

AMAC Foundation – 2018 Seminar Series

Association of Mature American Citizens, Inc.
“Better for You, Better for America”

AMAC Foundation, Inc.
“Supporting and Educating America’s Seniors”





The Association of Mature American Citizens

- The Conservative Alternative
- Focused on protecting the interests of America's Seniors
- The voice of over 1 million members
- Learn more at **www.AMAC.us**



The AMAC Foundation

- "Supporting and Educating America's Seniors"
- Launched in 2014
- Learn more at **www.AMACFoundation.org**

AMAC Foundation Activities

- ❖ Health Care Symposium in Washington
- ❖ Major Publications
- ❖ Website Operations:
 - SocialSecurityReport.org
 - MedicareReport.org
- ❖ Senior-oriented Seminar Series
- ❖ Social Security Advisory Service



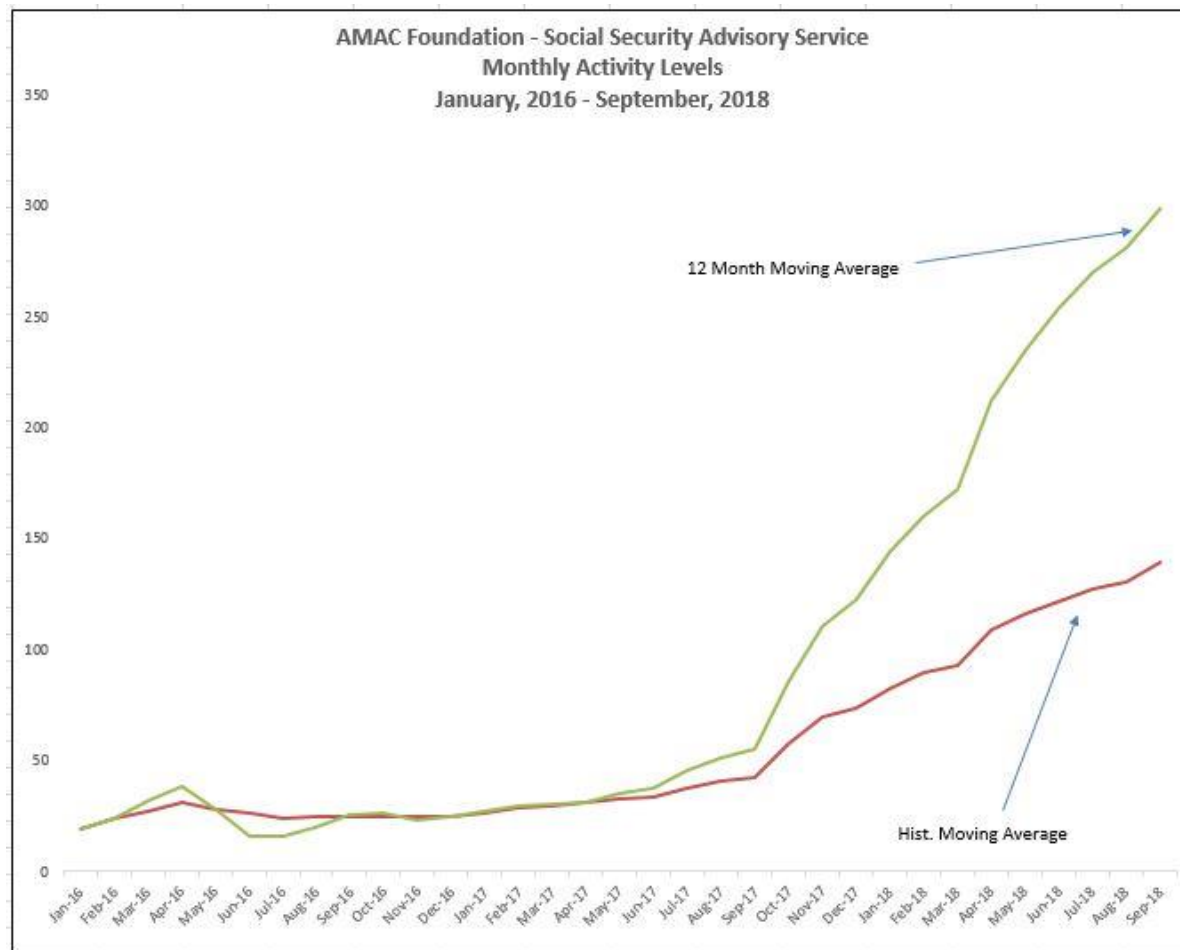
AMAC Foundation Activities

❖ Social Security Advisory Service – Some Highlights

- Five Certified Advisors
- Nearly Three Full Years of Operation
 - 2016 – Average 25 cases per month
 - 2018 – Average 300 cases per month
- “Ask Rusty” Weekly Bulletin
 - Issued to 7000+ Media Outlets

