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Thank you for joining us today for the Career Speaker Series. This series brings to you the nation's top career authors who provide tips, tools and best practices you can use to create a successful career strategy. Hello, my name is Dr. Phil ivam. And I'll be your host today. With me today is Andy Landis, owner of thinking, retirement, and also author of Social Security the inside story. In the next hour, you're going to learn how to handle your social security and maximize your take from Social Security so you can live a fruitful and exciting retirement years now. Have your pen and paper or electronic device ready to take notes, check the download option to gain access to the resources that will help us and these ideas. As you master your planning in Social Security. What you don't know will cost you 1000s of dollars. So pay particular attention today. Now, we also want to remind you that this webinar is about you. You are also invited to help influence the program by offering your thoughts and how we can continue to be a support to your career. So click on the menu option that says give us your feedback and ask questions. This is your webinar and you definitely have an opportunity to type in questions. And we will make sure that he gets those throughout today's presentation type them in when you think about them. Now let me give you a brief background on our very accomplished speaker today. And he is one of the nation's foremost authorities and Social Security and Medicare. And he's in demand nationwide is an author, speaker and consultant with recent changes in the laws on Social Security. He has been receiving lots and lots of emails that he's responding to, and being called on by major media to give feedback. And he has guided 10s of 1000s of people to maximize their retirement benefits while working at the Social Security Administration, AARP, multinational corporations and in his own practice, as we mentioned thinking retirement. And in thinking retirement educates both individuals and financial professionals through live workshops, books, articles, webinars, professional education courses. Now you are also aware that Andy is the author of Social Security, the inside story, but what you don't know is he is also written when I retire the fastest and easiest way to make your retirement fun, fulfilling and significant. Both books are available through Amazon. And he is also a regular blogger for Wall Street Journal's Market Watch. And on TV has appeared on Fox News, PBS and his frequent guest on radio. He lives in Seattle with his wife, Kay, keyboards, camper, computers, cars and sometimes kids. Now today, Andy is going to be your private consultant and share with you how to master your Social Security. Join me in welcoming Andy Landis. Andy, are you with us? I am dawn Thank you so much. I was a great introduction. And I'm happy to be here coming to everybody from Seattle. Hello, everybody. Let's spend an hour talking about your Social Security definitely part of your career. It's there with you during your career, and then it becomes part of your retirement career following your current career. So we'll move from mystery to mastery. And I say mystery, because everybody buys Social Security. And then they have very little idea what they bought. So let's find out what you've been paying for all these years, and how to make it work for you. You'll go away an hour from now, with much more mastery of your Social Security. Here we go. In order to talk about Social Security, I need a sample family. So I have invited the Martin's Paul, Ruth and Timmy from the old Lassie show. I've got him in the wings right now. And I'll bring them on stage as we go along when I need an example. So watch for them coming back.

04:27

Let's talk about social security in a nutshell. You know what is paycheck insurance, its job is to insure your paycheck against certain losses. And think about it it's not paid for by income taxes. It's paid for by payroll taxes. So only workers in their families pay into it. And only excuse me workers and their employers, and only workers in their families can draw any money out of it. And what it does is ensure your paycheck against three kinds of losses retirement, disability or death. Those are the three events that could trigger Social Security payments, either at the retirement point of your career or mid career, heaven forbid, if one of those other things happens. And it's the only pension system I know of, that has a cost of living raise exactly equal to the inflation rate every year. Now, cost of living raises have been low the last couple of years in the range of one and a half percent. And in 2016, there will be no raise in the social security. All of that is because social security raises are tied to the CPI, whatever the CPI goes up every year, that's how much they raise the Social Security. In 2015, the CPI actually declined, and therefore Social Security gets no raise, it won't get reduced, but it also won't get a raise. That's how that works.

