



Hathaway
Financial
Services



Social Security Changes Coming in 2016!

America's Social Security program was signed into law in 1935. Prior to Social Security, Americans were accustomed to relatively limited retirements due to shorter life spans. As America became more industrialized and life expectancies increased, the need for a social insurance program to keep retirees out of poverty became a critical social concern. The great depression, in which the elderly were especially hard hit, proved to be the triggering event. The retirement we expect today was virtually unknown among working class Americans before the arrival of Social Security. After implementation of

Social Security, and up until 1972, laws passed to make changes were mostly expansionary in nature. Beginning in the mid 1970s, and in response to future deficit projections, most laws regarding Social Security have served to roll back benefits.

On November 2, 2015, President Obama signed into law the **Bipartisan Budget Act of 2015**. Embedded in this law are some fairly substantial changes to claiming strategies for Social Security retirees that continue this trend of reducing benefits.

The changes made will end two popular claiming strategies referred to as "*file and suspend*", and "*restricted application*". These strategies have been utilized to enhance the core benefits available to some Social Security recipients, and in actuality, probably are not consistent with the original intent of Social Security.

File and suspend is a strategy employed to maximize family benefits. Here is how it works: one spouse files but suspends collecting benefits, thereby continuing to accrue higher future benefits. The other files to collect a spousal benefit (half the first spouse's full retirement age benefit) while continuing to accrue credits for a higher future payout based on his or her own work record.

Utilizing a restricted application for spousal benefits allows a spouse at full retirement age to file for spousal benefits ONLY, continuing to accrue credits for a higher future payout based on his or her own work record. With the recent change, the recipient will only be able to receive the higher of either their spousal benefit, or their own benefit.

File and suspend and the restricted application are still available for a limited time to those that qualify. Social Security recipients can file and suspend until April 30, 2016. Married people or divorced spouses who are 62 or older by the end of 2015 will retain the right to file a restricted application to receive spousal benefits at their full retirement age.

Who will NOT be affected?

1. Those already receiving benefits
2. Surviving spouses, and
3. Those who fall under the grace periods listed above

Who will these new changes affect the most? Most likely women! In 2013, SS represented nearly half of all income for unmarried women, including widows 65 and older. In addition, women tend to live longer, AND have less savings. They also are more likely to take benefits earlier, locking in a lifetime of lower payments.

Even with the elimination of these complicated strategies, careful planning regarding the optimum time to start your SS benefits will still be essential to maximize your lifetime benefits and monthly cash flow.

We all know changes are necessary to deal with a future shortfall in Social Security benefits. And while elimination of these strategies may be appropriate, they were done fairly secretly. Lets hope this is not a trend that continues into the future.

Member, First Affirmative Financial Network. KMS Financial Services, Inc., is a Seattle-based broker-dealer and investment advisory firm serving clients through a network of more than 300 investment professionals nationwide. KMS is an independently operated, wholly owned subsidiary of Ladenburg Thalmann Financial Services Inc., a member of the New York Stock Exchange since 1879. Member FINRA and SIPC.

©2015 Hathaway Financial Services | 399 E. 10th, #111 | Eugene, OR | 97401 | 541.345.4400
www.hathawayfinancialservices.com

[Web Version](#)

[Forward](#)

[Unsubscribe](#)

Powered by [Mad Mimi®](#)
A GoDaddy® company