

# How Pre & Post-Retirees Can Maximize Retirement Benefits



If you're between 55 and 70 years old, you might think it's already too late to bolster your retirement savings. Studies show that more than one-third of Americans don't have a retirement account,<sup>1</sup> while 52% believe their retirement savings are not what they should be.<sup>2</sup> What's worse is that, according to a recent SimplyWise survey, fewer than one in eight Americans 60 to 70 years old considered themselves "very knowledgeable" on Social Security topics.<sup>3</sup> That means you could be leaving money on the table that you don't know about. Regardless of whether you're already retired and collecting Social Security benefits or if you're at the end of your earning years, there are steps you can take to help maximize your retirement and potentially fund a better quality of life.

## How to Maximize Benefits When Approaching Retirement

It's true that the more time you have to save, the better off you'll likely be, but that shouldn't make you feel like there's nothing you can do if you're only a year or two away from retirement. Maximizing your benefits depends on several crucial factors. It's important to examine each one as you and your financial professional determine an action plan. Below are some recommended actions that can help you get the most out of your Social Security benefits.

### Increase Your Earning Years

Nothing says that you have to retire at 66 or 67 years old (age dependant on when you were born). The amount of Social Security benefits you receive are based on your highest 35 working years. Because most people receive higher wages the older they are, you might work longer to help essentially "knock out" lower-earning years and replace them with higher earning years, thus increasing your overall benefit average. With this strategy, you can delay using benefits you've already earned while saving additional retirement income. Use the Social Security Retirement Estimator on the SSA website to determine which of your working years count toward your benefits.<sup>4</sup>

### Consider Taking Delayed or "Late" Retirement

For every year you work past your FRA up to age 70, you earn an additional 8% in delayed retirement credits, as well as the potential for more cost of living adjustments (COLAs). This can help you to start out with a higher monthly benefit and higher COLA increases each year as your benefits adapt to inflation. There's no monetary incentive to your Social Security benefits for working past age 70. More and more Americans every year delay retirement for various reasons, not the least of which is maximizing their Social Security benefits. The Bureau of Labor Statistics estimates the number of people 75 and older in the labor force is expected to grow 96.5% by 2030.<sup>5</sup>

### Use Your Marital Status

While nothing can prevent you from claiming your own Social Security benefits, you may be able to use your marital status to your advantage, depending on your situation. Applicants who qualify for more than one benefit choice will automatically receive the higher benefit. This most often applies to married couples where one spouse earned more throughout their lifetime than the other. The second spouse can certainly claim benefits based on their own work record, but they may receive a higher benefit through their spouse's employment. The higher-earning spouse must first begin collecting their Social Security benefits before the lower-earning spouse can qualify for spousal benefits.<sup>6</sup>

## How to Help Maximize Benefits After Retirement

In 2022, Social Security benefits replace about 37% of past earnings for someone who worked all of their adult life at average earnings and retires at age 65.<sup>7</sup> Many Americans also think that once they take Social Security benefits, there's no turning back. Think again. Here are the steps you can take to potentially get more out of your benefits post-retirement.

### Check for Mistakes

In the 2019 fiscal year, SSI paid out over \$4.6 billion in over payments.<sup>8</sup> Overpayments may have to be repaid, which may be burdensome for recipients, especially those who were not aware that they were overpaid and already spent the money. Remember that even though this is a tried and tested system, the data is still input by human beings. Get a Social Security statement each and every year and go over it with your financial professional to be sure there are no mistakes. Even the slightest error could significantly affect your benefit amount.