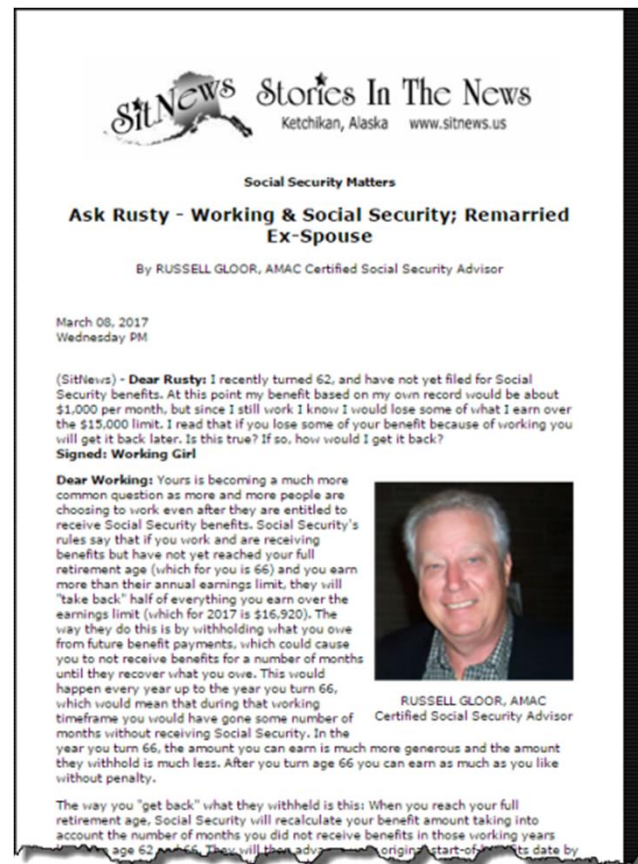
AMAC Foundation Activities

❖ Social Security Advisory Service – A Growing Program



AMAC Foundation Activities

❖ Social Security Advisory Service – “Ask Rusty”



SitNews Stories In The News
Ketchikan, Alaska www.sitnews.us

Social Security Matters

Ask Rusty - Working & Social Security; Remarried Ex-Spouse


By RUSSELL GLOOR, AMAC Certified Social Security Advisor

March 08, 2017
Wednesday PM

(SitNews) - **Dear Rusty:** I recently turned 62, and have not yet filed for Social Security benefits. At this point my benefit based on my own record would be about \$1,000 per month, but since I still work I know I would lose some of what I earn over the \$15,000 limit. I read that if you lose some of your benefit because of working you will get it back later. Is this true? If so, how would I get it back?

Signed: Working Girl

Dear Working: Yours is becoming a much more common question as more and more people are choosing to work even after they are entitled to receive Social Security benefits. Social Security's rules say that if you work and are receiving benefits but have not yet reached your full retirement age (which for you is 66) and you earn more than their annual earnings limit, they will "take back" half of everything you earn over the earnings limit (which for 2017 is \$16,920). The way they do this is by withholding what you owe from future benefit payments, which could cause you to not receive benefits for a number of months until they recover what you owe. This would happen every year up to the year you turn 66, which would mean that during that working timeframe you would have gone some number of months without receiving Social Security. In the year you turn 66, the amount you can earn is much more generous and the amount they withhold is much less. After you turn age 66 you can earn as much as you like without penalty.



RUSSELL GLOOR, AMAC
Certified Social Security Advisor

The way you "get back" what they withheld is this: When you reach your full retirement age, Social Security will recalculate your benefit amount taking into account the number of months you did not receive benefits in those working years. At age 62 you are 66. They will then advance your original start-of-benefits date by

AMAC Foundation Activities

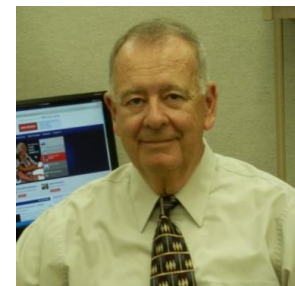
❖ Our Certified Advisors



Eileen Cook



Russell Gloor



Gerry Hafer



Sharon Kleczka



Hank Suarez-Murias

Social Security Questions... We've Got Some Answers!

