

## ARE YOU SOCIAL SECURITY SAAVY?

Think you know all about Social Security? Take this quiz and see how right you are.



By: Maryalene LaPonsie - September 16, 2016

### Understanding the program.

There is no denying Social Security is complex. Even those who work in the finance field can find it tricky. But your understanding of the program can play a role in how much you receive in retirement. Find out if you are Social Security savvy by seeing if you can answer these questions correctly.

### Is it better to apply for benefits early or wait until you're 70?

- A. Apply early
- B. Wait until 70
- C. It depends on how long you live

#### Answer

- C. It depends on how long you live.

Seniors applying at 62 get money sooner, but receive 25 percent smaller payments than they would receive at full retirement age. Waiting until age 70 means a 32 percent higher payment, but fewer years of benefits. Those who live until their 90s will come out ahead by delaying claiming until an older age, while those who don't make it until age 70 will at least get something by signing up early. "[People] really should have a Social Security analysis done to determine the optimal time," says Josiah Grauso, vice president of ASC Financial Group in Bartonsville, Pennsylvania.

### True or False: You should apply early because the program is running out of money.

- A. True
- B. False

#### Answer

- B. False

While it's true a government report says there's only enough money to fully fund benefits until 2034, the program will continue to have enough money to pay 79 percent of benefits after that. That means current seniors shouldn't have to worry about checks drying up for quite some time. Mike Piershale, president of Piershale Financial Group in Crystal Lake, Illinois, says he can't imagine the government won't take action to shore up the politically popular program. "I'm just not really concerned, at least for my generation," he says. "I fear for my kids a little more."

### Assuming you both receive retirement benefits, when your spouse dies, you'll get:

- A. Only your benefits
- B. Both your benefits and your spouse's benefits
- C. The greater of the two benefit amounts

#### Answer

- C. The greater of the two benefit amounts.

Financial advisors say many couples erroneously assume the surviving spouse will get to keep both checks. However, current Social Security rules are set up so that, in most cases, the surviving spouse continues to receive an amount equal to the larger of the two checks. John Eikenberry, president of Eikenberry Retirement Planning in Sidney, Ohio, says the higher earner of a couple may want to wait to claim Social Security benefits so that the surviving spouse will receive larger payments. "The longer you delay, the more she's going to receive upon your death," he says.

### Are Social Security benefits taxable?

- A. Yes
- B. No
- C. Sometimes

#### Answer

- C. Sometimes

Part of your Social Security income will be taxed if the sum of your adjusted gross income, nontaxable interest and half of your Social Security benefit tops \$25,000. If that amount falls between \$25,000 and \$34,000, half of your Social Security benefit may be subject to income tax. If your combined income exceeds \$34,000, then 85 percent of your Social Security benefit is taxable. The amount owed is based on your tax bracket. "[Retirees] think it's non-taxable because they paid taxes before," says Dolph Janis, founder and owner of Clear Income Strategies Group in Charlotte, North Carolina. "It's a big surprise at the end of the year."

### True or False: You have to go to the Social Security office to sign up.

- A. True
- B. False

#### Answer



Randall "Dolph" Janis, founder and owner of Clear Income Strategies Group, has been in the retirement services industry for more than 11 years, building a strong network of satisfied clients in Charlotte, N.C. and surrounding areas. Dolph's goal is to provide fulfillment for the visions, hopes and dreams from baby boomers to seniors by providing common sense solutions for their retirement needs.

To contact Dolph call (704) 919-0149 or visit [www.clearincomeforlife.com](http://www.clearincomeforlife.com).

#### B. False

You can sign up for Social Security benefits online from your own home. However, before making this important financial decision, it's a good idea to consult a financial professional who is experienced and knowledgeable about the program. A Social Security expert can give you advice about how to optimize benefits and review the pros and cons of various Social Security claiming strategies.

### Will Social Security cover all your living expenses in retirement?

- A. Yes
- B. No

#### Answer

- B. Probably not.

The average monthly benefit for retirees was \$1,335 in 2015, according to the Social Security Administration. While plenty of people do live almost entirely on their retirement benefit, you will be more comfortable if you have another source of financial support. "Social Security is potentially your biggest asset, but use it as it was designed: to supplement [retirement] income," Janis says.

### True or False: You can work while receiving Social Security retirement benefits.

- A. True
- B. False

#### Answer

- A. True

But if you start Social Security benefits before your full retirement age, working could come at a price. For every \$2 you earn in excess of \$15,720 in 2016, you'll have \$1 temporarily withheld from your Social Security benefit. In the year you reach your full retirement age, you can earn up to \$41,880 before you'll lose a dollar for every \$3 earned above the limit. However, at full retirement age you can work as much as you like without losing any benefits, and your payments will be increased to give you credit for your withheld benefit and continued earnings. "If you're going to continue to work, the easy answer is to wait [to start benefits] until your full retirement age," says Rick Rivera, partner at Safeguard Investment Advisory Group in Corona, California.