05:58

So moving on, first question, especially for younger people, will Social Security be there for you? Or are you more likely to see a UFO? So let's talk about that for a minute and put on your seatbelts because I'm going to give you some information. That's exactly the opposite of what you've heard from the media. Social Security is running in the black, and has been running annual surpluses every year since 1984. I'll just stop for a second there, you've probably read articles that say it's been in the red since 2010. Well, that's partly true. But it's not totally true. Since 2010, Social Security is paid out more than it took in in payroll taxes. However, that ignores a second source of income to Social Security, which is interest on its investments. And I don't know about you, but I'm not going to ignore interest on my investments in my retirement. So if you include that second source of income, Social Security has been running a surplus and surpluses will continue through 2019. As you project forward. Now, surpluses are shrinking last year in 2014. last date that I have figures for the surpluses only 25 billion, but that's pretty good, and ended up the year with more money than it started. If you do that for 30 years, you end up with quite a bit of money. And currently, Social Security has reserves of $2.8 trillion, all reserved, all, excuse me, all invested in one thing, and that one thing is government bonds. Now, some people say there's nothing backing up Social Security except worthless IO use. If you believe that government bonds are worthless to us, and you have any of those worthless pieces of paper, I'd be happy to take them off your hands. That that is real money. And it does pay interest to Social Security. In fact, that's 16% of their budget. If you project forward, the trust funds are 100% sound until 2034, meaning we can pay benefits at 100% level until then, with no changes between now and then we boomers would spend down the trust funds. And that means there would only be enough money coming in from taxes to pay 79% of benefits after 2034. That would be coming from younger people that are still in the workforce, there would be no reserves, no interest coming in. But taxes alone would pay that. Obviously, changes are needed for extending Social Security solvency. And you know what they would need to do they need to spend less or bring more in, that means they need to cut benefits and or raise taxes. By the way, that's exactly what they did in 1983, which was the last overhaul of Social Security financing. And we are on that payment scheme since then. And if you go back to 1983, you'll see the actuaries saying we think we have money for 50 years, which would work out almost exactly to what they now project to be the insolvency date for Social Security. What that means is, if I get out my crystal ball for a minute, you younger people would probably pay more for Social Security and get less out of it. People who are a little gray on top like me, all the changes are normally aimed at younger people. So there's time to phase in that we're still phasing in the changes from 1983. So don't panic. We don't expect big cuts for people that are near or in retirement. We do expect changes like that for younger workers. So just expect that. I would also say if you're extremely pessimistic about social security, and you want to use zero for your forecasts for Social Security income, I would not use it Zero if I was very pessimistic, I might use something like 75%, which assumes that all the changes come down on retirees, rather than being spread around in tax increases for workers. that's unlikely, but kind of your worst case. So guess that's the bottom line. So it's not as bad as you've heard, there is money there. And I get this wonky on this. I'm pretty wonky on this. Because some people make a mistake around this, I think they say, Oh, I'm going to take my social security as early as I can, because it's going to go broke any year. Now. It's already in the red. That's not exactly true. So there may be reasons to take it early. But I would say the idea that Social Security is going broke any day, not a good reason to take it early. I'm going to move on now.

10:53

How do they compute your payment. And on this, what I want to do is not get too wonky on all the numbers that are behind the payment computation. But to at least give you some ideas where if you do X, your Social Security will do Why? Because there's a lot of misinformation out there about this. Let's take a look. There's only three steps to the payment computation. One, are you eligible to hire your earnings? Three? How old are you when you start the payments? zooming in a little bit to be eligible, you need 10 years of work under the Social Security system. In other words, where you paid taxes, you probably have that right now. But there's a backup. If you do not have 10 years of work under the system, find somebody with 10 years of work and marry them. That works also. So I suggest perhaps Craigslist got 10 years willing to share something like that. And I'm kidding around, but I'll tell you what, seriously, I was teaching a class of CPAs last year, and I heard a guy in the backseat, who was his seatmate, dude, I am so putting that on my dating profile. I thought, dude, you really need some help. But in any case, 10 years of work or being married to a worker with 10 years will get you a social security payment. Second step, How high are your earnings, most pensions, look at your best five years, not Social Security, it looks at your best 35 years of earnings. And basically, they look back over your entire earnings record, they apply an inflation factor to those older earnings to make them more comparable to today. And then they simply pick the 35 best years, not necessarily in a row. So they'll take your highest year, your second highest year, your third highest year, wherever they may lie, throw them in a hopper, take the average. And that average determines how high your Social Security payment is. That 35 year computation can be good news or bad news, depending on your work history. If you've got 35 solid years of work, and you're thinking about retiring early, which would then post zeros to your earnings record that has little to no effect on your social security computation. Because so much history is already laid down. Changing a few numbers at the end of your career has very little impact on a 35 year average. On the other hand, if you have many zeros, maybe you took time out to raise kids or you are in a layoff type industry or you spent a lot of time in school. Or maybe you just moved to the US mid career. Those zero years are dragging down your 35 year average. And they will still be dragging it down even if they happened 20 years ago. So just be aware. That's how they determine it. The reason I bring that up is many, many people think social security is based on the last 10 years. Example, I'd really like to retire early. But my accountant told me Social Security is based on the last 10 years. So if I retire early, it fouls up my social security for the rest of my life. Not true. With a 35 year average, you may already be near the maximum you could get from Social Security. Well, let's move on. Third step in the computation is when do you start the payments, the later you start them up to age 70. The higher the monthly payment will be, of course for fewer months because you're closer to the big day. So put that aside for a minute and we'll zoom in on that in just a sec. This next slide is simply a chart showing if I'm 65 and retiring this year 2015.