Here's what we plan to cover today:

- “ The Basics (Eligibility, Calculation of benefits, Retirement Age)
- “ When to file (Early, FRA, DRCs, Breaking Even)
- “ Working after filing (The Earnings Test)
- “ Taxation of Benefits
- “ Disability Basics (Eligibility, Working while on Disability, Transition to FRA)
- “ Spousal Benefits (Married Couples, Divorced Spouses)
- “ Surviving Spouse Benefits (Married Spouses and Ex-spouses)
- “ Windfall Elimination Provision/Government Pension Offset (Who's affected, Impact on Benefits)

Social Security Questions... We've Got Some Answers!

So, Let's Dive In to Some Social Security Questions, beginning with some very basic issues ...



Who can collect Social Security?

- ❖ Retirees (workers at least 62 years old)
 - Must have at least 40 quarter credits (10 years) of work to be eligible
 - “Quarter credit” = \$1,320 per quarter. \$5,280/year = 4 quarter credits

- ❖ Spouses of Living Retirees (at least 62)
 - Current Spouses
 - Ex-Spouses (if married 10 years)

- ❖ Survivors of Deceased Retirees (at least 60 (50 if disabled))
 - Current, and ex-Spouses
 - Dependent Children under 18 (or 19 if still in high school)
 - Dependent Parents

- ❖ Disabled
 - Disabled workers with enough quarter credits (varies with age when disabled)
 - Disabled adult child if disability started before 22.

What is my Full Retirement Age?

- ❖ Your “full retirement age” is the age at which you first become eligible for full or unreduced retirement benefits

- ❖ Your FRA depends on when you were born:
 - Before 1938: 65
 - 1938 to 1942: 65 + 2 months each year
 - 1943 to 1954: 66
 - 1955 to 1959: 66 + 2 months each year
 - 1960 and later: 67

- ❖ “Full Retirement Age” for people retiring today is between 66 and 67

- ❖ Raising the FRA in the future is possible, but wouldn’t affect today’s retirees

How is my benefit calculated?

- ❖ Social Security has your lifetime earnings record (from IRS)
- ❖ Annual earnings are adjusted for inflation
- ❖ 35 highest earning years (to annual max) are selected and totaled
- ❖ Divided by 420 to arrive at your “Average Indexed Monthly Earnings” (AIME)
- ❖ AIME is then divided into three segments used to compute your benefit at your Full Retirement Age (also known as your Prietary Insurance Amount or “PIA”)

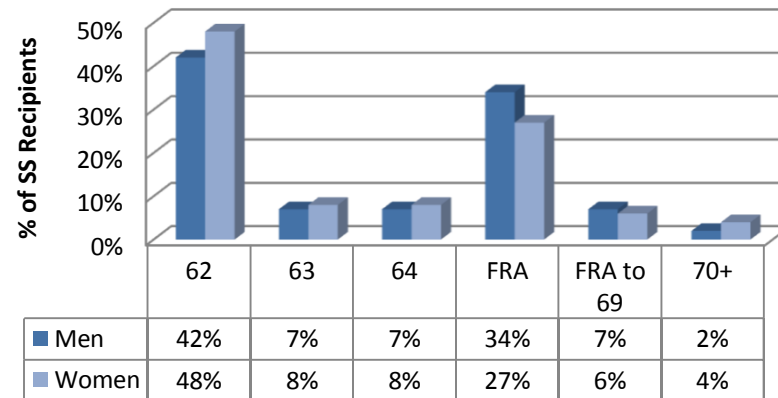
Here is the SS Benefit computation for an AIME of \$6000

| Segments | Applied to | Multiplier | PIA Portion |
|--|-------------------------|------------|------------------|
| First | \$0 to \$895 of AIME | 90% | \$805.50 |
| Second | \$896 to \$5397 of AIME | 32% | \$1440.32 |
| Third | \$5398 to \$6000 | 15% | \$90.30 |
| Calculated Primary Insurance Amount (PIA) | | | \$2336.12 |

The benefit will be rounded down to the nearest dollar

At What Age Should I File for Benefits?

