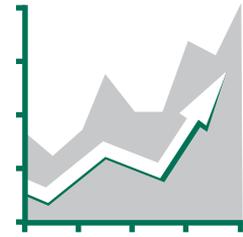


Financial Adviser



Strategically Planning for Retirement Can Help Secure Financial Stability

It's never too early to begin preparing for the future. Strategically diagramming a retirement plan is not only practical but, in today's uncertain economic times, one of the most responsible and prudent steps that can be taken toward securing financial stability. Social Security (SS) was originally intended to be a supplement to retirement. Unfortunately for many, it has become their primary source of retirement income. For those individuals filing for benefits for the sole purpose of immediate cash flow, there is not much planning involved. However, for those who have invested and saved money over time, earned pensions, and who may continue to work or run businesses well into their sixties, there may be a multitude of planning opportunities available to them.

Maximizing Social Security Benefits through careful elections of both the timing of retirement benefits and planning future salary elections (primarily for self-employed individuals) help to maximize future retirement income.

Timing

Individuals should give careful consideration to the timing of their applications for retirement benefits. Considering "Advanced Filing Strategies" along with determining the optimal age at which to begin your benefits will help to ensure you are making the proper decisions ("elections") to maximize the Social Security Retirement Benefits received over one's lifetime.

Advanced Filing Strategies include "Restricting the Scope" of your application and opting for "File and Suspend." These Advanced Filing Strategies allow for individuals to consider the timing of their own retirement benefits while coordinating with their spouse's benefits to maximize potential cash flow to life expectancy.

Making the correct Social Security election is dependent on your actual longevity. Since everyone's precise longevity is unknown, one should focus on finding the optimal strategies based on factors that include: life expectancy, income, cash flow, and utilization of the advanced filing strategies. All too often individuals finalize their elections without giving consideration to these factors. If we could predict our longevity, there would be no cause for concern. Since we cannot, it is in our best interest to give ourselves the most favorable odds when it comes to our Social Security Retirement benefit planning. Individuals most commonly taking advantage of specific timing of benefits in coordination with the aforementioned advanced filing strategies are between the ages of 62 through 70, married with a four-to-five-year age difference between spouses and typically one spouse having higher earnings than the other.

Future Salary Elections

Individuals who have the flexibility to determine how their income is derived (primarily self-employed) can create significant planning opportunities. One of the most common misconceptions relates to how Social Security retirement benefits are figured. In many cases, clients ask if they should be "increasing wages to maximize their Social Security benefit." However, after reviewing the details of the manner in which benefits are actually calculated, it may be revealed that there is reason to: 1) limit income derived from W-2 salary wages (primarily in the case of small business owners such as S-Corps) and 2) increase income from corporate distributions. For individuals who have the flexibility to maneuver this salary figure, the relationship between the amount of Social Security (dollars) tax you pay as

your wages increase and change to future benefits should be considered. Interestingly enough, taxpayers receive a greater return on SS taxes paid as lower wage earners than they would realize as their income increases.

It is not uncommon to discover there is not much of an advantage to increasing the level of Social Security taxes paid to "maximize" an individual's Social Security retirement benefits. Ironically, there is a case to be made for S-Corp owners to lower their salary and perhaps even realize the business income from another source such as "corporate distributions."

Individuals need to pay close attention to the details of their Social Security benefits and the manner in which they are determined. Each individual's situation is unique and each person has his or her own earnings history that will ultimately impact his or her retirement benefits. ☆

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