



## Impact of work while collecting Social Security benefits

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Has anyone told you that if you work while collecting Social Security retirement benefits, you'll lose part of your benefits? If you're like most people who hear this, you'd probably opt not to work. What's the sense of earning \$1,000 if you lose \$1,000 of benefits?

The reality is the truth is something quite different. While it's true your Social Security benefit could be reduced if you work, there are some important distinctions to understand. First, the idea that you will lose benefits is mostly false. Even for most people who see their benefit reduced, the money is not lost.

Rather, when the worker reaches their full retirement age (typically age 66 or later for most people now), their monthly benefit will be increased based on the benefits previously withheld. While it's not a lump sum payment, the higher monthly benefit will eventually result in everything withheld being paid back depending on how long the worker lives (with the possibility of collecting even more since the higher amount is permanent).



Now that we've dispelled the myth that benefits are "lost", let's discuss who is affected as not everyone who works and collects Social Security sees a reduction. The most important distinction is the earned income rules only apply to people younger than their full retirement age. In other words, once you reach your full retirement age, you can earn an unlimited amount without negatively impacting your Social Security benefits!

In addition, these rules only apply to earned income (typically defined as wage or self-employment income) so pensions, interest or retirement account withdrawals are not relevant to these rules (although they impact the taxation of benefits).



If you are under full retirement age, collecting Social Security benefits and have earned income, the rules may still not be applicable as there are income thresholds for when the rules apply. For example, in 2014, anyone earning less than \$15,480 will not see any of their benefits withheld. Once earned income exceeds this threshold, the amount withheld is equal to \$1 for every \$2 of earned income.

As with most government programs, there are additional rules to keep things interesting. Social Security is no exception as there are special rules for spousal benefits, the year you start collecting benefits as well as the year you reach full retirement age. If these situations apply to you, I highly recommend reading Social Security's explanation of the rules in Publication 05-10069 "How Work Affects Your Benefits."



## March 19 workshop – Social Security & you

Our first Social Security & You workshop this past November was such a success that we decided to offer it again.

Join FSG's Justus Morgan and Justin Moilanen to learn the basics of Social Security including: how benefits are determined for workers, spouses, and surviving spouses, as well as the interaction between claiming now versus delayed benefits, and how different claiming strategies can significantly impact your retirement sustainability.

This interactive presentation to be held at our office on Wednesday, March 19 from 6:30 p.m. to 8 p.m. is for individuals and couples getting close to the age when they may start collecting Social Security retirement benefits.

To reserve your seat, please call Lori at 262-554-4500 ext. 105. Seating is limited.

## Spotlight on service: Career Transitions

Did you know that one of the many services offered to clients of Financial Service Group is our approach to career transitions? In fact, FSG president, Michael Haubrich is recognized by our industry as one of the early pioneers in viewing a person's career as an asset along with other asset classes such as cash, stocks, bonds, insurance and other investments. Coined as Career Asset Management, Mike has spoken on the subject at local, regional and national events. He is currently completing a book on the subject which will be published later this year.

A person can experience a career transition as a result of voluntary or involuntary exit or simply as a result of re-evaluating career interests and objectives. Sometimes people leave a current role to pursue a completely different type of work, return to school, or due to relocation or other family obligations. Sometimes the career transition occurs when a company decides to downsize. Regardless, it can be a very stressful time.



Financial Service Group, in collaboration with other professional resources such as resume writers, career coaches and attorneys, helps clients consider the financial implications and future roadmap for their career asset. If you'd like to learn more about Career Asset Management, please contact our office.

## Save the date for these upcoming events with Financial Service Group

FSG would enjoy hosting you at any of our upcoming events.

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| March 19    | Social Security workshop, 6:30 to 8 p.m.          |
| June 21     | Racine's Lighthouse Run, 4 mile run event sponsor |
| August 1    | First Friday event, 5:30 to 8 p.m. at UnCork!     |
| August 5    | Long-Term Care Planning workshop, 6:30 to 8 p.m.  |
| October 14  | Medicare webinar, 6:30 to 8 p.m.                  |
| November 19 | Investment workshop, 6:30 to 8 p.m.               |