Foresters Financial

Retirement Connection

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During his 35-year career with Foresters Financial Services, Inc. Paul has focused on retirement plans. In his current role, Paul provides our branches and Representatives with support and training related to retirement to better serve their existing clients as well as developing new markets.

Seven strategies for boosting your Social Security benefit

For a growing number of Americans, Social Security is the only guaranteed income stream they will have throughout retirement. With defined-benefit pensions now far less common than they were just a few decades ago, personal savings and Social Security have become the main income sources for many people's retirement, which can last 20, 30 or even 40 years.

What that means: Maximizing your Social Security benefit is more important than ever.

Thankfully, with some planning, there are several potential strategies for increasing your Social Security benefit. First, review your annual Social Security statement, which you either get mailed to you or by requesting an electronic copy online at www.ssa.gov/myaccount. Once you have your statement, your Foresters Financial Representative can use specialized tools and calculators to help you evaluate various ways to maximize your benefit.

Here are seven Social Security-boost strategies worth considering:

1. **Delay claiming benefits.** You can start claiming Social Security at age 62. But you will see a significant increase in your monthly benefit by waiting longer. Claiming benefits at the earliest age will reduce your benefit 25 percent from what you would receive at what Social Security calls your "full retirement age" (FRA)—66 for those born between 1943 and 1954 and gradually rising to age 67 for those born later. But it doesn't stop there. Once you reach FRA, you will receive an annual 8 percent annual boost in your benefit each year you delay receiving benefits up to age 70. Beyond the sheer annual benefit increases, the benefit also may rise due to a cost of living increase.
2. **Work until full retirement age.** It may be tempting to retire early, but working until you reach your FRA may greatly increase your benefit. That's because Social Security benefits are calculated based on the 35 years of your career in which you earn the most. Every year you generate income until your FRA can replace any low- or no-income years earlier in your career and bolster your benefit calculation. Moreover, working longer may make it more realistic for you to delay claiming Social Security until FRA or even age 70.
3. **Consider claiming spousal benefits.** If you're married, you and your spouse have additional claiming strategies to consider. Lower-earning spouses can claim a benefit based on their own income history or may collect 50 percent of their spouse's benefit. It's worth evaluating which scenario under which you're better off and consider techniques for maximizing both benefits.

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4. **Divorcees should review spousal options too.** If you're divorced—even if you've remarried—you may be eligible to claim spousal or survivor benefits based on your ex-spouse's work record rather than your own. However, the rules depend on your situation. In general, you can receive a benefit based on your ex-spouse's work record if the marriage lasted at least 10 years and you're not remarried. (If you claim prior to FRA, you will receive a reduced benefit but you can claim as early as age 62.) If your former spouse has passed away, you may receive a reduced survivor benefit on your ex-spouse's work record starting at age 60, as long as the marriage lasted at least 10 years and you did not remarry before that age. Even if you remarried more than once and are currently single, you may be eligible to claim benefits based on an ex-spouse's record, so it's worth exploring your options.
5. **Widows should review survivor benefit options.** If your spouse has passed away, you can start claiming a survivor benefit at age 60, but there are benefits to waiting longer. If you wait until FRA, you will receive 100 percent of the deceased spouse's benefit amount at the time of death, while you will receive only about 72 percent of that benefit amount by claiming at age 60. You should also be aware of the rules that apply to widows who are caring for children under the age of 16 or are disabled.

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Nine important ages for retirement planning

As you're planning your retirement income strategy, certain ages are important to know—either because they bring an opportunity or a requirement. Here are nine key ages:

50	The year you turn age 50 you can start making annual catch-up contributions to your workplace retirement plan and other qualified accounts.
55	The 10 percent early-withdrawal penalty for taking distributions from qualified retirement plans ends under special circumstances (such as taking a distribution from an employer-sponsored retirement plan if you worked for that employer until the year you turn age 55).
55	You can start making annual catch-up contributions to a health savings account (HSA).
55½	The early-withdrawal penalty ends for all qualified retirement plans, including IRAs.
60	When a surviving spouse can apply for Social Security survivor benefits (50 if disabled).
62	This is the earliest age at which you can claim Social Security on your own or your spouse's record. (Unless you are caring for children under the age of 16 or disabled)
65	You can enroll in Medicare.
66/67	You have reached full retirement age depending on the year in which you were born.
70	This is the latest age at which you can delay receiving Social Security benefits and receive deferred credits.
70½	You must begin taking minimum required distributions from most qualified accounts, including traditional 401(k)s, 403(b)s, IRAs and SEP IRAs. (Roth accounts are not subject to minimum distribution requirements.)

Speak with your Foresters Financial Representative about developing a retirement income plan and incorporating these opportunities into your planning.

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6. **Consider a "do-over."** Regret claiming benefits before FRA? If so, you have 12 months in which to stop benefits (withdraw your application) and pay back what you have received. You can then restart claiming at a later age, at which point you will receive a higher monthly benefit. If you have reached FRA and have begun to collect benefits, you may also suspend or withdraw your application anytime up to age 70. This will allow your benefit to accrue the 8 percent deferred credit for each year you defer. As always, each situation is unique and you should review all of the options.

7. **File a restricted application, if you're eligible.** If you were born on or before January 1, 1954 (turned 62 prior to January 2, 2016), you may have another option. If you are currently married—or are divorced and eligible to receive a benefit on an ex-spouse's record—once you reach FRA (assuming you haven't claimed any benefits yet) you can file a so-called restricted application that allows you to claim a spousal benefit while letting your own benefit continue to grow. You can then switch to claiming your own benefit when you reach age 70. Since the rules have recently changed for this option, work with your Foresters Financial Representative to review your situation.

These are just some of the potential opportunities you have to increase your Social Security benefit. Before you reach your early 60s, it's worth sitting down with your Foresters Financial Representative to review your annual statement and run various scenarios and calculations to find the right claiming strategies based on your personal situation.

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