

AHWATUKEE FOOTHILLS NEWS

HOW SOCIAL SECURITY STRATEGIES AFFECT YOUR RETIREMENT



April 24, 2019 by Dr. Harold Wong

The Social Security Administration has published “*Fast Facts & Figures About Social Security, 2018*” that gives some interesting numbers. In 2017, retired workers received \$1,404 in average monthly Social Security (SS) benefits; Disabled workers received \$1,197; and Survivors of deceased workers received \$1,388. Of the 67.0 million people who received benefits from SS programs in 2017, 55% of adult SS beneficiaries were women and 54.5 was the average age of disabled-worker beneficiaries.

Social Security is the major source of income for most of the elderly. Among retired workers, 61% count on their SS benefits to provide at least half of their monthly income. For unmarried elderly individuals, this figure jumps to 71%. Even worse, 23% of married retirees and 43% of single retirees count on their SS benefit for 90% or more of their monthly retirement income. One other study claims it’s not quite this tragic, but still very bad.

Many workers take SS too early, given their retirement goals. A June 19, 2018 article by Dan Kaplinger of The Motley Fool, cites data released by the SS Administration as to when people claim SS: 34.3% claimed at age 62; the earliest age that non-disabled individuals can take SS. Only 18.1% waited until age 66 (considered full retirement age, FRA, for

workers born between 1943-1954) and 3.9% between 67-69. Only 3.7% waited until age 70, when one gets 32 percent more than age 66. If your FRA SS at 66 is \$2,000/month, it’s \$1,500 at 62 and \$2,640 at 70.

Example: I met Mary about 10 years ago. She was a divorced real estate agent in Oregon, but the market fell apart. Luckily, she was able to move to the Phoenix area and got a job earning \$50,000 annually until age 70 and then took SS. Her benefits were \$2,400 a month, instead of only \$1,250 a month had she taken SS at age 62. Note: in virtually all cases that I have seen, one gets 75-100% more SS benefits at age 70 compared to age 62.

She owned her manufactured home free and clear, but had to pay the park \$600/month for the land rent. If we add all utilities, including cable TV, internet, and phone, it was another \$250 per month. If she had taken SS at age 62, she would only have \$400 per month to cover all other expenses, including food, healthcare, car, and fun. Life would have been very grim. Because she was receiving \$2,400 a month SS, she was able to lead a normal life, such as buying the groceries she wanted and going out to lunch with her girlfriends.

Private Pension Plan Offsets Future Inflation: Mary had only \$150,000 in her IRA and about \$30,000 of cash in the bank. She

understood that with only 3% annual inflation, what cost \$25,000 today will cost \$33,598 in 10 years when she is 80. She deposited \$100,000 of her IRA in a private pension at age 70 and it will generate \$10,256 of annual income, starting at age 77, for the rest of her life. The 10.256 percent of annual cash flow is guaranteed and her principal is not at risk in the stock market. This is substantially more than what her IRA was generating and she has protected her lifestyle from inflation.

Free Seminars:

“How You Can Maximize Your Social Security & Other Income” will be held

Sat. 5/11/2019 10:30 am - 12:30 pm
at Chandler Sunset Library, 4930 W. Ray Road, Chandler, AZ 85226
and

Sat. June 15, 2019, 9:30-11:30 am
at The Ahwatukee Event Center,
4700 E. Warner Road, Phoenix, AZ 85044

Contact Dr. Harold Wong at
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For 7 years he wrote the only column on money for The AZ Republic Community Section and now has a new financial column with The Ahwatukee Foothills News and the San Tan Sun News.