14:51

The earnings up through 2014 will determine my Social Security payment. And this chart simply shows higher earners get a higher social Security payment, lower earners get a lower social security payment. The chart goes up to 117,000. Because that was the taxable ceiling in 2014. In 2015, and 2016, the taxable ceiling is 118 1500. That means, if you earn, let's say 200,000, in 2015, you're only taxed for social security on the first 118, five, and only 118. Five goes on your social security record to be used in your 35 year computation. So there's been a maximum every year. And to get this top number, I simply posted maximum earnings for the last 40 years, let the computer inflate them pick the top 35. And this is literally this 2452 is literally the most you can get from Social Security. If you're 65. This year, if you're 66, it's about 2600. If you're 70, it's about 3500. Point being, nobody is getting rich on Social Security, it's all aimed at the middle class. That's who benefits the most from social security as middle class workers. On the other hand, if you have two earners and a married couple, and they're both high earners, you'd be looking at roughly 2500 each. That's what 5000 a month 60,000 a year with tax benefits, that's a pretty good start to retirement, plus anything you can save on top of that. Moving on, this is a chart showing your age versus your payment amount. Now the age computation starts by defining a full retirement age on this chart, it happens to be 66. All that means is that if I file for social security at 66, I get what social security calls a 100% payment. Can I take it earlier than that, certainly, you can take it as early as 62. What's the catch? Every month that you take it early, there's a slight reduction in the payment, as shown on this trace down below age 66. If your full retirement age is 66, and you take it 48 months early, that's 48 tiny reductions leading to a 75% payment at 62. You can file at any month between 62 and full retirement age. And the payment will be adjusted based on how many months early you're starting. Similarly, any month you postpone the payment past your full retirement age, the payment gets a little higher, it's computed monthly at an annual rate of 8% per year. So if your full retirement age is 66, and you wait 48 months to age 70, you get 132% payment, that's the most you're going to get it does not grow anymore, because of age after age 70. So basically, you can choose any payment from 75% to 132%. Simply based on the month that you file, the Social Security application. We'll get into that in detail in a little bit. Finally, full retirement age is moving. It started out at 65. And that is part of the 1983 overhaul of Social Security. We're phasing in to age 67. your full retirement age is determined by your year of birth. So find your year of birth here on the left. And that will tell you your full retirement age in the right hand column. Now my examples today we'll use 66 for three reasons. One, it affects a lot of birth years, there's 11 birth years there that are that all have age 66 has their full retirement age to those people are reaching retirement age now. So they're very interested in social security. And three, it includes me in that bunch of boomers from 1943 to 1954. So we'll use it's a great year, I'll tell you, so age 66 will be my examples. But all the payments would be a little bit different. If your full retirement age is different. So keep that in mind and find your full retirement age on this chart.

19:35

What you need is a personalized statement over how your Social Security pans out in dollars and cents. And that is mailed to you every five years on your speed limit birthdays, I call them 2530 3540 and so on until you're 60 and then they mail it annually. However, that's so old school. What you do now is you go to ssa.gov You establish a my Social Security account. And then you can generate the Social Security statement anytime you want, you can check your earnings on it, you can get estimates of how much they'll pay you at your full retirement age, age 62, at age 70, there's all kinds of stuff on there. So definitely set up your my Social Security account. And when you get your Social Security statement, it comes to you as a PDF, which is really handy. You can save it to your computer as a PDF, you can print it and throw it in a file. And best of all has a PDF, you can attach it to an email to your financial advisor, which is really smart. They need all these numbers in order to do any kind of planning with you. Whether it's survivor planning, disability planning, or retirement planning, they want that my Social Security account set up and they need that Social Security statement in hand. So definitely do that. Do it tonight, and then mail that PDF to your financial advisor. Here's the $64,000 question to get the most out of Social Security. Should I take it early or late? Well, I can't give you the whole picture. But I can give you some of the thoughts that go into that. This shows three different traces, one starting at 62, one starting at 66 and one starting 70. The age 62 trace starting there is a trade showing $750 a month, accumulating forever. And over the course of a lifetime. Those small payments add up to over $200,000 as part of your retirement. Now I picked 750 as part of it's basically 75% of a $1,000 payment, which is way below average. But it makes the math really easy. So we'll use that over and over today. So that's the age 62. Trace, the question is, does it pay to wait till 66? Well, that's the red Trace here. And you can see it passes the age 62 early filer, this is $1,000 a month accumulating forever. It passes the early filer at age 78. Don't panic at that advanced stage, we'll come back to that in a second. And has more headroom at the at the end in total lifetime accumulated payments, does it pay to wait till 70 and get 132% payment? Well, this trace, the green trace is 1320 a month, representing 132% payment. And it finally passes everybody else at age 82 and a half and ends up over the course of a lifetime. With a little headroom ahead of everybody else total lifetime payout. The rule of thumb around social security is you'll get a little more money from Social Security. If you wait until 66 or 70, you have to live long enough to make it pay. So the joke is tell me your death date. And I'll tell you when to file for Social Security. We don't know that. So we have to play the averages. Let's talk about life expectancy. If you make it to your mid 60s, your life expectancy is mid 80s, about 84 for men and 86 for women. And you are probably above that average, because you're college educated. After all, this is coming to you from your alumni association. So what that means is the rule of thumb is wait till 70. Nobody wants to do that about 1% of people file at 70. But you'll get more money over a lifetime by doing that. Now that's only part of your financial picture. In order to maximize not your Social Security, but your entire financial picture. I would have to know your life expectancy, your marital status, your tax rate now and in retirement, your retirement income sources, your retirement assets and how they're characterized. Are they traditional IRAs, Roth IRAs or some other form?

