

# IRA M. LEFF

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August 11, 2008

## ELDER LAW MINUTE

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Have you ever thought about when the optimal time is to start drawing your Social Security benefit? If you draw it before your Full Retirement Age (FRA), you receive a reduced benefit for the rest of your life. If you defer it to age 70, you receive an enhanced benefit for the rest of your life.

In making this decision, bear in mind that if your income is over \$25,000 for a single person or \$32,000 for a married person, some of your Social Security benefits will be subject to income taxation. Also, be advised that if you draw Social Security before Full Retirement Age, your benefit will be reduced if you earn over \$13,560 per year, until you reach FRA.

So, why would anyone choose to start their distributions early? Because if you don't live a long life, you will receive more by doing so.

For example, my father chose to defer his Social Security benefits until he was age 70, since he was still working. Unfortunately, he died at age 73. Had he chosen to start his benefits at age 62, he would have received 80 percent of his normal benefit, or about 60 percent of his age 70 benefit. But he would have received it for 11 years, instead of just three.

I have attached three handy charts which should help you decide when to start drawing your Social Security benefit. I have recently completed preparing a retirement seminar for a large Atlanta law firm. If you know of other organizations interested in such a program, please ask them to contact me.

*Member of the National Academy of Elder Law Attorneys*

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## SOCIAL SECURITY BENEFITS

<u>Birth Year</u>	<u>FR Age</u>	<u>FR Ben</u>	<u>Age 62</u>	<u>Age 70</u>
1937 or Before	65	\$1,000	\$800	\$1,325
1938	65.2	\$1,000	\$791	\$1,314
1939	65.4	\$1,000	\$783	\$1,327
1940	65.6	\$1,000	\$775	\$1,315
1941	65.8	\$1,000	\$766	\$1,325
1942	65.10	\$1,000	\$758	\$1,313
1943-54	66	\$1,000	\$750	\$1,320

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## TAXATION OF SOCIAL SECURITY BENEFITS

<u>Marital Status</u>	<u><math>\leq</math> \$25,000</u>	<u>\$25,000 <math>\rightarrow</math> \$34,000</u>	<u><math>&gt;</math> \$34,000</u>
Single	0 %	50 %	85 %

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<u>Marital Status</u>	<u><math>\leq</math> \$32,000</u>	<u>\$32,000 <math>\rightarrow</math> \$44,000</u>	<u><math>&gt;</math> \$44,000</u>
Married	0 %	50 %	85 %

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## SOCIAL SECURITY EARNINGS TEST

<u>Age</u>	<u>Income</u>	<u>Reduction</u>
Under FRA	+ \$13,560/yr.	\$1 for \$2 earned
Year of FRA	+ \$36,120	\$1 for \$3 earned
FRA	No Limit	No Reduction