

# Savvy Social Security Planning: What Baby Boomers Need to Know About Their Retirement Income\*

**PROBLEM:** People are hurting their retirements by making terrible, costly decisions about Social Security.

**UNPACKING PROBLEM:** People often come to the issue of claiming Social Security with little knowledge about how it works, sometimes overly influenced by myths they've heard repeated over the years.



## Things to know about Social Security:

- ✓ You have many claiming options
- ✓ Decisions have far-reaching consequences
- ✓ Choice impacts both spouses
- ✓ System is not bankrupt, nor a Ponzi scheme
- ✓ Benefits likely helped a friend or family member
- ✓ Your friends aren't experts

## INSIGHT #1:

Social Security is inflation-protected income. You've paid the premium in every paycheck, so be smart about how and when to collect.

- ✓ Social Security offers income you can't outlive.
- ✓ Social Security offers annual cost-of-living adjustments (COLAs) starting at age 62, whether or not benefits have been claimed.
- ✓ Your benefit will depend on how much you earned over your working career and the age at which you apply for benefits.

## INSIGHT #2:

Your monthly benefit will be reduced if you claim "early." It may also be reduced for taxes and Medicare premiums. And benefits could be withheld if you work.

- ✓ "Full retirement age" (FRA) is the age at which you can claim full, unreduced benefits. FRA is age 66–67 depending on your birth year.
- ✓ If you apply before FRA your benefit will be reduced by up to 30%.
- ✓ If you apply after FRA you will receive 8% "bonus credits" per year until age 70.

### Reframing your claiming decision

*In life, people would rather be "early" than "delayed" and they'd rather get a "bonus" instead of a "penalty." But with Social Security, it's actually the opposite: "Early" is to "penalty" as "delayed" is to "bonus."*

## INSIGHT #3:

For couples, you should always maximize the higher earner's benefit to protect the surviving spouse.

- ✓ The surviving spouse will step into the higher benefit after the higher earner dies.
- ✓ Spousal strategies can be complicated and need a personal analysis.

## INSIGHT #4:

If you're widowed or divorced, you may be eligible for survivor benefits, divorced-survivor benefits, or divorced-spouse benefits that can increase your total monthly check.

- ✓ The amount of the survivor benefit depends on the ages at which the deceased spouse claimed benefits and when the widow(er) claims.
- ✓ Divorced-spouse benefits and divorced-spouse survivor benefits might be available if a marriage lasted more than 10 years and the one receiving benefits is currently unmarried.

**SOLUTION:** Everyone needs a personalized Social Security claiming analysis to understand when to apply and how their monthly benefit will fit into their overall retirement income plan.

\*Information is subject to change and many factors can influence the amount of your retirement benefit.

**Eric D. Rolshoven, MBA**

**Financial Advisor**

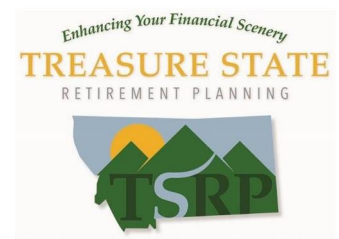
**Treasure State Retirement Planning**

P.O. Box 1107  
419 Tie Chute Ln  
Florence, MT 59833

406-240-7659

[erolshoven@aisgadvisor.com](mailto:erolshoven@aisgadvisor.com)

[www.retirenowmt.com](http://www.retirenowmt.com)



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AISG, 1036 E Iron Eagle Drive, Suite 105 Eagle, Idaho 83616 (866)485-4635