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Fee-Only Financial and Investment Planning

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On Course

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Welcome to the second installment in our [three-part series](#) on retirement. This month we're giving you some tips to make the most of your Social Security benefits.

If you would like help in your retirement planning, remember we're here to help you stay *On Course*!

-Jennifer Lane, CFP

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Social Security

As you close in on retirement, understanding how Social Security works should be a key element of your planning. Below are some tips on what to consider. **Note: If you research on the Social Security website, the term "primary insurance amount" (PIA) is better known as the full retirement amount, i.e., the benefit amount you receive at your full retirement age.**

File and Suspend / Spousal Benefits

This is the new, hot tactic for married couples!

- The higher earner of the two can file for Social Security at full retirement age (66 for those born between 1943 and 1954) and then suspend the benefit. The other spouse -- at full retirement age -- then can receive the spousal benefit. The goal is to allow the primary beneficiary to delay taking Social Security until age 70 to take advantage of a larger benefit payment. The spouse also retains the option of taking the full benefit on his or her own account when reaching age 70 as well.
- Only one spouse can be receiving a spousal benefit at any given time. And spousal benefits will never be greater than half of the primary beneficiary's full retirement benefit amount.

Strategies for Singles

Consider these points in deciding when to file.

- When single, you want to be sure you don't outlive your money. One way to do that is to use funds in the best way to minimize your income taxes.



Jennifer's Hint

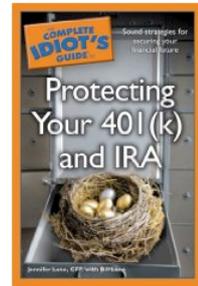
If you decide to take your Social Security benefit before reaching full retirement age, there are limits to how much work income you can earn without a penalty. Currently, there is a \$1 "give back" for every \$2 you earn over the earnings limit. Use the

[retirement earnings test calculator](#)

to do the estimate.

Get more tips in Jennifer's book

- If you're retired and not working, use Social Security's [retirement age calculator](#) to decide when to begin collecting benefits. Typically, this will be your full retirement age unless you have a large IRA balance. The IRS requires a minimum withdrawal from IRA accounts at age 70 1/2. In some circumstances it may be worthwhile to delay Social Security and draw down IRA assets before age 70. Let us know if you would like help reviewing this strategy.
- If you're working, delay taking your benefit until full retirement age to avoid having your earned income counted against the benefit you receive.
- Bottom line is to:
 - take benefits if they reduce the amount of income you need from taxable sources such as retirement plan withdrawals
 - delay benefits at least until you reach your full retirement age



([click here for link](#))

Helpful Websites

[AARP](#)

[IRS.gov](#)

[Social Security](#)

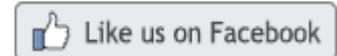
[WEP](#)

Q&A

Q: I have worked as a teacher in the public schools for the last 25 years. Previously, I worked in the private sector for 10 years. Will I be able to collect on both my teacher's pension and Social Security as well?

-- Dale, Hopkinton

A: Dale, your situation falls in the area of WEP or Windfall Elimination Provision because you could be eligible for both benefits. To determine how much you'll receive from Social Security, go to the Social Security [WEP website page](#) where you can download a [fact sheet](#) and use the [online calculator](#). Good luck!



What's New

- Jennifer talked about what the debt ceiling means to your finances on a recent NECN show. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

[Compass Planning Associates](#) helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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