24:17

And you know what to do that I can't do that I'm not a financial planner, you would need a financial planner who knows your whole financial picture. And social security would be one piece of that puzzle. So yes, I can tell you how to maximize your social security on average, I cannot tell you how to maximize your entire picture you need to do that work probably with a financial planner would be best. Next slide just stretches out the planning timeframe to 95 and here's why. If you happen to be married, the life expectancy of a couple is much longer than the life expectancy of either member of that club. In fact, it's early to mid 90s. If you plan out to the 90s, the late trace the green trace, starting at age 70, has way more headroom. In this case, it's about what 40 or $50,000. And this is for a low paid social security person, yours could be double that easy. So if you want to put an extra 100,000 in your retirement, then file later, be married. And whoever survives the first death, also gets that step up to the 132%. I'll show you how that works in a minute. So moving on, sorry, but the best bet for Social Security is to wait until 66 or 70. The number one filing age, however, is 62. You have to make that decision. Okay, everything we've done so far is background. To get to this slide. Let's talk about families with spouses, former spouses, children, dogs, etc. and see how social security pans out. And to do that, I need the Martin's back again from the last show. That's Paul, Ruth and Timmy. Let's talk about how social security works for them. Starting with Paul, let's just stipulate that he's a lifetime worker, and that he was born in 1953. From his birth year, I know his full retirement age is 66. I know from that, that he would get a 100% payment at 60. If he files at 66 75%, if he files at 62, and 132%. If he files at 70. What I don't know is what that pans out to in dollars and cents. So Paul contacts Social Security like he's doing here on the phone. And he finds out that based on his 35 best years of work, his payment at full retirement age is $1,000 a month. Well, he's 62, this year in 2015. And he looks at these numbers. And he says that's not enough money. But I bet if I work really hard the next four years, I can pump that $1,000 up to 1500. And I asked you, what do you think, Will that work? Or is he on dead end road there by trying to pump it up to 1500 in the next four years? And I'll just answer my own question. That's not going to work. And here's why 35 year average. He can work as hard as he wants over these next few years. But changing the last four numbers and a 35 year average will have little effect, they'll have a little bit of positive effect, but not a great deal. We also know that he's been a lifetime steady worker. So he's not replacing zeros. With these net last four years of work. He's replacing work years. So I bet he could pump this up maybe $20 a month by working really hard the next four years. But by the time he's late career like he is, it'll have little effect. What I'm trying to say is, if you're late career, you have some power, but not much to affect the size of this number at 66. What you do have power over is what percent of that number that you get by taking it early or late. That has way more impact than whether you work or not. So early retirees take hard, you are not damaging your Social Security a great deal by retiring early.

