Social Security 101: Making the Most of Your Benefits

We all dream of a secure, comfortable retirement. Today, because we are living longer, we can expect to spend more time in retirement than our parents or grandparents did. That's why it's more important than ever to plan for your financial future now, to ensure you have the security needed in your golden years.

It's never too late to learn how to make the most of your Social Security benefits. Over the years, there have been changes that affect all of us. If you're serious about making the most of your benefits, read on.

Did you know?

The maximum Social Security benefit for workers retiring at the age at which you are eligible to receive full benefits, known as the full retirement age (FRA), in 2013 was $2,533. For comparison, the maximum benefit for those who wait until they are 70 to receive benefits is $3,344 (32% higher).

Year Born	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943—1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

If you feel like it will be difficult to wait, you're not alone. Even though most people would probably be better off delaying benefits, more than two-thirds of eligible workers take early Social Security.[1]

At age 65, your average life expectancy rises to 82 for men and 85 for women. The average is even higher for married couples, with a 45% chance that at least one spouse will live to age 90 for couples who reach age 65 together.

What does this mean to me?

Although you are eligible to begin taking your Social Security benefits as early as age 62, it may not be a sensible choice. The FRA used to be 65, but that changed in 2002. Now that people are living longer, the FRA is based on a sliding scale for those born after 1938. For example, if you were born in 1938 or later, your FRA is some point after age 65 and increases to 67 for those born after 1959 (see chart).

Taking the money early may seem like a great option, but it means you will receive a lower monthly payment for the rest of your life. If you choose to begin receiving your Social Security benefits at age 62 and your FRA is 66, your benefit will be permanently reduced by up to 25%.

On the contrary, if you postpone taking your benefits until age 70, your benefit increases by 32% (8% a year).

To determine what your monthly Social Security benefit will be at age 62, at FRA and at age 70, use the Social Security Benefits Planner at www.socialsecurity.gov/planners.

Things to Consider

It's tempting to take your money earlier, but before you decide consider the following:

- **Your financial situation.** If you plan to retire early and have adequate savings through a 401(k), pension or other investments, you can be flexible with your Social Security withdrawal strategy.

On the other hand, if Social Security is your main source of retirement income, you may wish to consider working longer and delaying your withdrawal in order to obtain a higher benefit.

- **Your personal retirement strategy.** Everyone's situation is different. It's important to understand how your earnings, retirement age, life expectancy and other factors will impact your retirement planning. In short, if you are in good health and have alternative income resources, it's probably best to wait as long as possible to take your benefit (up to age 70).

Next steps. There are steps you can take now to be proactive in your planning.

- Review your budget to understand how much you spend;
- Estimate income sources in retirement (i.e., social security, pension, investments, work);
- Visit www.socialsecurity.gov/planners to create an online account and assess your Social Security benefits.

Social Security planning can be very complex. Working with an H&H financial planner or a qualified tax professional can help you make informed decisions and ensure you are ready for retirement when the time is right.

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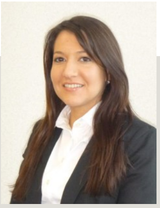
Jonathan brings nearly two decades of experience in the investment industry to his role with Hooker & Holcombe Investment Advisors, Inc. (HHIA). His focus is to work closely with each client to identify and set goals and objectives, develop custom strategies, and implement specific plans. He also advises institutional clients on their retirement plans. His clients rely on his expertise for wealth planning, asset allocation and portfolio management.

Jonathan is an Accredited Asset Management Specialist (AAMS®) and has completed the Accredited Investment Fiduciary (AIF®) program sponsored by Fi360.



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Katerina has an extensive background in retirement planning and assists with all aspects of the Financial Planning process and Asset Allocation Analysis for individual wealth management clients. Katerina takes great pride in helping families through retirement, education, investment and estate planning. She also conducts educational seminars to help clients understand the retirement options available to them and how to utilize those options to suit their individual financial situation and achieve their financial objectives.

Katerina is a Certified Financial Planner™ professional.