

## Knowledge is Power

### Social Security Basics

You have paid a lot of money into the Social Security system over your working years, and you certainly want and deserve to get as much out of the system as possible during your retirement. So, let's talk about Social Security and how to maximize your benefits. Now, income is the outcome of your retirement planning, and Social Security is a key piece to this income.

Examining social security in its entirety is complicated and extensive, and has to be done on an individual basis. However, let's review some of the basics here so you will have the language that you will need to make informed decisions.

One of the main key factors in Social Security is called FRA, which stands for full retirement age. This is the age that you can elect Social Security to get your full benefit. If you were born within the years of 1943-1955, your full retirement age is 66. If you were born after 1955, your FRA is somewhere between ages 66 and 67. Now, if you want to turn Social Security on before your full retirement age, you can, as early as age 62. However, if you do this, your benefit amount will be reduced permanently for the rest of your life, up to a 27% reduction. So, if your full retirement age benefit is going to be \$2,000, and you take it early at age 62, your benefit would be reduced down to only \$1460.00 a month. Now over a year that's a difference of \$6480, which is a substantial difference.

Another big factor in electing your Social Security early is the working penalty. You have to be very careful about electing Social Security before your full retirement age if you are still working, as you are only allowed to make so much money before you start having to give back some of your Social Security benefits. In 2017, that amount is \$16,920. So, if you make more than this amount of money while collecting Social Security before your full retirement age, then there is a penalty of \$1 for every \$2 earned above that limit. So, you have to consider that factor before you turn Social Security on.

There are many more factors that you have to consider when considering your Social Security election options. Deciding when you choose to take your social security and timing it correctly will determine your income for the rest of your life.

This is why it is so important to take your time and seek professional guidance when making decisions about your social security. This is one of those choices that not only affects you, but will impact those dependent upon you such as your spouse or other loved ones. So, this is an extremely important decision. In fact, the difference between the best and worst choice for you could literally be worth over a hundred thousand dollars in your retirement.

Unfortunately, the average person spends more time planning a vacation than they do planning how and when to elect their Social Security payments. In addition, a lot of times people make this election a lot of times based on emotions, fearing they should go ahead and take their benefit now before social security goes bankrupt. Those feelings of uncertainty can be very powerful, and for many, those emotions can be more compelling than sitting down with a calculator and running numbers. Weaving the income you receive from your social security benefit into your overall income plan for retirement the proper way can be incredibly powerful.

When and how is the proper time and way to elect your benefit? Well, that is the key question. The answer is unique to your situation, including many factors and your specific goals, objectives and desires.

So, if you are approaching retirement age, I highly recommend you meet with a qualified, competent and experienced retirement specialist with extensive knowledge in Social Security. Remember, income is the outcome of retirement planning; and having enough income for lifetime to meet your retirement lifestyle objectives is the ultimate objective.

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