

Social Security: Questions from the Readers

11/14/2014 AZ Republic by Dr. Harold Wong

This year, I wrote a 5-part series on Social Security issues, especially those that affect Baby Boomers. You can access all 5 parts, published: May 23, June 13, June 27, September 12, and September 26, 2012, by clicking on www.DrWongInvestorGuide.com, which archives all of my AZ Republic articles for the past 7 years. I also gave the seminar “**How to Maximize Social Security and Other Retirement Income**” in June and September, 2014. Here are some of the commonly-asked questions from attendees at these seminars as well as questions from other readers:

1. I am 55 and if \$1,294 is the average monthly Social Security (SS) benefits of retired workers in 2014, how can I possibly pay my bills in retirement?

Suggestion: Only 5.2 percent of men and 11.4 percent of women waited until age 66 (considered full retirement age, FRA, for workers who were born between 1943-54). FRA age increases for younger workers, and is 67 for those born in 1960 or later. Only 1.2 percent of men and 2 percent of women waited until age 70. You should strongly consider working until age 70 so that you can collect the maximum SS benefits at 70.

You are 55 now and that will give you 15 years more to increase your life savings. If you can save \$10,000 annually, and earn 5 percent, that will be an extra \$226,575. It is not impossible to save an extra \$10,000 annually. The action steps would be: working overtime if offered, adding a second job, and decreasing household expenses by 10 percent. Just like dieting, one can cut out 10 percent of the calories with a little effort whereas 20 percent would take minor surgery.

Your SS retirement benefits are based on the average of your 35 highest income years that you paid SS taxes. By working longer and earning more money, you can increase your future SS check.

2. I am a female, age 62, currently working, married to a husband age 62 who earns a good salary. I want to retire at age 66. Because I stayed home for 20 years to raise the kids, my estimated SS benefits at age 66 (when I reach FRA) will be only \$800 per month. His annual SS benefits when he reaches age 66 are \$27,272.73. Due to our genetic history and current health, he will probably only live to 85 but I will live until 95. What should we do?

Suggestion: When he reaches age 66, he can use the “file and suspend” strategy. He will continue working until age 70 to maximize his SS benefits, which will be 32 percent higher, or \$36,000 annually. He will not collect SS when both of you are 66, but you at 66 can receive half of his SS benefits (\$13,636.36 annually, which is more than the \$9,600 you would have received based on your own earnings record).

Once he retires at age 70 he can take his \$36,000 annual SS and you will continue to collect your \$13,636.36. When he dies at age 85, you can collect only one SS check,

whichever is the highest one. You will then receive his \$36,000 of annual SS retirement benefits. The family would also have received your 4 years (from your age 66 to age 70) of \$13,636.36 annual SS benefits or \$54,545.45. He has protected you by maximizing his SS benefits, and any future cost-of-living adjustments will increase your \$36,000 SS check.

Free Seminar: “*How to Maximize Your Social Security and Other Retirement Income*” is scheduled for Thursday November 20, 6:30-8:30 P.M. and Saturday November 22, 2014 from 10-12 noon, followed by a light lunch from 12-1 P.M. Please RSVP at (800) 955-1408. The location is Keller Williams University, 2077 E. Warner Road, Tempe, AZ 85284.

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