

Talk of the Town

Social Security Changes Are Coming, But Don't Panic!



James D. Stillman

We hope everyone had a great holiday season, a Merry Christmas, and a Happy New Year! It was nice to have a little time off to enjoy family, catch up on a few things, and get ready for the coming year. As always, there will be changes coming this year when it comes to retirement planning, investing, and insurance planning. That leads me to one big change that was signed into law in November 2015.

On November 2nd, a new bipartisan budget was signed into law by President Obama that will become effective in 6 months. Since 2000, retirees have been able to take advantage of a "loophole" in the Social Security system. It, in essence,

allowed one spouse to draw on the other spouse's benefit while they allowed their own benefits to continue to grow. This strategy has been known as "file and restrict", because you would file, but restrict your benefit to half of your spouse's benefit while you continue to grow your own benefit amount. The spouse whose benefit was drawn upon could either be taking Social Security, or do what is called a "file and suspend". They would file, but suspend their benefit to a later date.

How this new law affects you depends on what group you fall in. (NOTE: *If you are already drawing your Social Security benefits, then this does not apply to you.*)

Group 1: If you are under the age of 62 on December 31st, then the file and restrict/suspend strategy will no longer be available. You will simply choose your own benefit or half of your spouse's benefit - whichever is greater.

Group 2: If you are older than age 66 by May 1, 2016, then you are grandfathered into the old law and will be able to use the file and restrict strategy, but only if the spouse whose benefit will be drawn on "files and suspends" by April 30, 2016.

Group 3: If you are already taking advantage of the file and restrict strategy, or you qualify to do the file and restrict strategy and you do it before April 30, 2016, then you will be allowed to continue.

Group 4: If you are older than age 62 on December 31st, but not yet age 66 by May 1, 2016, then you can file and restrict, but must wait until full retirement age. In addition, the spouse whose record is being drawn upon **must be receiving** their Social Security benefits. They can't be "suspended".

As many of you know, at JDS Wealth Management, we believe proper Social Security planning is a vital part of your overall retirement planning. Many folks have become very concerned over these new regulations that will take away

certain Social Security planning strategies, and rightfully so. Here's the bottom line. Social Security will run out of money if not reformed. This is just one step, and there will be more to come, so get used to it! But, DON'T PANIC and DON'T FREAK OUT!

What we've learned at JDS Wealth Management is that Social Security, in many cases, is just one component of a properly constructed retirement plan. There are plenty of cases when *maximizing* Social Security payments is not the best thing to do. Sometimes it actually makes more sense to take Social Security early. It all depends on your personal situation that revolves around pensions, investable assets, required income, etc. So, here's what's really important: **HAVE A WRITTEN OUT, STRUCTURED RETIREMENT INCOME & INVESTMENT PLAN!**

If you've got a solid plan, then any Social Security changes, changes in life, emergencies or updates can be worked into the plan before they happen. Sounds simple right? Guess what? Hardly anyone actually does this! But, we do! It's amazing how a little planning goes a long way.

As always, if you would like more information about these strategies, any of our free reports, a free consultation, or a quote - just stop by the office, give us a call, or shoot us an email. Don't forget to listen to us every Saturday morning at 10:00am or Wednesday morning at 8:00am on WSIC radio AM 1400 and FM 100.7 for our Safe Harbor Retirement Planning Show. Or, visit the radio tab on our website for all the uploaded shows.

Until next month,

James D. Stillman

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