

Retirement Planning Insights



November 2022

In this issue:

Up Front

- RRC Roundup and stage props

Retirement Planning News

- Boosting your Social Security

Practical Retirement Planning

- Understanding Medicare

Up Front

My recent trip and a dance prop build

Last month I made a trip out west to visit clients and be part of the [Rock Retirement Club's](#) annual in-person meetup known as the "Roundup."

Here's me and (most of) the rest of coaches and "faculty" of the club:

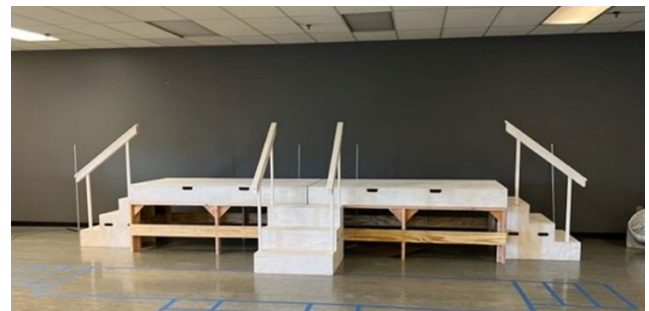


My trip started in Surprise, AZ, then on to Albuquerque, NM and then finally Grapevine, TX.

In my travels, I saw the most impressive set of pickleball courts I've ever encountered, ate some green sauce enchiladas that were so hot they melted my face and had the honor of being one of the presenters at the Rock Retirement Club Roundup. It was a great trip!

In other news, I also recently finished a big woodworking project for my daughters' dance school. I'm the official prop dad of the school and do all of the prop building and transportation to/from competitions.

While the photo doesn't do it justice, here's what I built; a platform that's 16' wide, 4' deep and 3' high, with three different sets of steps and railings.



Of course the prop is built like a tank (I wouldn't build it any other way!). However, the real magic is in the design and how all of it comes apart to be easily transported in a 6'x12' U-Haul trailer and quickly put back together on stage at competitions.

I can't dance, but I can at last build things really well...

Have a good November (and enjoy the pumpkin spice everything ☺).

-Andy

Retirement Planning News

How to increase your Social Security benefits

On October 17, 2022, *U.S. News & World Report* published the article, [10 Ways to Increase Your Social Security Payments](#).

Social Security is the foundation of many peoples' retirement income plans. As such, maximizing your benefits is often a great way to bolster your retirement finances.

On the back of the recently announced [8.7% 2023 Social Security Cost of Living Adjustment \("COLA"\)](#), *U.S. News & World Report* wrote about other ways in which you can potentially increase your benefit amount:

- **Work for at least 35 years** – Your Social Security benefit is based off your highest 35 years of earnings. If you don't have at least 35 years of earnings, you will have some years of zero reported earnings feeding into your benefit calculation. Replacing those zeros with a non-zero amount of earnings will increase your benefit
- **Earn more** – All else equal, the higher your earnings, the higher your Social Security benefit. As mentioned above, your benefit is based on your highest 35 years of earnings. Years of high earnings can replace years of low earnings in your top 35 years and thereby increase your eventual benefit payment
- **Don't start benefits until your Full Retirement Age** – Your Full Retirement Age ("FRA") is based on your year of birth and will be between age 66 and 67. You can start benefits as early as age 62, but they will be reduced if you start before your FRA. Additionally, the earlier you start, the larger the reduction
- **Delay the start of benefits until age 70** – You can delay the start of benefits beyond your FRA. For each year you delay between your FRA and age 70, your benefit will increase by 8%. There is no longer any increase beyond 70, so there generally isn't a reason to start your benefits later than age 70
- **Claim spousal benefits** – If you're married, you may be entitled to a "spousal" benefit off of the work record of your spouse. If your spousal benefit is higher than your own

benefit, you will receive more by taking the spousal benefit. Spousal benefits and the related claiming rules can get pretty complicated, so check with someone knowledgeable on the topic before making any decisions

- **Include family** – Similar to how you can potentially receive a spousal benefit, other family members may be able to get benefits off of the wage earner's record. Benefits may be paid to minor or disabled children, and even potentially dependent parents
- **Don't earn too much in retirement** – If you start benefits prior to your FRA AND are still working, your benefit may be reduced by something called the "[earnings test](#)." If this applies to you, it could potentially make sense to either not start your benefit yet or try to keep your earnings below the limit(s) referenced in the above link
- **Minimize income tax on your benefit** – Most states exclude Social Security payments from state income taxation. However, at the federal level, up to 85% of your [benefits may be taxable](#). To the extent you can keep the rest of your income below the levels referenced in the link above, you can reduce the amount of your benefit that's taxable
- **Maximize survivor benefits** – Similar to how spouses or other family members can potentially receive benefits off of the record of a family member, there are also potential "survivor" benefits for spouses or children of a deceased person. Like with spousal benefits, the rules around survivor benefits are complicated; check with a trusted expert prior to making a decision to take survivor benefits
- **Make sure your work counts** – Since your benefit is based off of your highest 35 years of earnings, it's important to make sure the Social Security Administration has a correct record of your earnings history. If you haven't already, create an online [my Social Security account](#) to check your earnings history. Additionally, you can also see your estimated benefits on your online account

Practical Retirement Planning

Learn the basics of Medicare and what you can do during the Medicare annual election period

Most folks know there is a government-run health insurance system for people 65 or older. And most folks know the name of that system is Medicare.

However, beyond that, I find that many people who aren't yet of Medicare age often know very little about how the system works.

The October 27, 2022 edition of my podcast, [Retirement Planning Education](#), was part 1 of 2 of a conversation I had with Danielle Roberts, founder of [Boomer Benefits](#), a Medicare insurance agency based in Texas. Part 2 of 2 will be out on November 3, 2022.



Danielle is a leading expert in Medicare and was gracious enough to share her time and knowledge to walk through how the system works, how much it costs, what it covers and what it doesn't cover, what to consider when signing up and reviewing your coverage, pitfalls to watch out for, etc.

I thought it would be good to release these episodes during Medicare's "annual election period," which is October 15 through December 7.

If you're looking for full details about all-things Medicare and what you can and can't do during the annual election period, definitely check out the podcast [here](#).

For those of you who want the quick and dirty summary, read on!

Most people need to sign up for Medicare within a few months before or a few months after the month of their 65th birthday. If you don't sign up during that

initial enrollment period, you may have to pay additional penalties – for LIFE – when you do eventually sign up.

Medicare has four main parts (which I'm summarizing at a VERY high level):

- Part A is hospital coverage
- Part B is outpatient coverage
- Part C is Medicare "Advantage"
- Part D is prescription drug coverage

Everyone who signs up essentially needs to have Parts A and B, which are considered "traditional" Medicare.

Part C is optional and is otherwise known as Medicare "Advantage." Whereas traditional Medicare is administered by the government, Medicare Advantage plans are administered by commercial health insurance companies, similar to health insurance coverage you've probably had most of your life prior to Medicare. Advantage plans may cover some services that traditional Medicare does not, such as dental, vision, hearing aids, chiropractic services and podiatry.

Part D is also optional and is for those who want insurance coverage for prescription drugs.

Supplemental, aka "Medigap," insurance is additional insurance you can buy that supplements the coverages of traditional Medicare, which does not cover all expenses of all services.

Medicare's annual election period is the time of year where you can add, remove or change Part C and Part D coverage.

Medicare is a very convoluted system. Hopefully you find the podcast helpful in demystifying it!

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