

THE MONEY COACHES



When should you set up a social security account? Anyone that has full time employment should setup an SSA.GOV account now! Here's a lesson learned from my history:

A few years ago I (Rich) set up an SSA.GOV account for when and how to secure the benefits that best suited my plans. What I learned was that many years earlier I had zeros in three years of my earning record on SSA.gov.

The amount of the Social Security benefits you or your family receives depends on the amount of earnings shown on your record. Regularly checking your Social Security earnings history can help ensure there are no surprises when it's time for you to start receiving benefits. You can find your earnings history with a personal my Social Security account. Create your account now to check your earnings history online.

Whether you are 25 or 65 setup an account and check it at least once a year to avoid losing benefits years later when it might be impossible to

When should you set up a Social Security account?

get corrected. By the way the security on the SSA site is very thorough, so be patient when you sign up.

As you may know there are several ages that you can begin to receive SSA benefits. 65 years of age was the target date for benefits to begin when SSA was first signed into law, on August 14th 1935 by then President Franklin D. Roosevelt. The Social Security Amendments of 1956 lowered the minimum age for retirement benefits to age 62 for women. SSA amendments of 1961 extended the early retirement provision to men at 62. These were options that citizens of the US could choose.

When lowering the age from 65 to 62, those that took the earlier date sacrificed around 7% annually of the full retirement age of 65 benefit. This early out cost the recipients around 25% of what they could start to receive at age 65 or now referred to as full retirement age. That reduced amount is for life. The reason full retirement age is the new target for full benefits is predictably the age for full retirement age benefits has moved up to 66 and a few months and for many now age 67 is full retirement age. This trend will likely continue.

Social Security replaces a percentage of your pre-retirement income based on your lifetime earnings. The portion of your pre-retirement wages that Social Security replaces is based on your highest 35 years of earnings and varies depending on how much you earn and

when you choose to start benefits.

At the Money Coaches we believe that Social Security benefits will be a substantial part of most Americans' retirement income for years to come. It is the most popular social program ever. Some talking heads say that benefits will not be around for future generations. Will it be amended to adjust to the tsunami of baby boomers retiring at the rate of 10,000 per day? The answer is, yes. Will full retirement age increase as people's life expectancy increases? The answer there is also yes.

What can we do to receive the benefits that we and our employers have paid into during our working life?

- Set up an account on SSA.gov
- Check your SSA account annually against your W-2
- When you near retirement, get help planning your strategy with regard to timing and taxes. Our colleague Allen Cobb can run your numbers through the Social Security Analyzer to confirm what your financial advisor and your accountant recommend.

How much longer will Social Security be around?

Article from AARP

According to the 2022 annual report of the Social Security Board of Trustees, the surplus in the trust funds that disburse retirement, disability and other Social Security benefits will be depleted by 2035. That's one year later than the trustees projected in their 2021 report.

That does not mean Social Security will no longer be around; it means the system will exhaust its cash reserves and will be able to pay out only what it takes in year-to-year in Social Security taxes. If this comes to pass, Social Security would be able to pay about 80 percent of the benefits to which retired and disabled workers are entitled.

The money in the trust funds — one for “Old-Age and Survivors Insurance” (the official name for benefits paid to retirees and their families) and one for disability benefits — comes from three sources. Here's how they broke down in 2021:

- 90.1 percent of Social Security revenue came from a 12.4 percent tax on most American workers' earnings, which the government collects through FICA payroll taxes (and employer matches) or the SECA taxes paid by self-employed people through their IRS returns.
- 3.5 percent came from income taxes Social Security recipients pay on their benefits.
- 6.4 percent came from interest on the trust fund holdings, which are invested in special U.S. Treasury

securities.

The trust funds had \$2.85 trillion in reserves at the end of 2021, but benefit payments going out are increasingly outstripping income, thanks to demographic and actuarial trends. While the boomers are swelling the ranks of retirees (and living, and collecting benefits, longer), lower birth rates in subsequent generations mean there are fewer workers paying into Social Security.

The upshot is that if no changes are made, the system will run through its reserve assets by 2035, if not sooner. For years, lawmakers and policy experts have been debating proposals to shore up Social Security's finances, most falling into two broad categories: changing tax policies to steer more money into the trust funds or tinkering with the benefit formula to reduce costs (or some combination of both).

Keep in mind:

FICA and SECA taxes also generate a revenue stream for Medicare, which flows into the trust fund that finances Medicare Part A (hospitalization coverage). The 2022 Medicare trustees report projects that fund will run out of reserves in 2028, after which Medicare will be able to pay 90 percent of scheduled benefits.

We are not necessarily endorsing AARP with this article, but as always, attempting to provide you with good and current information to help keep you informed about financial matters.

What's Cooking?

Easy Fluffy Scrambled Eggs

Ingredients

- 2 eggs
- 7 tablespoons milk
- ½ teaspoon salt
- 1 pinch ground black pepper
- 1 tablespoon olive oil

Directions

1. Beat eggs in a bowl with a fork. Add milk, salt, and pepper; beat until well mixed.
2. Coat a small skillet with olive oil and heat over medium heat. Pour egg mixture into hot skillet; cook and stir until eggs are set, 3 to 5 minutes.

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