28:53

And you can still postpone your social security and it keeps growing, even if you're not working. If you're working and waiting that has even more effect on the social security. So you can get these numbers from social security for you. Everybody needs to do that to have a handle on what numbers they're talking about. As they go towards retirement. And you can track it if you're early to mid career. You can track those numbers as you approach retirement regularly by looking at your Social Security statement. Shoot, I've got mine on my phone, I can look at it anytime I want. Okay, these same numbers would apply whether Paul is a man or a woman it makes absolutely no difference. It's all based on hard facts like his birth year and his work history and what age he starts his payments. Very simple computations actually. If Paul has never been married and never had kids, that's the whole social security story. His full retirement age is determined by His birth year, his payment at that age is determined by his 35 year work history. And a percentage of that that he gets is based on when he starts his payments, he will get a payment for the rest of his life every month. When he dies, the payments stop. Every year he will get an increase equal to the inflation rate assuming there's inflation. And again, when he dies, the payments stopped. So very simple program when you get right down to it. To make it more interesting, though, let's add a spouse to this record. This is Ruth and Ruth is Paul's spouse. I'm not so rude that I'll ask her her exact birth year. But I know she was born from 1943 to 54, which makes her full retirement age 66 just like Paul's. I also know that Ruth does not have a 10 year work history for our first examples. Therefore, she's not eligible for Social Security, right? Wrong. She's eligible because she's married to Paul. So let's talk about how that works. If Ruth does not have her own 10 year work history, her only path to Social Security is as a spouse on Paul's record. There's a catch, Paul has to apply for social security for Ruth to get anything in that example, if he does, Ruth can get up to a 50% payment. If she's full retirement age of 66. She gets a lower percentage if she files early as young as 62. If she waits after 66, it does not get any bigger, it's always 50% once your full retirement age, which raises a question 50% of what? Well, it's 50% of Paul's full payment amount at 66. No matter what he's getting. So he might be getting 750 because he took it early. But if Ruth waits till 66, she can get a $500 payment based on his $1,000 full payment amount. Similarly, if he waits till 70 gets a 1320 payment, she would only get 500 because that would be based on his age 66 payments. By the way, the marriage requirement is that they have to be legally married in some state. There's a one year marriage requirement not too long. And of course, they could be the same sex thanks to the a Supreme Court decision in 2015. Social Security is still trying to figure out how to do that. But they are urging same sex couples to go ahead and file and they are getting instructions out to the offices now. I happened to be recording this in November of 2015. So instructions should be out very soon for same sex couples.

33:04

Now, everything I just said about Ruth's earnings history, and so on, only applies to 25% of Ruth these days. Down here at the bottom, it's more likely that Ruth also has her own work record her own 10 year work history. So if she's eligible two ways, or dually eligible as a worker and a spouse, I call her just for fun a dually. And if she's a dually, and she's under full retirement age, if she files for one, she's determined to have filed for the other. And if she's born before 1954, even if he's over full retirement age, she has to file for both, it's a bundle deal. And then the payment is the higher of the two payments. I'll show you some examples. Here we go. Let's say they're both full retirement age. Let's say Paul's payment is 1000. In the first example, and Ruth is not eligible, well, she'll get a 50% payment, she'll get $500. That's her own money separate from his it's direct deposited to her account. It's on top of anything he gets. So together, they'll get 15 $100 second example, Paul's payment is 1000. Ruth has a 10 year work history. But that's all and by the time you run those 10 years of work through a 35 year average, it ends up being only $400. Well, if you filed for Social Security, she'll get paid 500 because she's eligible for more as a spouse. So together they get 15 $100 third example, Paul's payment is 1000 Ruth own payment is $800 on her own, and that's more likely than any of the other examples. She'll get 800 because that's higher than any spousal payment together to get 1800 for example, Paul's payment is 1000. Ruth's own payment is 20 $200. Obviously, she'll get paid the higher of that or the 500. So she'll get 2200 2200 plus 1000 adds up to 3200. Why does the chart show 3300? Because now, Paul will get a 50% payment on Ruth's record, so he'll get 1100, she'll get 2200. Together, they'll get 3300. Again, that's because Paul will get a spousal payment from Ruth work record, he'll get an extra 100. From that worked either way. That's how it pans out for a couple. Hopefully, you can find your situation in there somewhere. We've got some more examples coming up.

35:50

Timmy, a child can also get social security if one of his parents signs up for Social Security. The requirements are you don't have to have a dog. But you do have to be unmarried. Timmy does, he has to be a minor under 18. Or they'll stretch that to under 19. If he's in high school, or he could be an adult if he's been disabled since childhood. If that, if he qualifies under one of those three bullet points, that's an extra 50% payment for the family. That's an extra $500 for Timmy, potentially for the rest of his life. Or until he ages out at basically, usually it ends when he graduates from high school. So obviously, your retirement plan is to get a bunch of children so they can all get social security on your record. That's not what I'm talking about. But I am finding more and more retiring people who do have children who qualify, either as a young child that you had late in life, or perhaps you married somebody with children because stepchildren would qualify. Perhaps you adopted children later in life. In fact, in the TV show, Timmy was adopted by Paul and Ruth. That's okay. He'll qualify as their child, I'm also seeing more and more people raising a grandchild. And there are ways to get your grandchild eligible for your Social Security. If you're raising him or her the easiest way and it's not easy is to adopt that grandchild, then the child would immediately be eligible for your Social Security. So yes, children can get social security. Here's another family member, or ex family member. This is madam x. Paul's former spouse. And the fact is, when madam x reaches retirement age, she might get social security on Paul's work record her ex husband, here's the deal. They had to have been married 10 years before the divorce. Paul has to be over 62 whether or not he's getting Social Security, he does not have to be on Social Security. This is one rule that's different. For Mad Max compared to Ruth, the ex spouse compared to the current spouse, Madame x has to be currently single. If she's married, she can file on her current spouse. However, she could not file on an ex spouse until that marriage ends in disability excuse me in divorce or death. Madam x has to breed meet the usual requirements like being 62, and retired and so on. If so, she gets the same payments as

