

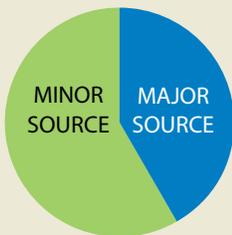


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## Social Security: Expectations vs. Realities

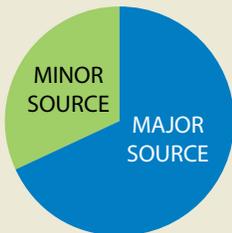
The 2016 Retirement Confidence Study found, "Today's workers are almost half as likely to expect Social Security to be a major source of income in retirement... as today's retirees are to report that Social Security is currently a major source of income..."

### EXPECTATION



- 35% of workers expect Social Security to be a major source of retirement income
- 49% of workers expect Social Security to be a minor source of retirement income

### REALITY



- 62% of retirees report Social Security is a major source of retirement income
- 29% of retirees report Social Security is a minor source of retirement income

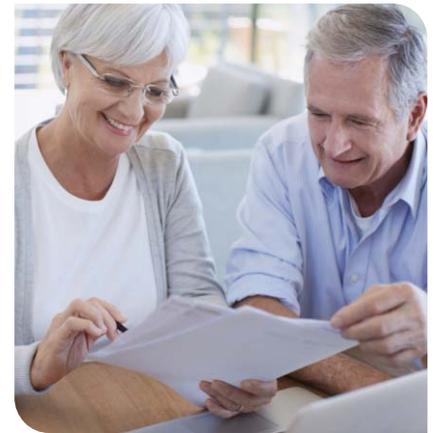
Source: Employee Benefits Research Institute

<sup>1</sup> 2016 RCS Fact Sheet #6. Attitudes About Current Social Security and Medicare Benefit Levels. Retirement Confidence Survey. 2016.

## What's Your Social Security Benefits Strategy?

Two popular Social Security claiming strategies, 'file and suspend' and 'restricted spousal benefits,' have become obsolete during the past few months. The good news is the elimination is expected to save the government more than \$10 billion every year. The bad news is the money will not go into the pockets of future Social Security recipients.<sup>1</sup>

Americans who already receive benefits won't be affected by these rule changes.<sup>2</sup> However, those who are still developing strategies for maximizing retirement income may need to re-evaluate their options.



The basic options available include:

- **Early retirement:** Retirees can begin taking benefits at age 62. However, the monthly benefit received will be lower than if they had waited until full retirement age (FRA).<sup>3</sup>
- **Full retirement:** At FRA, which is determined by year and month of birth, Social Security pays a full retirement benefit.<sup>4</sup>

Year of birth	Full retirement age
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

- **Late retirement:** Retirees who file for benefits after FRA receive larger monthly benefits. The amount increases by about 8% for each year benefits are delayed.<sup>4</sup>

In 2016, the average benefit paid to retired workers at FRA is expected to be \$1,341 a month or \$16,092 a year. The maximum benefit is \$2,639 a month or \$31,668 a year.<sup>5</sup>

When considering the options, it may help to keep this fact in mind: Life expectancy has increased by 15 minutes every hour during the past 50 years or so.<sup>6</sup> If you need help determining which options best suit your needs, give us a call. ■

<sup>1</sup> Munell, Alicia H. et al. *Unusual Social Securities Claiming Strategies: Costs and Distributional Effects*, Center for Retirement Research at Boston College, August 2009.

<sup>2</sup> Halloran, Tom. *How to Navigate Social Security and Optimize Your Benefits*, U.S. News & World Report, Jan 18, 2016.

<sup>3</sup> ssa.gov. *Full Retirement Age: If You Were Born In 1960 Or Later*. Cited April 2016.

<sup>4</sup> ssa.gov. *Retirement Planner: Full Retirement Age*. Cited April 2016.

<sup>5</sup> ssa.gov. *2016 Social Security Changes*. Cited April 2016.

<sup>6</sup> The Economist. *My money or your life*. August 23, 2014.

## Donor Beware

Americans are generous at heart. During 2014, charitable giving across the country totaled \$358 billion, exceeding peak giving before the Great Recession, according to Giving USA.<sup>8</sup>



- **Individuals**  
gave about \$259 billion
- **Bequests**  
accounted for \$28 billion
- **Foundations**  
gave almost \$54 billion
- **Corporations**  
gave about \$18 billion

Unfortunately, not all charities are the real deal. In fact, fake charities

made the 'Dirty Dozen' list of scams published by the Internal Revenue Service (IRS) in 2016. The list includes common scams perpetrated on taxpayers.

Before you give, make sure you get enough information to confirm that a charity is legitimate and reputable. Once you have collected the information you need—and before you give

anything—log on to CharityWatch.org, GiveWell.org, or another website that reviews charities and provide prospective donors with information about which charities do their work well. ■

*None of the information in this document should be considered as tax advice. You should consult your tax advisor for information concerning your individual situation.*

### Tips for Avoiding Charity Scams

As with so many things today, it's important to be cautious when approached by someone you don't know. Charitable contributions may be solicited by telephone, text, email, and other methods. Before you give, the IRS suggests:<sup>9</sup>

- Asking for the exact name of the charity
- Requesting and checking the charity's employer identification number (EIN) on the IRS EO Select Check website
- Reviewing the organization's Form 990
- Donating by check or credit card

In addition, be careful about giving personal information to anyone who is fundraising on behalf of a charity unless you have already confirmed the individual's identity and the charity's legitimacy.

<sup>8</sup> givingusa.org.

<sup>9</sup> IRS.gov. Fake Charities Are a Problem and on the IRS "Dirty Dozen" List of Tax Scams for 2016. Feb. 9, 2016.

