

# 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 hoard
- 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

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