

SOCIAL SECURITY LAWS ARE CHANGING



LAST CHANCE TO FILE AND SUSPEND TO MAXIMIZE SOCIAL SECURITY BENEFITS

The last-minute budget and debt ceiling deal that the House and Senate passed in late October will make significant changes to Social Security benefits. In an effort to decrease spending, Section 831 of the new budget slashes benefits for those using popular claiming strategies. Some experts have estimated that the changes are equivalent to a decrease of \$50,000 in lifetime benefits for many retirees. However, there is still time to take advantage of the file and suspend claiming strategy to maximize overall benefits for some who are close to retirement.

THE FILE AND SUSPEND STRATEGY

Fifteen years ago, the Senior Citizens Freedom to Work Act provided an option for “voluntary suspension” of benefits, allowing those taking Social Security benefits to stop receiving payments and earn delayed retirement credits, a practice which was termed “file and suspend.” The new budget deal eliminates this option and removes some other popular claiming strategies.

The file and suspend claiming strategy will be eliminated after April 30, 2016. The strategy has been popular for married couples, where one spouse can file and suspend benefits to allow the other spouse to begin claiming spousal benefits while the working spouse continues to accrue credits. The file and suspend changes also eliminate the ability to receive a lump sum for benefits that would have been receiving during the period of suspension if retirees decide to restart benefits.

WHAT TO DO

There is still a chance for those approaching retirement to benefit from the file and suspend strategy, depending on your age. However, you must submit your request to file and suspend before April 30, 2016. Anyone who is 66 or older can file for benefits and immediately suspend them, allowing their benefits to earn additional credits, which may be worth 8% per year until age 70, which can increase their total benefit by up to 32%.

Social Security claiming strategies should always be reviewed with an experienced financial professional to optimize your total lifetime benefit. If you aren't sure whether the changes apply to you or have questions about your social security claiming strategy, call our office at (703) 669-3660 or email us at clientservices@h4fs.com.

Hughes Financial Services, LLC, is an independent Registered Investment Advisor located in Herndon, Virginia (Fairfax County). We provide clients with personally-tailored and unbiased investment advice on building, managing and distributing their financial assets. Our advisors work with individuals, couples and families in or nearing retirement. Investment management, tax planning, estate planning, retirement and income planning, and education planning form the foundation of our services and we specialize in helping employees of local government and school systems with their retirement options. Additional information about Hughes Financial Services is available at www.h4fs.com.