Ruth, if she's 66. When she files she gets a 50% payment less if she takes it early. Excuse me. So to summarize, if somebody has done 10 years of marriage, in this case, we used Paul as our example. other family members are potentially eligible under that work record. So Ruth, a current spouse, Timmy, a child in high school aged below, and even an ex spouse could all potentially get paid. If nobody did 10 years of work. Nobody gets anything. You have to work and pay taxes to earn your Social Security. It's not a welfare payment. It's not a gift. It's not charity. It's an earned right that you paid for. If you did earn that then immediate family members and even ex spouses can get social security also. The whole system is based on work and family, specifically legal taxpaying work and legal family relationships. Let's change topics here a little bit. What happens if the inevitable happens and somebody passes away? What happens to the survivors? And there's a corollary to that. What if somebody passes away before they ever got Social Security Let's say Paul passes away at a ripe old age, his social security stops. And at that point, they are definitely interested in paying a widow like Ruth, excuse me.

40:15

So if Ruth is full retirement age or above, when she files for widows payments, she gets 100% of Paul's payment, except that there's a minimum of 82 and a half percent. So if Paul was getting 750, because he took it early, Ruth would get up to 825. If that's more than our own social security, that's the 82 and a half percent minimum, if Paul was getting 1000, Ruth gets 1000. If Paul was getting 1320, if he waited and got that boost, she gets to 1320, also for the rest of her life. Thus, the planning chart going out to the 90s. Because that will pay off for a long time, not just one lifetime, but two lifetimes, on average, into the 90s. Now, similarly, madam x could get these exact same payments if Paul is deceased. Now I like to joke about this, it's a little grim, but you don't want your ex spouse to find out that he or she would get 50% while you're alive and 100%. If you're dead, you don't want that kind of incentive out there. Just kidding. But that's a fact. And if madam X has an ex spouse who is deceased, that might be your highest payment route. Again, all of these payments would assume that these people aren't eligible for a higher payment already on their own. If this is their higher payment, they would convert to a widows payment. If they are younger than full retirement age, widows and ex spouses can get widows payments as early as 60. Now, heaven forbid that you may have suffered a loss like this, but that opens a door that other people don't have at Social Security. I'll give you a concrete example. A friend of mine was widowed four years ago. And she just retired at age 60. Her husband had very low Social Security, he was a minister. She is starting the widows payments now at 60. Because she's retired. She's waiting on her own until she's 70. So her own higher payments are getting bigger every month. And at 70, she'll file her own at 132%. The low widows payments are serving as a bridge to get her over to age 70. And she's doing that without work. She's getting a pension from her job, she's got savings, and she's got low Social Security coming in as a widow. This is a possible pathway for you if you have been widowed in the past. If Paul passes away at an earlier age, let's take an extreme example. Let's say he dies at 25. And I saw this every day when I worked at Social Security years ago, a 25 year old Ruth would come into Social Security with a five year old Timmy in tow, and discover that she could get on average $300,000 from Social Security. Before Timmy is out of high school. It's a substantial death payment sort of like life insurance, but paid monthly. The way that works is there would be a payment computation for Paul, not based on 35 years because he died prematurely but based on his average earnings up to death. And that would generate a 100% payment for Paul, similar to if he was already 66. And Timmy would get a 75% payment on that until he's out of high school. In fact, there's even an additional payment for the mother or father of Timmy. If Timmy is under 16, Ruth could get paid as his mother, if she's not a worker. Even if she is a worker, she might take a year off after a loss like this. Bottom line, heaven forbid that you should suffer a loss like this mid career. But if you know somebody who has sent them to Social Security, especially if there's children in the family, there's likely to be 1000s and 1000s of dollars in social security for those kids and maybe for the parents surviving parent