Claiming Age Distribution

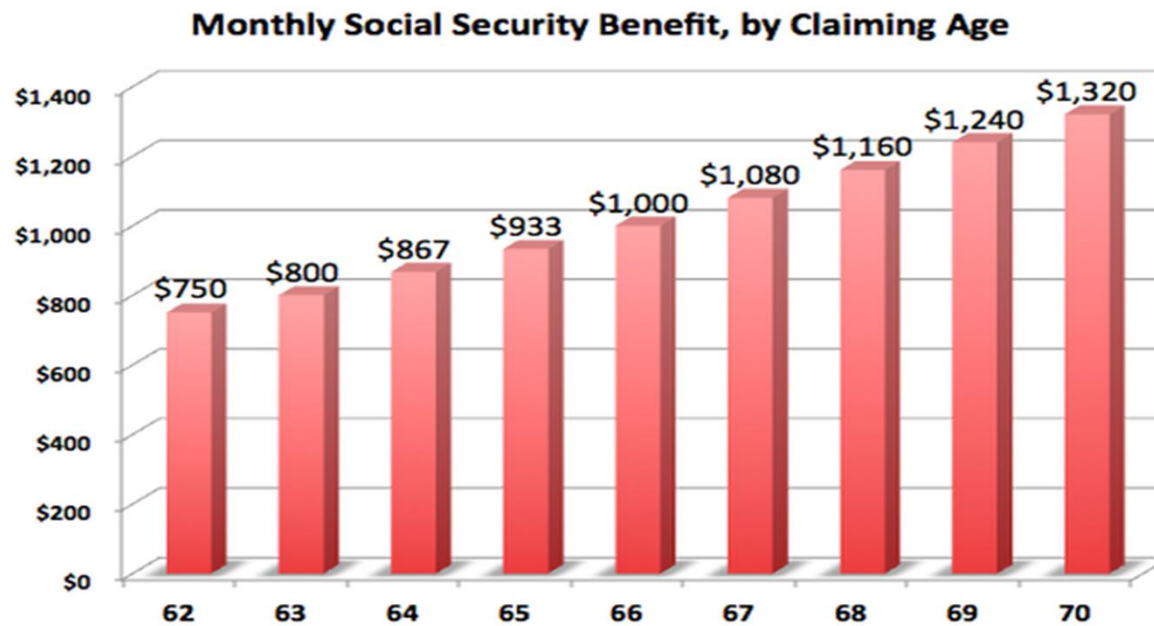


- ❖ There is no one “best age” to retire; everyone is different
- ❖ Answer to the question “When should I apply?” is “It depends”
 - It depends on your health & how long you expect to live
 - It depends on your financial situation – Do you need the money now?
 - It depends on your marital status & the concern for survivors’ benefits

BUT, don’t apply because you think Social Security is going bankrupt – it’s not !!

What if I retire earlier, or later?

