



HEATHER SCHREIBER'S

July 2023

SOCIAL SECURITY ADVISOR

Social Security Planning for Retirement

WHAT'S INSIDE?

2023 Mid-Year Frequently Asked Questions

- Social Security Inflation and Insolvency
- End of the Road for Crafty Strategies
- Pre-FRA Earnings
- Mixing Retirement Benefits and Social Security Disability
- Social Security Auxiliary Benefits
- Social Security and Earnings
- Medicare and Pesky "Aunt" IRMAA

<Pages 1-5>

Executive Summary

<Page 2>

GUEST EXPERT: Matthew Collins, ChFC®

Truce Benefits
Marlton, NJ

Mapping a Path to Medicare for Disabled Workers

<Pages 6-8>

2023 Mid-Year Frequently Asked Questions

Back by popular demand, here is our bi-annual edition of frequently asked questions regarding Social Security and Medicare (more to come in December!) These questions, posed by consumers, have been forwarded to me by their advisors.

There is never a shortage of Social Security and Medicare topics that cause confusion among consumers. Answering the most common questions from the first half of 2023, along with the responses, can help navigate the path to retirement with more confidence and clarity.

Social Security Inflation and Insolvency

With insolvency issues continuing to be front-page news, what is the probability of Social Security benefits moving towards a means-tested program? That would be a major shift from the current approach, which is based on the earnings of the beneficiary and the number of work years.

Such a revision is unlikely because the program is funded by the earnings of the workers who pay into the system and who expect, at some point in the future, to collect a benefit in return for those payments. Another obvious reason for maintaining stability is that means-testing benefits would require bipartisan political support, which is a unicorn in many

cases and certainly this long-standing debate is no exception.

The not-so-obvious point, however, is that Social Security benefits are already means-tested. In reality, lower wage earners now receive a much higher income replacement percentage than higher wage earners. The first dollars of pre-retirement earnings are replaced at 90% in the benefit computation formula; as earnings rise, they are replaced at 32% and eventually as low as 15%. As a result, those with higher lifetime earnings (and therefore more Social Security taxes paid) receive less in benefits per taxes paid than lower earners.

Further, a proposal to mitigate the insolvency issue via means testing likely would require that earners in the mid-income range would be affected as well. Instead of means testing, it is probable that a combination approach to financial solvency will emerge, one that is widely supported. Changes might include increasing payroll taxes or increasing the full retirement age (FRA) over time.

Should the higher cost-of-living adjustments (COLAs) of recent years, resulting from rising inflation, factor into my decision to perhaps claim earlier than originally planned? That is, with the COLA at 8.7% this year, would

Join the Retirement Planning Conversation



Featuring the latest retirement tax law changes, including the NEW SECURE Act 2.0 and the latest RMD rules in effect now!

Ed Slott and Company's Exclusive 2-Day IRA Workshop

INSTANT IRA SUCCESS

JULY 20-21, 2023 | BOSTON

JOIN US! irahelp.com/2-day

\$400 OFF

Promo Code: **NEWSLETTER**



ORDER AT IRAHELP.COM OR HLSRETIREMENTCONSULTING.COM

SOCIAL SECURITY ADVISOR • JULY 2023

© 2023 Smart Subscriptions, LLC