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before the kids are out of high school. Once Timmy reaches 16 Ruth cannot get a parent's payment anymore. So that stops and when Timmy reaches well when He goes out of high school, his payments would stop. Ruth could then file again at 60 for a reduced payment, or wait till full retirement age for a full $1,000 payment. Again, always send somebody who's suffering a loss of a spouse or parent to Social Security, to see if there's extra money for that family. Changing topics again, and I'm hearing this a lot from boomers and younger people that they plan to work in retirement. So the question is, can they get social security and paychecks at the same time? Here's how it works. If they're over full retirement age, or once they are, there's absolutely no penalty on the social security for working, you can work get full paychecks, and full Social Security payments. Once your full retirement age. If you're under full retirement age, there's a different set of rules. And basically, they'll zap you if you have more than low earnings in 2015. And in 2016, the earnings limit is 15,007 20. If you work under that limit, no problem, you get full paychecks and full Social Security. If you work over that limit, you get full paychecks, but some of your Social Security is taken away. Only work earnings count towards this limit. That means wages from employment, or self employment earnings. Nothing like other pensions, dividends, interest, capital gains, none of that counts towards this, it has to be work earnings from current work. Here's how it looks, here's a 67 year old with a $75,000 job, no problem, there'll be no effect on the social security because he or she is over full retirement age. Here's a 63 year old that's drawing social security and has a part time job paying almost $20,000. Well, let's see how that pans out. Turns out, there are $4,000 over the earnings limit, only half of that excess counts. The remaining 2000 is the amount that has to be withheld from the social security for the year. So this person might lose their January and February payments, because they stopped those payments, until they've held back the 2000. And then get the other 10 payments for the year on top of their paycheck. So they'll get full paychecks minus taxes. plus all the Social Security payments except for $2,000. The bottom line is you could have pretty good earnings like 40 or $50,000, before you wiped out all 12 Social Security payments. So it's not a bad plan, even if you have pretty good earnings to file for Social Security early. And you know what? The the reduction for early filing is not permanent. In that case. That reduction will be adjusted when you hit full retirement age. And you'll get a raise because you did not get all your payments before 66. Take my word for it. It's a little complicated to go into today. Mystery seven, how do I deal with social security? Should I go into an office? No, you're invited to you can go into your local office, there's offices in every middle sized town and above. But there's other ways to deal with social security. First of all, to file your claim, you can file three months early, and you can do the whole thing by web or phone. You can go to ssa.gov. And there's great big buttons for filing your claim now. So you can go ahead and go in there in about 20 minutes, you can probably answer all the questions online, you can take a break and come back to it later. No problem. When you hit the signature mark, you file it electronically. So it's an electronic signature process. Social Security would probably call you the next day to make sure they've got it right. And then your payments would start on time. Or you can call social security if you prefer to work with a human 800 SSA 1213. That number is staffed from 7am to 7pm in every

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time zone in the country, but I would recommend not to call them in the middle of the day, they are swamped. They have had three budget cuts and staff cuts over the last couple of years, right when their workload skyrockets because of us boomers arriving. So the best time to call them is like eight or nine in the morning or maybe after four or five in the afternoon you're more likely to get right in They're swamped in the middle of the day, they'll probably just route your your claim to a claims unit and take it on the spot, or make an appointment with you to do it either in the office or on the phone. They're working about a month behind right now on those appointments. But your application date is protected from your calling date, there's a pretty good chance they'll ask you for your birth certificate to prove your age, they might ask for other proofs like old marriage certificates, divorce decrees, if you're filing on an ex, if you were in the military, they'll probably ask for your dd 214. Because for every month you were in the military, they can give you extra credit on your earnings record, which bumps your payment up a little tiny bit. So thank you for your service. And that will get you a little higher social security. So there's a couple of ideas tell you what it's getting really hard to reach social security in the office or on the phone, the more we can do online, the more we know, on our own, the better off we're going to be. If you want to talk to a human, give them a call first set up an appointment, then you get to the head of the line when you go into the office. Pretty cool. Medicare, just one slide and then we'll wrap up here. Medicare is important. And when do we file for that? Well, here's the deal. Medicare ages still 65 it has not stepped up to 66 or 70. And you should check it out a couple of months before you get to 65. Here's how it works. You can apply at age 65. Or you can postpone that safely. If you have health insurance, from a current employment situation, self employment doesn't count insurance from past employment does not count like Cobra or retiree plan that's based on past work, not current work. So if you have health insurance from current work, either your work or your spouse's, you can postpone the Medicare until later, like 6869 70. But make sure you check it out promptly. And I suggest that everybody contact Social Security a few months before you turn 65 to make sure you don't make a mistake on this. Because if you wait till 68, to file for Social Security, excuse me, Medicare. If you wait till 68, to file for your Medicare, Social Security will say, dude, you're three years late, we're gonna hit you with late fees for the rest of your life. That is a true story. The one way around those late fees is if you had health insurance from a current employment situation. So you would show them proof of that and they'd say, oh, okay, all late fees are waived, we'll sign you up for Medicare right away. You see how it works, you got to get in at 65. Or as soon as your employment insurance ends. So that's the first thing to know about social security. Everybody should call them excuse me, Medicare. Yeah, my mouth is getting a little tangled at this point. Call social security to get your Medicare going or to safely postpone it. Check it out when you turn 65. Second thing to know about Medicare is everybody is fully expected to supplement their Medicare with additional insurance. There's a couple of ways to do that. But you want to make sure you shop for that additional insurance and get it in place as soon as your Medicare kicks in. Because Medicare will pay the lion's share of your of your medical bills in retirement. But even the part that they don't pay can completely destroy your nest egg. There is no annual out of pocket maximum and no lifetime out of pocket maximum per Medicare. So if you got hit with a big surgery bill, or let's say a big ongoing chemotherapy bill, something like that. If Medicare doesn't pay 20% of that, the 20% could break, you could cost you hundreds of 1000s of dollars. If you buy supplemental insurance, that risk is insured away. So make sure you do your shopping for supplemental insurance before 65 or before you go on Medicare.

