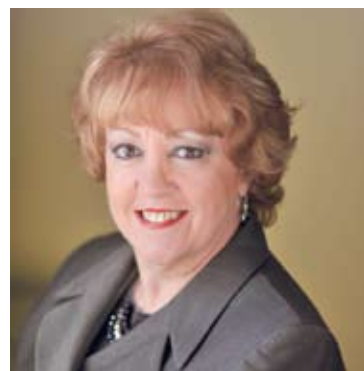




Your Social Security Is Coming... *Part II of II*

See the March/April issue for Part I of this 2 part series at www.theocw.com.



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6 Things You Must Know Before You Decide

If the time is near when you will be considering how and when you will receive your Social Security Benefits, you need to know all of your options and how they may impact your retirement income.

During retirement, it's all about INCOME. Planning carefully will help determine whether you'll have the lifestyle you want and deserve, or if you'll just get by. Social Security was never meant to be the sole source of one's retirement income, it was meant to be a supplement. However, today fewer and fewer people will have a pension and even less will have adequate savings to make it

all work. If you've never had a financial advisor before, or you currently have one who is not bringing up this topic, it's time to take the bull by the horns.

The number of retired workers is expected to DOUBLE in less than 30 years.

The latest Social Security Board of Trustees Report projects that there will only be enough payroll taxes and other income collected to pay only 75% of the scheduled benefits in 2033. That's three years earlier than their last projection. Will that time grow even sooner, still?

Although you cannot control what the government chooses to do to fix this problem, you can and should know your best personal options for receiving the maximum benefit you deserve.

4 DIVORCED, BUT NOT FORGOTTEN

If you are divorced, you can still qualify to receive benefits equal to one half of the ex's benefit if claimed at normal retirement age, and less if claimed earlier. You must be age 62 or more and must have been married for at least ten years. The best part is that your ex never needs to know because you apply directly through the Social Security Administration. Do not feel guilty either - you taking this benefit has no effect on your ex's benefit or their new spouse. In addition, you can take the benefit even if your ex has not yet applied as long as you have been divorced for at least two years.

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Ex-spouses can also claim the "survivor" benefit if an ex has died and it will be 100% of what the deceased ex-spouse was receiving. If you remarry after age 60, you would still be eligible for the survivor benefit.

5 FILE NOW, PAY ME LATER

Another strategy is to "file and suspend." For example, a husband decides to delay taking benefits until age 70 to maximize the size of his monthly check. His wife can still choose to take her "spousal benefit" if it is higher than her own benefit would be.

The husband must be at full retirement age, but can file for benefits and then immediately suspend them. Because he has applied, his wife gets to take a spousal benefit based on his higher earnings record. Since he suspended taking his own S.S., his benefit will continue to earn delayed retirement credits for each year he waits up to age 70 (an increase of 8% per year). In the event he dies first, that extra 32% of income could make a huge difference for a widow who loses her husband's Social Security stream of income and possibly all or part of his pension (if he had one).

Another strategy for a spouse who is delaying his benefit, but still wants some Social Security income is to restrict his application to a spousal benefit only, providing the wife is at her full retirement age. The wife applies and gets her full benefit, while the husband applies for a spousal benefit only and receives half of his wife's benefit while his own benefit continues to grow. At age 70, he can switch to his own higher benefit.

6 DON'T FORGET ABOUT UNCLE SAM

This comes as a shock to many people, but even though you may have paid into the Social Security

Trust Fund for years, you might owe taxes on your Social Security Benefits once you start collecting them. Since 1984, there are income thresholds that will trigger taxes on the benefits.

It does not take much income before Uncle Sam comes picking your pockets for his share. A married couple with a combined income over \$32,000 will get hit with income taxes on 50% of their benefits. At \$43,000 combined income, couples may have to pay income tax on 85% of their benefits. Ouch!!

One common mistake is to continue holding taxable investments at this time. A smart way to reduce the tax on your Social Security may be to shift some of those taxable dividends and interest bearing investments to tax-deferred investments. This strategy will remove taxable income earnings from your tax return and may help to keep your income low enough to eliminate or at least reduce the tax on your Social Security benefits. We would be happy to show you how this works. Remember, in retirement **INCOME is KING**, and how much you earn is not as important as how much you get to keep!

With our looming National deficit, as well as the current

underfunded social programs like Medicare and Social Security, you can see why it is vital to your Financial Health and a sustainable retirement lifestyle to plan very carefully and thoroughly with a knowledgeable and trusted advisor who will always put your needs first.

For a **FREE Report** on the "What, When, Who, and How" about Social Security decisions visit our website at www.FFFGonline.com, or just call your friends at Family Focus Financial Group at **732-276-1429**.

Don't delay-contact us today!

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