Unsure When to Claim Social Security? Timing Has Its Benefits

For many Americans, social security benefits make up a significant portion of retirement income. When it comes to how much you will receive, you may be surprised to learn that you have a choice in the matter—and timing is everything. The longer you wait to claim your benefits, the larger your monthly payment will be, so when you start can determine whether you'll have sufficient funds to achieve your retirement goals.

Here are considerations to keep in mind as you think about your social security choices.

When Are You Eligible?

Based on the year you were born, the Social Security Administration (SSA) has determined your full retirement age (FRA)—in other words, the normal retirement age at which you become eligible to receive full social security benefits. If you were born before 1955, you've already reached your full retirement age (see Figure 1). If you were born after 1960, you'll reach your FRA at age 67.

Figure 1. Full Retirement Age (FRA)

If you were born in:	Your FRA is:
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months

1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

The Early Bird Gets . . . Less
Although your FRA serves as the baseline, you can claim your social security benefits at an earlier age. Keep in mind, though, that taking your benefits early will permanently reduce the amount you receive.

Let's say your FRA is 66 and your monthly benefit amount is $1,000. If you decide to take benefits at age 62, your monthly benefit will be permanently reduced by 25 percent. That might be a hefty sum to leave on the table, so remember that you have up to 12 months to withdraw your application for benefits if you change your mind.

Good Things Come to Those Who Wait
If you don't need the cash when you reach your FRA, you can opt to delay your claim—and the SSA offers an economic incentive to do that. Should you decide to wait until after you've passed your FRA, the SSA compensates you for allowing those funds to stay in its reserves by guaranteeing an 8 percent increase in benefits for each year you delay, up until age 70. So, if you wait until 70 to claim benefits, your payment will be 76 percent more than what you would have received if you claimed early at

62. If you’re in a position to do so, it literally pays to wait.

Remember, though, that the maximum benefit amount you can receive tops off at age 70, so there’s no financial motivation to delay your claim past then.

Deciding the Right Time for You
Claiming your benefits as soon as you reach your FRA shouldn’t be a given—nor should holding out longer for a bigger benefit. The right timing depends on your specific circumstances, and there’s a lot to consider.

Life expectancy. Longer life expectancies are a large factor in determining the best claiming strategy, so a break-even analysis—the age when your cumulative benefits will even out—can provide helpful insight. Handy life expectancy calculators and benefits calculators are available to help you estimate your benefits based on the age you want to make your claim.

Your spouse. Married couples should consider various strategies for maxing out benefits. If you’re the primary earner, you’ve been married at least one year, and your spouse is at least 62, your spouse may qualify for a spousal benefit of up to 50 percent of your FRA benefit when you make your claim. Although your dependent spouse receiving a benefit won’t affect the amount of your benefit, keep in mind that if you make an early claim, your spouse’s benefit will also be reduced. The flip side is, if you wait until age 70, you maximize benefits for both of you—and potentially the survivor benefit for your spouse.

If you have two incomes, for example, depending on your benefits estimates, you might consider making your claims at different times. It may make sense for the lower earner to take benefits first when they reach their FRA, and the higher earner to wait until age 70 because their increases will amount to more over time. Depending on life expectancy, this approach could also mean a higher survivor benefit for the lower earner should the higher earner pass away first. Note, however, that your spouse's benefits will be permanently reduced if they apply before their FRA. (There is an exception if they are caring for a dependent child younger than 16 who has a disability, making them eligible for dependent benefits.) For dual earners born before 1954, you can opt to apply for only the spouse benefit and delay taking your own benefit until a later date.

If you and your spouse have similar lifetime earnings, each of you might want to wait until age 70 if it's financially viable. This positions both of you to receive the maximum amount and ensures that one of you receives the highest possible survivor benefit after the other passes away.

Tax implications. Because some of your social security benefits may be taxable, depending on your income, some people may factor the tax impact of their claiming strategy into their decision-making process.

Keep in mind, if you or your spouse worked at a job at which you didn't pay into social security because you were earning a pension, your retirement and your spousal/survivor benefits may be affected by the Windfall Elimination Provision and Government Pension Offset. (This is common for teachers and government employees.)