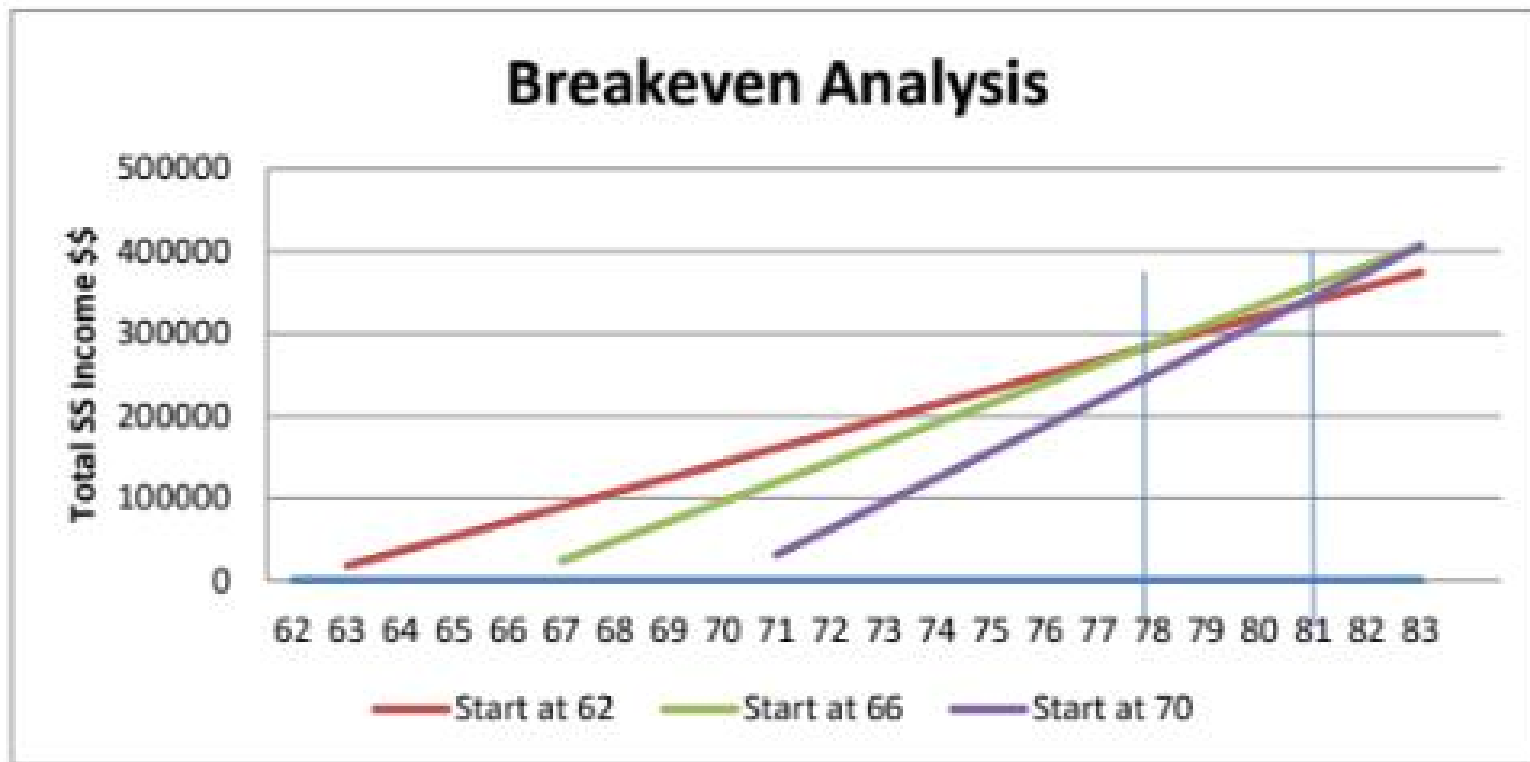
- ❖ Starting at 62 will reduce your retirement benefit by 25 – 30% *for life*
- ❖ The longer you wait, the more you get each month
- ❖ Starting after your FRA can increase your retirement benefit by up to 32%



Example \$1000 PIA @ 66

When do I "break even"?

- ❖ There's a mathematical point at which the amount you receive if you claim later equals the amount you would have received if you had started early, usually between ages 78 and 81



Working and Social Security

- ❖ Continuing to work can increase your benefit by replacing early-career years with no/low earnings, but.....
- ❖ If you continue to work after starting benefits early (before FRA), there is a limit to how much you can earn without affecting your benefits” (2018 limit = \$17,040; 2019 limit = \$17,640)
- ❖ If you exceed annual earnings limit, SS will withhold \$1 for every \$2 over the limit (after you reach your FRA there is no earnings limit)
- ❖ Anything withheld from your benefits will be eventually returned:
 - When you reach your FRA, your benefit will be recomputed to give you credit for any months of withheld benefits.

Consider your future working plans while deciding when to apply for Social Security!!

Working and Social Security

- ❖ Special Rules for the Year You Reach FRA:
 - ❖ Between January 1 and the month you reach FRA, you can earn up to \$45,360 in 2018, \$46,920 in 2019 without reduction
 - ❖ If you exceed that limit, \$1 for every \$3 earned in excess will be withheld
 - ❖ The limit disappears in the month you reach FRA and there is no longer an earnings limit beyond that point

Consider your future working plans while deciding when to apply for Social Security!!

Are Social Security Benefits Taxable?

❖ Yes, if “Provisional” Income Levels are exceeded

- More than half of Social Security recipients today pay income tax on their benefits
- Taxes on benefits brought in \$38 billion in 2017
- Starts with Adjusted Gross Income
 - Includes Tax Exempt Income
 - Includes Foreign Income that was excluded from federal income tax
 - Includes 50% of Social Security Benefits

Are Social Security Benefits Taxable?

