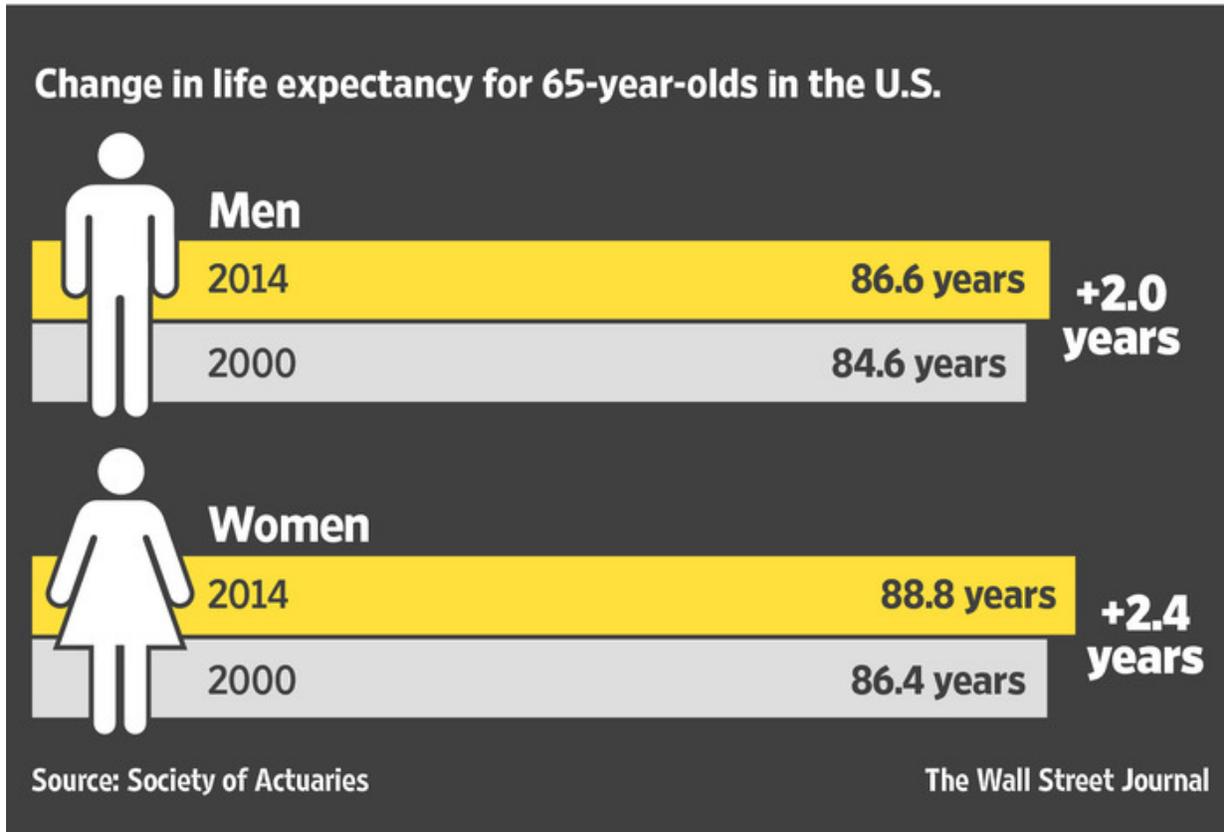
1. Longevity
2. Social Security
3. Portfolio return
4. Inflation assumptions

In addition to all retirement assets, factors that need to be considered include current physical health, health history, family history and longevity.



If Retirement Is More Than Five Years Away

Retirement and Legacy Planning is more essential than ever. The assumptions made about the amount of Social Security that will be available to anyone under age 55 are absolutely crucial.



Life expectancy assumptions are also vital. For example, on average a 65 year old male with no major health issues will live to age 87 and females will live to age 89. (Source: HealthGrove.com, 2016)

Idea for your consideration:

Give your children and grandchildren the gift of a planning to create a secure future. Rather than, or in addition to, the usual gifting you do for your loved ones, consider giving them the gift of a planning.

Planning Opportunities Include:

- College, income tax, retirement or a combination.
- If anyone has a special needs child, we have planning expertise in that unique space.
- Also if issues of aging or Alzheimer's is of concern, Resonate is a nationally recognized thought leader because of our innovative approach to this complex situation.



We look forward to working with you and your families and friends.