<sup>1,2</sup> Survey: More Than Half Of American Workers Feel Behind On Retirement Savings | Bankrate. [www.bankrate.com/retirement/retirement-savings-survey-november-2021/#:~:text=before%20the%20pandemic.,More%20than%20one%20third%20of%20Americans%20don't%20have%20a,IRA%2C%20according%20to%20the%20survey](https://www.bankrate.com/retirement/retirement-savings-survey-november-2021/#:~:text=before%20the%20pandemic.,More%20than%20one%20third%20of%20Americans%20don't%20have%20a,IRA%2C%20according%20to%20the%20survey)

<sup>3</sup> Study: Only 1 in 300 Seniors Know These 5 Social Security Rules | SimplyWise [www.simplywise.com/blog/5-social-security-rules/](https://www.simplywise.com/blog/5-social-security-rules/)

<sup>4</sup> Estimate Retirement Benefits | SSA [www.ssa.gov/benefits/retirement/estimator.html](https://www.ssa.gov/benefits/retirement/estimator.html)

<sup>5</sup> Number of people 75 and older in the labor force is expected to grow 96.5 percent by 2030 [www.bls.gov/opub/ted/2021/number-of-people-75-and-older-in-the-labor-force-is-expected-to-grow-96-5-percent-by-2030.htm](https://www.bls.gov/opub/ted/2021/number-of-people-75-and-older-in-the-labor-force-is-expected-to-grow-96-5-percent-by-2030.htm)

<sup>6</sup> Research: Women, Marriage, and Social Security Benefits Revisited. [www.ssa.gov/policy/docs/ssb/v67n4/67n4p1.html#:~:text=Past%20and%20present%20marital%20status,a%20current%20or%20former%20spouse](https://www.ssa.gov/policy/docs/ssb/v67n4/67n4p1.html#:~:text=Past%20and%20present%20marital%20status,a%20current%20or%20former%20spouse)

<sup>7</sup> Top Ten Facts About Social Security [www.cbpp.org/sites/default/files/atoms/files/8-8-16socsec.pdf](https://www.cbpp.org/sites/default/files/atoms/files/8-8-16socsec.pdf)

<sup>8</sup> Supplemental Security Income: SSA Faces Ongoing Challenges with Work Incentives and Improper Payments | US GAO [www.gao.gov/products/gao-21-105419](https://www.gao.gov/products/gao-21-105419)

## Withdraw Your SSI Application

The United States government knows that unexpected life changes happen. Maybe you took your benefits too early. Perhaps you realized that you could receive more money in spousal benefits than you can from your own retirement benefits. Whatever the case, the SSA allows a one-time-only withdrawal of benefits before full retirement age, within 12 months of receiving initial benefits. You must repay all the funds you have received so far.<sup>9</sup> Once you are ready to begin benefits again, you simply complete the process as you did the first time.

## Suspend Your Benefit Payments

If you've already reached full retirement age and have begun receiving benefits, you are not eligible for a benefit withdrawal, but you do have the option to suspend your benefits until age 70. Unlike benefit withdrawals, there's no need for a formal letter or to return past payments.<sup>10</sup> You can simply call the SSA and ask for a suspension. You can lift the suspension anytime you wish before age 70.

## What Retiring the "Right" Way Means

Because everyone's life is unique unto itself, there's really no one-size-fits-all retirement plan. These tips are guideposts that can help you make informed decisions about your retirement benefits but shouldn't be taken as all-encompassing advice. That's where we come in. Regardless of your situation, your income, your health, your marital status, or any other of other crucial factors that impact your benefits, the most important question to ask yourself is: "How can I afford to live comfortably in my old age?" Our goal is to help you achieve that by demystifying your options. We guide you based on your specific financial situation, not a cookie-cutter strategy used for every client. Get answers to your questions by contacting our office for a complimentary Social Security evaluation today.

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<sup>9</sup> **Withdrawing Your Social Security Retirement Application | SSA.** [www.ssa.gov/benefits/retirement/planner/withdrawal.html#:~:text=If%20you%20change%20your%20mind,to%20one%20withdrawal%20per%20lifetime](https://www.ssa.gov/benefits/retirement/planner/withdrawal.html#:~:text=If%20you%20change%20your%20mind,to%20one%20withdrawal%20per%20lifetime)

<sup>10</sup> **Suspending Your Retirement Benefit Payments | SSA** [www.ssa.gov/benefits/retirement/planner/suspend.html](https://www.ssa.gov/benefits/retirement/planner/suspend.html)

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