The Math Is Personal

Depending on your specific financial situation, deciding when to claim your social security benefits may have a significant impact on your retirement goals. Time may be on your side if you're looking to maximize your benefits, but the choice can be complicated; it depends on your health, family circumstances, and overall financial wellness. We invite you to talk with us about the various ways we can support your retirement goals. For more detailed information about benefits, call the SSA at 800.772.1213 or visit www.ssa.gov.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

Individual Health Insurance Newsletter – June 2021

IRS Suspends Requirement to Repay Tax Credits

A premium tax credit or subsidy helps pay for health insurance coverage purchased through the Health Insurance Marketplace (www.healthcare.gov). Eligible people can choose to have all, some, or none of the estimated tax credit (subsidy) paid in advance directly to their insurance company on their behalf.

The American Rescue Plan Act of 2021 suspends the requirement that taxpayers repay their excess advance payments of the premium tax credit for tax year 2020. Excess APTC is the amount by which the taxpayer’s advance payments of the tax credit exceed the premium tax credit they are in fact eligible for.

If you have questions on how this may impact you, we recommend you reach out to an accountant who understands the tax code and how the American Rescue Plan affects your tax filing

Health Care Sharing Ministries in the News Again

The Boston Globe reported on a woman who now carries $75,000 in medical debt because her “health care sharing ministry,” OneShare, declined to pay for her double hip replacement. She decided to participate because of the cost of her health insurance premiums increased. What she didn’t realize is that the decreased costs meant decreased consumer protections.

Health care sharing ministries (HCSMs) are not health insurance. They do not qualify as minimum essential coverage under the ACA, which means pre-existing conditions can be excluded. What’s more, the companies do not have the same legal obligations to its members. Members, who typically share a religious affiliation, do pay a monthly fee, but the fee is not a premium. It is a contribution to a shared fund to pay medical expenses of the members. Some people, have good experiences, while others do not.

In Maine, HCSMs are expressly exempt from the insurance code. Consequently, members have little or no recourse if things with the HCSM go sour. The burden is on consumers to understand precisely what they are “buying” when they participate.

Midcoast Senior Expo

We’re excited to announce that we will have a table at the Midcoast Successful Aging Expo, scheduled for June 15 from 9 a.m. to 2 p.m. at the Rockland Elk’s Club. This is our first in person event in more than a year and we’re looking forward to connecting with our clients and community. This event is free and open to the public.

Medicare Newsletter – June 2021

Medicare & Medicaid Eligible

Have you recently qualified for Medicaid while also on Medicare? Did you know there is a set of special products that are available just for you?

These plans are intended for persons who are eligible for both Medicare and Medicaid and are called “dual eligible.” These dual eligible plans provide coverage above and beyond Medicare, including vision, dental, an over the counter allowance, transportation services, and many value added extras, typically at no cost to the member.

Eligibility requirements for Medicaid are not as straightforward as are the requirements for Medicare. The big driver here is income and asset limits which determine if you’re eligible and if so, what level of Medicaid you qualify for.

If you think you may be eligible for Medicaid, you’ll need to contact your local Medicaid agency.

Top 10 Social Security Myths Exposed

Given Social Security’s importance, concerns about its current and future state are understandable and widespread. Some of those worries, and the many changes to the program, have given rise to misconceptions about how it is funded and how it works.

Here are 10 of the most stubborn Social Security myths:
1) Social Security is going broke
2) The Social Security retirement age is 65
3) The annual COLA is guaranteed

4) Members of Congress don’t pay into Social Security
5) The government raids Social Security to pay for other programs
6) Undocumented immigrants drain Social Security
7) Social Security is like a retirement savings account
8) You don’t pay taxes on Social Security benefits
9) An ex-spouse’s benefits come out of your own
10) You lose benefits permanently if you keep working

You can read the truth behind these myths.

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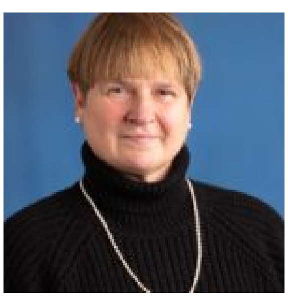
Understanding Accident Insurance

Whether you suffer a concussion falling off a ladder or dislocate your shoulder moving the couch, injuries can lead to costly medical care, loss of work time and various other related expenses. If you don’t want to be caught financially unprepared to handle an accident, consider accident insurance.

