



Retirement income for surviving spouses

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One of the biggest financial changes we see in our clients' lives is the death of a spouse.

Besides the emotional toll this loss incurs, the fears around money also become much more acute. In particular, the fear of running out of money or being a burden on other family members. Fortunately, there are a number of sources of income to help mitigate these fears, including Social Security and pension survivor benefits.



A common misunderstanding with Social Security is that survivor benefits are the same as spousal benefits, which is not true. Spousal benefits are available when both spouses are living and typically one of the spouses either did not work or earned significantly less over their working career. Spousal benefits also provide a lower amount than survivor benefits.

Social Security survivor benefits are available after the death of the first spouse (regardless of who dies first and whether they were the higher earner). The amount is the greater of the two benefits earned by each spouse. For instance, if one spouse receives \$1,500 per month and the other receives \$750 per month, the survivor benefit will be \$1,500. While the total amount collected by the household declines (from \$2,250 to \$1,500), if the survivor is the one who received \$750, they will see their benefit increase to \$1,500 per month.

Another source of retirement income for surviving spouses is the pension income of the deceased spouse. There can be more variability to this amount as the survivor benefit is an election made when the pension first begins and can range from 0 percent to 100 percent of the monthly benefit. By law, anything less than 50 percent requires the consent of the spouse to minimize the financial disruption upon the death of the first spouse.



One tactic I often see is the election of a lump sum benefit in lieu of the monthly income amount. This also negates the survivor benefit (although anything left from the lump sum at the death of the first spouse still passes to the survivor). While the lump sum can be attractive due to the sizable amount it often represents, it can create more financial stress on the surviving spouse to manage the money, especially if they live for an extended period of time. Electing the lump sum amount should be carefully considered.

As with any major life change, there are aspects besides money worth considering. Kathleen Rehl's book "Moving Forward on Your Own" integrates the financial implications with the emotions of finding yourself alone. If you or someone you know has a spouse who has died in the last two years, I highly recommend Rehl's book.

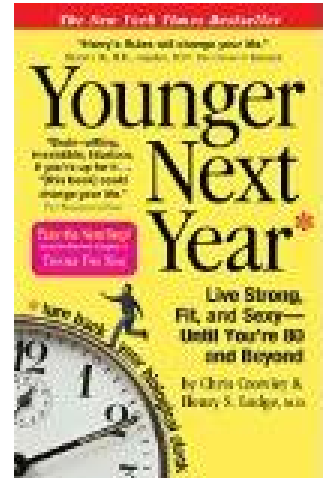


Mike's Book Review: *Younger Next Year Live Strong, Fit, and Sexy—Until your 80 and Beyond*

Younger Next Year is co-authored by Chris Crowley who is in his eighties, and still competitively skiing, and Henry Lodge, MD, who is recognized as one of the top internists in the Country. Crowley was the guinea pig for Dr. Lodge's rules which can be summarized as: Exercise six days a week. Don't eat crap. Connect and commit to others.

The book provides an action plan if followed will push back the aging process. The goal is to reverse the natural decline of aging - pushing back aging by 10 or more years then maintain that level of energy, vitality, mental sharpness and physical activity into your mid-eighties.

So if you are over 50 and daily are reminded of that reality, I challenge you to read and commit to being "Younger Next Year". We are given only one body as our vehicle to journey through life. To live an inspired life, you need to take care and maintain that vehicle.



Also check out the website YoungerNextYear.com for additional resources.

Celebrating Justin!



Just slightly over three decades ago, the world welcomed bouncing baby, Justin Moilanen. Destined for greatness since that remarkable day, we're proud to have Justin as part of our FSG family and be able to celebrate this milestone with him. Many happy returns, Justin!

Thanksgiving holiday office hours

At the time of year when thanks are abundant, we'd like to express our appreciation for your confidence and trust in Financial Service Group. We value our relationships with our clients, partners, and service providers and are thankful for all of you!

In observance of the holidays, Financial Service Group's office will be closed as follows:

Thursday, November 27 - Closed
Friday, November 28 - Closed