

OneTeam Financial

Social Security: Are you leaving money on the table?

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At a recent conference, we asked a room full of successful professionals this question: “Who here still has a personal pension plan?” Three hands out of 50 went into the air.

Our next question: “Who here has a pension plan that provides monthly income as long as you live; adjusts for inflation; offers spousal, survivor, and divorced spouse benefits—and is guaranteed by the federal government?” Even the three raised hands went down.

What we said next surprised everyone in the room: “Every single hand in this room should be raised because everyone in this room is entitled to Social Security benefits. Even more interesting, when managed effectively, your Social Security could be your largest retirement asset, providing a level of income that may exceed your 401(k) plan and any other retirement savings you’ve accumulated to date. For many, Social Security may offer \$1 Million or more in lifetime income benefits.”

This news surprised everyone in the room. One of the more pressing issues regarding Social Security benefits on people’s minds, knowing when the optimal time is to file. This may be a more difficult decision than you realize due to a number of factors including:

- Social Security rules are extremely complex. While most retirees adhere to the basic guidelines, there are hundreds of rules governing Social Security. With so many rules—many of which are specific to unique situations—it takes years of study to learn how and when to apply them.
- Misinformation is everywhere. While these rules can be navigated, they are often difficult to interpret. As a result, the media and even many professional advisors are misinformed about how to leverage Social Security rules to gain maximum benefits.
- Social Security personnel can’t help. While it seems obvious that your local Social Security office would be the best place to get guidance, just as the IRS doesn’t help with income tax preparation, Social Security agents are prohibited from offering planning advice regarding your benefits.
- Formal training in Social Security benefits is rare. Finding a qualified accountant to help decipher the tax codes is usually an easy task. Few advisors across the country, however, have received the in-depth training and passed the necessary exam to obtain a National Social Security Advisors (NSSA) designation.

Rise above the confusion to help boost your retirement income.

Despite the obvious challenges, it is possible to maximize your benefits and claim your full benefit. While navigating the numerous Social Security rules requires the help of a trained professional, here are just a few that can have a significant impact on the amount you receive in retirement every month:

Get guidance before claiming your benefits. Your initial social security income election is a permanent election, which means even a small mistake could lock you out of a portion of your benefits—for life. The wrong election could potentially cost you tens of thousands of dollars or more in lost benefits.

File your claim at the optimal time. While benefits may be claimed as early as age 62, your benefits jump considerably by waiting until Full Retirement Age (FRA), which is 66 to 67, depending on your birth year.

After FRA, your benefit increases by 8% plus cost-of-living adjustments (COLA) for every year you postpone distribution until age 70. This can mean an increase of as much as 76%, plus COLA, if you wait to receive benefits until age 70 versus filing at age 62.

When you do file, select the best possible option. It is not enough to simply review your personal benefits. If you are married, divorced, widowed or have minor children, by filing for your own benefit you may also be able to trigger additional benefits including spousal, survivor, children and ex-spousal benefits.

Take full advantage of spousal and dependent benefits. Many people don't realize Social Security benefits may also be available to the spouse and dependents of the claimant. Dependents 18 and under are eligible for as much as 50% of the claimant's benefits. Spousal benefits also equal up to 50% of the other spouse's full retirement age benefit.

Want to Learn More? Connect with Ash at ash@oneteamfinancial.com or (973) 202-1212 for a 15-minute complimentary Social Security consultation call.