



EXPOSING THE TOP 7
SOCIAL SECURITY MYTHS





Did you know that 67 million people received Social Security benefits in 2017? Despite so many retirees relying on Social Security income, many don't fully understand these benefits. Moreover, there are many misconceptions about the U.S. government's pension scheme that aren't quite accurate. Continue reading this article for a breakdown of the top 7 myths surrounding Social Security benefits.

Myth #1: Benefits Are Derived From Wages That You Earn Before Age 65

This is the most common Social Security myth. Your benefits are actually calculated using your highest 35 years of income. These 35 years do not need to be consecutive, nor do they need to take place before you reach 65. If you work past 65, Social Security will consider those years equally as much as the summer you spent working the pizza parlor at 16 years old.

One important point to make here is that if you don't have 35 years of earnings, you'll have some \$0 periods factored into your Social Security benefits calculation. For some people, working beyond 65 will actually be advantageous.

Myth #2: The Earlier You Claim, the Better

It's possible to begin receiving a check from Social Security at age 62, but this could reduce your monthly benefit amount by as much as 30%. Waiting until your full retirement age (FRA) will give you 100% of what's yours.

Currently, the FRA is 66 or 67, depending on your birth date. The Social Security Administration (SSA) will give you an extra 8% every year you delay past the FRA up to 70. If you're healthy enough and have a good job, delaying may be the better option.

Another point to keep in mind here is that the government's yearly cost-of-living adjustment (COLA) is based in part on the benefit amount. Starting with a smaller check will result in a lower COLA benefit, further penalizing you for taking an early retirement

Myth #3: Social Security Benefits Aren't Taxable

If Social Security benefits are your only source of income, then they won't be taxed. If you have other income, say from dividends, retirement account distributions, etc., then your Social Security check could become taxable. The amount of the check that's taxable in this situation could be as high as 85%, depending on how much you earn.

Myth #4: If I Get a Divorce, My Benefits Will Be Reduced

If you are at least 62 years old and were married for at least 10 years, then you can collect benefits based on your ex-spouse's work record. This does not affect your ex-spouse's benefits, nor will they be notified that you filed.

It's perfectly legal to claim benefits based on your own record or an ex-spouse's. Some people may find it advantageous to receive benefits based on an ex-spouse's history rather than their own, depending on which option would produce the larger benefit. Be aware, however, that if you remarry, the right to claim the spouse's record evaporates.

Myth #5: It's Not Possible to Recoup the Money You Contributed to the Program

This is a common belief, but it's not always true. The older you get, the more Social Security benefits you'll accrue. The Social Security Administration does not offer a break-even calculator, so there's no method to determine an exact figure.



Myth #6: Once You Begin Receiving Social Security Benefits, You Can't Stop Them

Depending on your situation, you may be able to make changes to your Social Security benefits. If necessary, you can start receiving Social Security benefits and then stop within the first 12 months. In this situation, you need to notify the SSA, withdraw your application, and repay the benefits you have received. You can file again later.

If the twelve months have passed and you haven't reached full retirement age, there's nothing you can do at this point. However, if you have reached FRA but are still less than 70 years old, you can put the brakes on. This is called a voluntary suspension.

If you elect to take this route, you will begin earning delayed retirement credits. These will allow you to get a bigger monthly check when you apply again in the future.

One caveat is in order here: if you do take a voluntary suspension, any spousal benefits would also end.

Myth #7: I Can't Work Once I Begin Receiving Benefits

People often think they have to stop working once the government starts sending a check. This is not true. You can work while you receive Social Security retirement (or survivors) benefits.

Understanding Social Security and knowing when to take it isn't a choice to take lightly. For most people, it's one of the most valuable retirement assets they have.

If you have any questions about maximizing your Social Security benefits, contact me directly at 305-466-4655.



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About Jordan

Being a CERTIFIED FINANCIAL PLANNER™ professional and CPA* at Raymond James, my process is simply different than the rest. My team and I have helped individuals and businesses, locally and nationally, pursue their financial goals with thoughtful, tax-sensitive investment guidance. I am focused with the highest standards in helping you achieve your greatest objectives with simplicity, transparency and a disciplined process to measure your progress. My guidance is tailored to support your current lifestyle, business objectives, retirement income needs, tax effectiveness and legacy goals, while making you feel comfortable at every step. My passion is fueled by knowing we make a positive difference in the lives of the families and organizations we serve.



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