



Michael J. Damon, CPA

What's Your Full Retirement Age?

If you were born on January 1st of any year, refer to the previous year. If you were born on the 1st of the month, the Social Security Administration calculates your benefit (and your full retirement age) as if your birthday was in the previous month.

Source: SSA.gov



Congress Changed the Rules for Social Security Benefits

The Bipartisan Budget Act of 2015 wasn't just about the budget. It also affected Social Security claiming strategies, including file-and-suspend and restricted application strategies. These are techniques for maximizing retirees' income from Social Security. It's a change that experts estimate could cost some Americans as much as \$50,000 in lifetime Social Security benefits.¹



FILE-AND-SUSPEND

File-and-suspend is a process that allows married taxpayers who plan to retire at different ages to increase their Social Security benefits.² In theory, it works like this: A fictional American taxpayer, Jason, files for Social Security benefits at full retirement age and then suspends the benefits immediately. This opens the door for his spouse, Jan, to claim a spousal benefit. Meanwhile, Jason collects delayed retirement credits and has an opportunity to file for a larger benefit at age 70.³

Americans who are at full retirement age (66) have 180 days from the date the law was signed to file-and-suspend benefits. After that, the strategy is no longer allowed. That means a lot of folks won't be able to pursue file-and-suspend strategies.³

RESTRICTED APPLICATION

The restricted application strategy offers a slightly different benefit. In this case, Jason doesn't file for benefits at full retirement age. Instead, he files a restricted application, which allows him to receive spousal benefits based on Jan's earnings, while also earning delayed retirement credits until he files for benefits at age 70.⁵ Restricted applications will no longer be allowed after 2015.⁶

If you have questions about how the new law may affect your retirement plans, please give us a call. ■

¹ PBS Newshour, *Proposed Budget Bill Would Have Devastating Effects on Millions' Social Security Benefits*, October 27, 2015.

² The Wall Street Journal, *Social Security Strategies for Couples: The New Rulebook*, November 19, 2015.

³ PBS Newshour, *This is Not How You Fix Social Security*, November 2, 2015.

⁴ Bankrate.com, *3 Financial Do-Overs With Social Security*, November 25, 2015.

⁵ CNBC, *Time Running Out on These Social Security Strategies*, November 5, 2015.



Looking for the Perfect Gift?

There has been a lot of debate in recent years about whether a college education is worth the cost. After all, it has been a lot harder for college graduates to find good jobs than it was before the Great Recession, and many have accepted low wage positions.

Regardless, recent research into the earnings of Millennials (born after 1980) found that those with bachelor's degrees who worked full time had significantly higher earnings (\$45,500) than young people with some college or a two-year degree (\$30,000) or high school graduates (\$28,000).⁶

If the economy continues to recover, the advantages of having a college degree may become more pronounced. As a result, the perfect gift for the youngsters on your list may be a contribution to a 529 College Savings Plan. 529 Plans are a smart way to save and invest for college. Contributions may be state tax-free and any earnings used for qualified higher education costs are tax-free.⁷

It's easier to give than ever before. Some 529 plans have introduced gift registries and other online tools, including gift

codes, to facilitate giving.⁸ Give us a call, if you would like to learn more. ■

Participation in a 529 College Savings Plan (529 Plan) does not guarantee that contributions and investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses or that a beneficiary will be admitted to or permitted to continue to attend an institution of higher education. Contributors to the program assume all investment risk, including potential loss of principal and liability for penalties such as those levied for non-educational withdrawals.

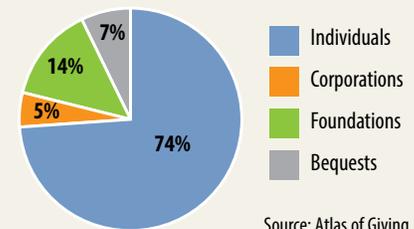
Depending upon the laws of the home state of the customer or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if the customer invests in the home state's 529 college savings plan. Consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or any other 529 college savings plan to learn about the features, benefits and limitations of that state's 529 college savings plan.

For more complete information, including a description of fees, expenses and risks, see the offering statement or program description.

Gifts That Make a Difference

Americans are generous people. If you're planning to make a gift, consider a donor-advised fund through Pershing. These funds allow donors to take immediate tax deductions and make recommendations about how and when contributions may be distributed to qualified nonprofit organizations.⁹

More than \$456 billion was given to religious, health, human/disaster, arts, education, and other causes in 2014.



Source: Atlas of Giving

⁶ Pew Research, *5 Facts About Today's College Graduates*, May 30, 2014.

⁷ Reuters, *How to Give the Gift of College This Holiday Season*, November 10, 2014.

⁸ Chicago Tribune, *It's Easier Now to Give a Gift to 529 College Savings Plan*, November 27, 2015.

⁹ CNBC, *The Pros and Cons of Donor-Advised Funds*, December 15, 2014.