❖ “Provisional” Income Level Tables

- Single Filers
 - Under \$25,000, no tax liability
 - Between \$25,000 and \$34,000, 50% is taxable
 - Above \$34,000, 85% is taxable
- Married Filing Jointly
 - Under \$32,000, no tax liability
 - Between \$32,000 and \$44,000, 50% is taxable
 - Above \$44,000, 85% is taxable

Benefits not taxable if first provisional income threshold for your filing status is not reached.

Note: Tax withholding on Social Security benefits is optional

Some Basics on Disability (SSDI)

SSDI is available to those who:

- ❖ Have a physical or mental condition that prevents them from engaging in any "substantial gainful activity" ("SGA")
 - The condition is expected to last at least 12 months or result in death
- ❖ Are under their Full Retirement Age
- ❖ Have sufficient Social Security Work Credits

Apply for SSDI as soon as you become disabled

- ❖ The determination process can take 3 to 5 months
- ❖ Compassionate Allowances are available (there are more than 200, including certain types of cancers, ALS - Lou Gehrig's Disease, et al.)
- ❖ If approved, there is a 5-month waiting period (payments are made in the sixth month after your date of disability)

There is an option for Spousal Benefits

- ❖ Recipient can be eligible for spousal benefit as early as age 62
- ❖ Spouse must be collecting benefits

Spouses, ex-spouses and survivors

Spouses & Ex-spouses

- ❖ Spouses and ex-spouses collecting at 62 with FRA of 66 will receive about 35% of worker's PIA; up to 50% at their FRA (reduction for FRA of 67 even greater)
- ❖ Ex-spouses must have been married to worker for at least 10 years and not remarried
- ❖ No "spousal boost" if benefit on own work record is greater

Survivors

- ❖ Surviving spouses at FRA get 100% of worker's benefit if married 9 months or more
- ❖ Surviving ex-spouses get 100% of worker's benefit if married 10 years or more
- ❖ Both can collect reduced benefits at 60 (50 if disabled); can collect earlier if caring for minor child of deceased
- ❖ Dependent minor children and dependent parents can also get benefits
- ❖ Family maximum may apply

Windfall Elimination Provision & Government Pension Offset

Windfall Elimination Provision (WEP)

- ❖ Applies to those who worked for certain state or local government agencies (including school systems)
 - ❖ Specifically, work that was not covered by Social Security and for which Social Security tax was not withheld
 - ❖ Earnings from this work will not show up in Social Security's calculation, thus lowering the calculated benefit
 - ❖ WEP in turn accounts for these earnings by applying a different calculation process to determine benefits
- ❖ Earnings from Social Security-covered work can offset the WEP reduction

Windfall Elimination Provision & Government Pension Offset

Windfall Elimination Provision (WEP) *Continued*

- ❖ WEP goes beyond the worker's PIA
 - ❖ The effect of WEP applies also to spousal benefits and other dependent benefits
 - ❖ WEP does not apply to survivors' benefits
- ❖ To avoid the WEP reduction:
 - ❖ You have the option to forfeit the government pension

Windfall Elimination Provision & Government Pension Offset

Government Pension Offset (GPO)

- ❖ Applies to spouses who receive a pension from government work that was not covered by Social Security
 - ❖ Applicable to spouses, divorced spouses, surviving spouses, surviving divorced spouses, and deemed spouses
 - ❖ GPO results in Social Security spousal benefit reduction of \$2 reduction for every \$3 (or .667%)
- ❖ To avoid the GPO reduction:
 - ❖ For at least five years, work in a position where you are contributing to both Social Security and the same pension plan

Thank you for Joining Us!

- ❖ Thank you for joining us this morning!
 - We are planning for this type of seminar to be an on-going part of the Foundation's seminar series
 - Watch the Foundation's "Events" page for future sessions
 - www.AmacFoundation.org/Events
- ❖ Our Social Security Advisory Service is available free-to-the public anytime
 - Visit www.AmacFoundation.org/Services for direction
- ❖ To stay current on what's happening in Social Security and Medicare, visit our two information-packed websites:
 - www.SocialSecurityReport.org
 - www.MedicareReport.org

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thank you!