# When should we claim Social Security?

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*A CPA referred*

# Frank and Betty Jones

*who asked whether or not they should file for their Social Security benefit because they heard that 66 is full retirement age and they can continue to work and collect without penalty.*

## Questions

Frank and Betty are business owners who need to know their income capability as they transition to retirement. Frank is 65 and wants to file his Social Security claim for benefits when he turns 66. Betty is 64 and planning to claim Social Security at age 66.

## Context

- They are each eligible for maximum social security benefits at full retirement age (FRA) - $2500 per month.
- They have $1M in investable assets with $400,000 in non qualified accounts and $600,000 in IRA's.

## Goals

- They want to maintain a lifestyle of $110,000 that will allow them to keep up with inflation.
- They would like their children to have a legacy.
- They want to retire within two years.

## Concerns

They owe $50,000 on their home and want to be debt free in retirement.

## We discovered and Recommended:

As a result of our guidance, the Jones family can expect to receive over $400,000 in additional Social Security benefits, which will add to the legacy they leave behind.

At age 88, the surviving spouse will have an inflation adjusted income stream of $192,000, a significantly higher survivor benefit, as well as a more certain legacy for their children.

## The Reby Consultation...

We assessed Frank's and Betty's income capability, adjusted for inflation, to Betty's age 95. We determined that they should claim Social Security in 2015 on Betty's work record (Betty should reduce her salary to $40k) and Frank should restrict his claim to his spousal benefit on Betty's work record. This allows them to pay off the debt on the home as well as add over $400,000 to their Social Security strategy.

## The Reby Advantage

By initiating a spousal Social Security strategy the clients will be able to achieve their goals of a lifetime of sustainable income that will keep up with inflation as well as provide a legacy to their children. The Jones' can expect to receive over $400,000 of Social Security benefits that will add to their legacy. At age 88, the surviving spouse will have an inflation adjusted income stream of $192,000, a significantly higher survivor benefit, as well as a more certain legacy for their children vs running out of money and an income based on Social Security alone.

*Without our advice, the surviving spouse likely would have run out of money by age 88 and been forced to live off income based on Social Security alone.*

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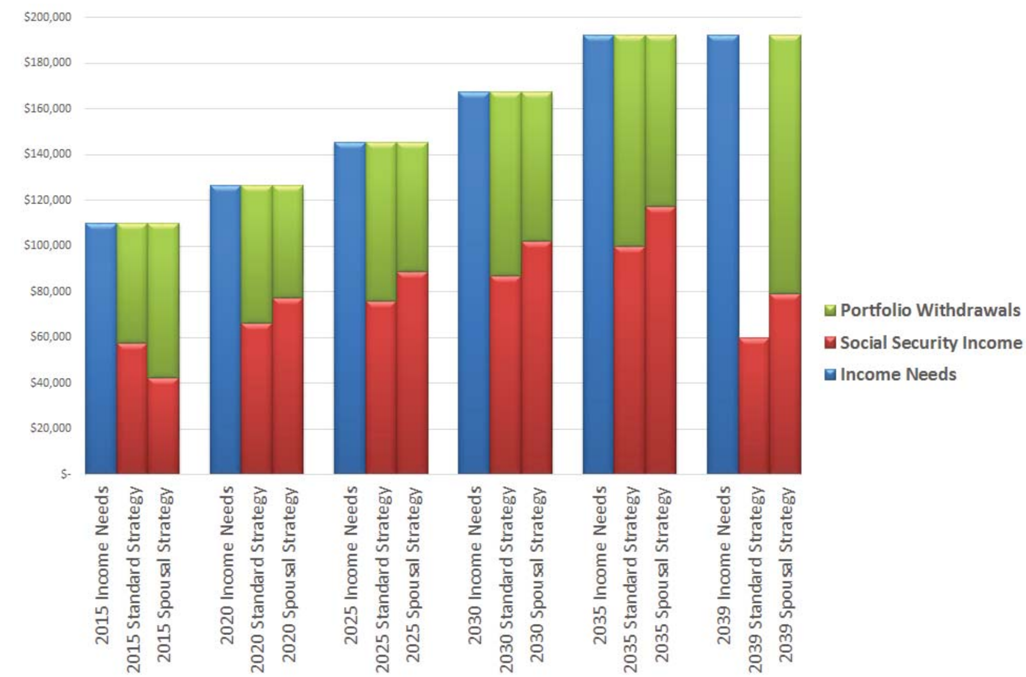
## *To sustain their lifestyle of $110,000 per year (adjusted for inflation in future years) and leave behind a legacy, we recommended a spousal Social Security strategy.*

*Social Security Spousal Strategy vs. Standard Strategy*




The strategy of increasing their guaranteed annual income in their seventies and beyond put less stress on their portfolio later in life. The couple will need to withdraw less money from their investments each year in order to live their lifestyle. Without our guidance on how to maximize Social Security benefits, we estimate that the surviving spouse would have run out of money, been forced to compromise quality of life, and leave behind no legacy.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