



Social Security, It Is A Changin

The recent budget bill hammered out by the Whitehouse and congressional leaders will in essence shut down two popular Social Security claiming strategies utilized since the passage of the Senior Citizens Freedom to work Act in 2000. Unless the Senate rejects the bill outright according to a recent Wall Street article this bill could reduce a couple's lifetime income by "tens of thousands of dollars."

The bill, if passed, will affect the "File and Suspend" and "restricted application for spousal benefits." These are two of the most popular strategies used by financial planners to increase the SS withdrawals of retirees.

These strategies were originally allowed in the 2000 Senior Citizens Freedom to Work Act and were intended to increase flexibility for seniors to continue working even while receiving SSI benefits. It eliminated the earnings test at full retirement age (FRA), and allowed recipients to suspend their benefits to earn 8% annual retirement credits.

Since 2000 these "New" strategies have been ever increasing in popularity resulting in an increased utilization and scrutiny of some government officials. In his 2014 budget President Obama vowed "to get rid of aggressive strategies that allowed upper-income beneficiaries to manipulate the timing of collection of Social Security benefits in order to maximize delayed retirement credits."

"The wealthy are not the only class to be adversely affected by the new bill," according to Jim Blair, a former district manager for the Ohio Social Security Office in Shanonville Ohio. "Under the new law, many middle-class couples, lower earning spouses, often women, will be forced to take a reduced spousal benefit. In addition, divorced individuals who previously could take a spousal benefit while their own benefit earned delayed retirement credit will be out of luck!"

A casual observer might argue that this line of thinking is woven throughout several of this administration's policies. We know now that not just the uber wealthy are being affected by Obama care. Every socio-economic class is affected and we have no reason to believe the results of this bill to be any different.

At the risk of turning this article into a political blog I will move on. First off, anyone 61 or younger by the end of 2015 WILL NOT be eligible for either strategy. If it appears the author is a little testy, I apologize. It is because I just determined my sweet wife of nearly 41 years missed the cut-off by ONE month! This file and suspend strategy was the option we had planned to use.

The good news here is that the bill is heading for the Senate and with enough voices raised in protest to our elected officials we might be able to stop this portion of the bill from passing. If you are nearing retirement and want to preserve the benefits that have been utilized successfully for sixteen years by all economic classes, pick up the phone and call your senator! 🇺🇸



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