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That's all I have. And Don, I wonder if we have a few questions that we could answer in the next few minutes before the hour is up. Any themes that have come out of the questions?

Absolutely. Andy, there's so much so much interest in questions that are coming through. Quick question from Sue would like to have that address for Social Security website that she can get the history and download a PDF. Can you remind us what that is? Yeah. Thank you sue. It's ssa.gov Social security.gov also works. They're just mirrors of each other ssa.gov is a little easier. terrific question from Fred. And he just wanted clarification is the maximum amount one could get, even if you earn $250,000 a year for many, many years, the maximum security of that person would give is that around 20 $400 a month. Yes, if you file and we find that slides, you have a visual aid. Third is, if you happen to file at 65, this year, the most you could get is 2452. If you're 66, full retirement age, it's about 2600. I can't remember the exact figure. And if you wait all the way to 70. This year, it's about 3500. So yeah, that is absolutely the most you could get if you had maximum earnings every year. Thank you for it. Excellent. I have a question too. Just watching the trends in the news, there's quite a bit of perhaps, misinformation that goes around when individuals think immigrants are able to come in and take advantage of our Social Security system. And I think what I'm learning from you tonight is that anybody that comes in has to have 10 years of history, if they had 10 years history, they're paying in and they'll get paid based on that earnings of those 10 years. If they didn't have that 10 years, they wouldn't qualify for Social Security, is that correct? That's exactly right. And they have to be legal years, Don. So if I am a legal immigrant, I go to Social Security, I get a legal social security number if I have the permission from immigration to work in the US, and my work then counts towards my Social Security. If I'm an illegal immigrant, I need an identity to get a job. So I borrow somebody else's social security number, and work under it. Okay, it's fraud. But that's how it works. And what that means is this person will have automatic deductions from their paycheck in most cases, that'll go to somebody's Social Security, perhaps yours or mine. If they're using our number, social security number, that will simply fatten up yours or my earnings record. Whereas the illegal immigrant can never draw Social Security, because they're using a fraudulent number. So it actually helps the system to have illegal immigrants working and paying into the system. It sounds crazy. But that's the one, I guess one area where illegal immigrants actually help our system here in the US. Very interesting. We only have a couple minutes left. And and there's there's so many other questions that are coming through, can you share the common mistakes that you see made that you can advise us to avoid?

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Yes, number one is probably taking it as early as you can. For reasons that aren't sound, there may be good reasons to take it early. Like if my life expectancy is short, heaven forbid, or other reasons. Like I want to have a very active retirement, and I'm not worried about financing in my later years. Heck, take it early. If you're already retired. That's probably the number one mistake is taking it too early and then regretting it when you're 7075. I wish I had more money, right? Another mistake. People think social security is based on the last 10 years. So if they have high earnings the last 10 years, they think they're going to get a high social security payment. Not necessarily true if your earnings were lower in the past, because it's based on the average. Another mistake, I run into people all the time that don't know about spousal payments, they go what I can get a spousal payment. In fact, you can get an ex spousal payment that you may have forgotten all about. So definitely explore all the ways that you can get paid and pick a pathway among those payment route payments. That yields the most payment for you. For example, if you're the right age, if you're at least 62 this year, you could file as a spouse at 66. Take the spouse payment for four years, and then switch to your own at 74 132%. There's some pretty cool tricks you can do like that. You can find out how they work by googling Social Security calculator and use some of the online calculators out there. Andy Lana's, this has been so insightful. The information you're sharing is so helpful for all of us. There's What are there something like 3 million boomers that are retiring every year and over the next day, 10 years or so. So this is great information. That's very timely. Thanks for joining us tonight. My pleasure. Thank you so much for having me aboard. And if people want more information, I would suggest checking out my website at Andy Landis dot biz like on the screen. Thank you. You're welcome. And for all of you in the audience, there is a lot more information in Andy's book so security, the inside story, and also when I retire the fastest and easiest way to make your retirement fun, fulfilling and significant. So don't stop here, continue your education, spend a little more time and it will be the very best investment you will have made. tonight. Thank you again for joining us all