Retiring Without Worry

Maximising Social Security Benefits and Retiring Comfortably

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Overview

Part 1: Maximising Social Security Benefits
• History of Social Security
• Retirement Benefits
• Payment Contributions
• Family Benefits
• Survivor’s Benefits
• Disability Benefits
• Medicare
• It is up to you
• Rules for Maximising Benefits

Part 2: Retiring Comfortably
• Potential Retirement Crisis?
• Economics of a Retirement Crisis
• Preparing for the future now
• Maximising Current and Future Utility
• Bibliography
Maximising Social Security Benefits
History of Social Security

- FDR signed Social Security Act in 1935
- What Social Security Promotes
- What is it and what it isn’t
- Normal Retirement Age
- Benefits you may be entitled to
- Strengths and Weaknesses
Retirement Benefits

• Requirements to be eligible for Benefits
  • Age requirements and Work requirements
• Social Security is an Insurance
• Be careful about foreign employment
Payment Computations

• Based on two factors: Lifetime Average Earnings and Age when check begins
• Know that there is a max
• Payments are protected
• To Retire early? That is the question.
• Benefits of NOT retiring?
Family Benefits

• Auxiliary Benefits or Additional Family Benefits
• Marital Game
• Spousal Benefits
  • Requirements
  • Word about Former Spouse(s)
  • Start Stop Start, File and Suspend
• Children
  • Requirements
• Family Max Benefits
  • What happens if another child is added?
Survivor’s Benefits

• Protected in case family member dies
  • Types available to your family
  • Requirements you need to fulfill
  • Requirements for your family

• What should you take first?
Disability Benefits

• What is it? How do you qualify?
• Beware of what counts as disability
• Disabled, but forever?
Medicare

• Basic health insurance protection
• Two Parts:
  • Part A
  • Part B
• Eligibility and requirements
• What to do if you do not meet the requirements?
• Benefits
• Medigap?
It is up to you

• You are responsible
• It is a hard process, may be confusing
• Know what is available to you
• Stay updated on what you can or cannot do: File and Suspend example
Rules for Maximising Benefits

• Be Patient
• Get all of what’s yours
• Get the timing right
Retiring Comfortably
How to Retire Without Worry
Potential Retirement Crisis?

• Causes
• Examples in Uruguay, Puerto Rico, and Malaysia
• Pay-as-you-go no more?
• Popular suggestions
Economics of a Retirement Crisis

- Economic effects of the retirement crisis
  - GDP through consumption
  - Participation Rate
  - Increase in Taxes
- Crisis to Recession in US to Global?
- Low saving and its effects
Preparing for the Future Now

• Retired Americans and their standard of living
• Reminder: Social Security should not be sole income
• Options other than Social Security
• To save or not to save?
• Best time to get benefits?
• Types of Assets
Maximising Current and Future Utility

- Backward planning or forward planning
- Households seek neither to splurge nor horde
- Smooth Consumption is the goal
- Economics of Financial Planning
  - Diminishing Marginal Utility
Maximising Current and Future Utility (Cont.)

• Consumption Smoothing vs Targeted Spending
• Importance of saving
• Focus on Standard of living as well
• Laws of Economic Planning
Bibliography


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