

# 4 MAXIMIZE

## WAYS TO *Your Social Security Benefits*



By Jared M. Elson

The biggest story in Social Security today is the large number of baby boomers set to retire over the next 20 years and the relatively small younger generation that will be feeding their Social Security payroll taxes into the system.

Due to this impending shift, optimizing your Social Security benefits is more important today than ever before. However, there are several strategies that you can employ to help reduce the risk of outliving your money.

### 1. Research drawing benefits early.

If you were born between 1943 and 1962, full retirement age is 66 plus two-month increments depending on the month of your birthday. If you were born in 1960 or later, full retirement age is 67. You can begin taking benefits starting at age 62 but they will be permanently reduced.

### 2. Consider waiting to draw

**benefits.** If you don't feel the need to draw benefits at full retirement age or if you would like to continue working, you're eligible to earn Delayed Retirement Credits (DRC) for each month that you do not start receiving benefits. Currently, the full year Delayed Retirement Credit for those born in 1943 or later is 8% per year (pro-rated monthly), and the credit stops once you reach age 70.

### 3. Strategize with your spouse.

If you're married, explore all of the different Social Security benefit options that you have with your spouse. For example, you can:

- **Plan for the surviving spouse.**

Common sense may tell you that the higher earner should claim benefits as early as possible and the lower earner should delay in order to receive a higher benefit. However, if the higher earner claims early and then dies first, he or she is likely to have shortchanged the lower earner's survivor benefit. Instead, the higher earner should delay claiming benefits so the lower earner can claim the highest benefit for life whether it's the lower earner's own benefit or a derivative of the higher-earner's highest available benefit.

- **File and Suspend.** For a lower-earning spouse to collect benefits based on the higher earner's history, the higher earner must apply for Social Security retirement benefits first. However, the higher earner can apply for benefits and then file to suspend drawing benefits until later once they've reached full retirement age. This lets the higher-earner accrue a higher benefit via more

earning contributions and Delayed Retirement Credits.

- **Play your options.** If you're married and have reached full retirement age, you have a couple of options. You may claim benefits on either your work history or your spouse's or you can draw the spousal benefit while you allow your own benefit to accrue Delayed Retirement Credits until you're 70. At that point, you can apply for your own work history benefit and switch over to yours.

### 4. Weigh the benefits of continuing to work.

Once you reach full retirement age, there is no longer an earnings limit, meaning you can earn any amount of income without impacting your benefits. If you begin drawing Social Security benefits before you reach full retirement age and your earnings exceed the eligible limit, your benefits will likely be taxed, yielding an even lower amount. However, your benefit will be increased at full retirement age to account for benefits withheld due to earlier earnings.

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