Regular medical insurance won’t cover all the expenses that result from an injury. At the very least, you will likely owe a deductible and copays. Accident insurance acts as a safety net to help you pay out-of-pocket medical and nonmedical costs resulting from an accident or injury. Accident insurance might cover the following occurrences:

- Injuries, such as fractures, burns, concussions, cuts, eye injuries,
  broken teeth and paralysis
- Medical services and treatments, such as ambulance rides, emergency care, nonemergency care, hospital stays, physician
  follow-ups, therapy services, surgery and medical testing
- Family lodging and travel needs related to an accident and follow-up
  careCall the Allen Insurance and Financial benefits division today for more information.

‘Gray Divorce’ is on the Rise



Sarah Ruef-Lindquist, JD, CTFA

By Sarah Ruef-Lindquist, JD, CTFA

I recently wrote about the financial vulnerability of women in retirement relative to their male counterparts. Lower wages, longer time out of the workforce as caregivers and resulting challenges to saving adequately for retirement years contribute to this vulnerability.

A recent Kiplinger article highlights the increased divorce rate of older couples (age 50 and older) and the perilous journey that such financially vulnerable women face in marriage dissolution. The article refers to this as “gray divorce.” Citing Pew Research, the divorce rate for people in this age cohort has doubled since the 1990s.

Whether a result of the decreased stigma of divorce and waiting until the nest is empty to end an unhappy marriage, greater life expectancy coupled with unwillingness to remain in unhappy unions, or the new pressure of a pandemic overwhelming long-used coping mechanisms, the trend is real, and can leave women in financially difficult – or even perilous – circumstances.

According to the Kiplinger article: “A study conducted by the Social Security Administration found that around 20% of divorced women 65 or older live in poverty and are less financially secure than married or widowed adults.”

How can women prepare themselves for the impact of divorce in their later years? One of the recommendations in my prior article about retirement planning was to establish a relationship with a financial advisor. That is especially important if a divorce, division of marital assets and other support resources becomes a reality, because in this instance, knowledge is power.

Having a relationship with a financial advisor can help a woman have a realistic understanding of their income, assets, liabilities and ongoing expenses once they are no longer part of a marriage. The financial advisor can then help create the strategies appropriate to build the client’s economic security going forward as they take control over their own individual financial life.

Commercial Auto 101

By Sally Miles

A commercial auto policy protects a business against losses incurred through the ownership, maintenance, or use of motor vehicles.

Most businesses need this kind of coverage because whether you drive a vehicle dedicated for business use or drive a personal vehicle for business because your vehicle may not be covered under a personal auto policy.

Commercial auto, as it is called, covers a variety of situations and policies can be tailored to meet the specific needs of a business. Coverage is available for a single vehicle or a fleet of vehicles; there is coverage for trailers or other mobile equipment, and there is coverage for drivers who work for your business.

Each business has its own set of unique exposures. Consult your agent to ensure your commercial auto policy is programmed to meet your needs.

Sally Miles works with business across Maine for all their insurance needs.

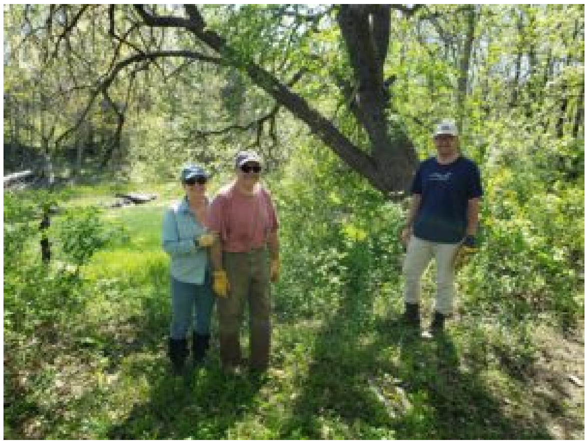
Mallory Arsenault Earns CPIA Designation

Mallory Arsenault, ACSR, a member of the business insurance team at Allen Insurance and Financial, has earned the Certified Professional Insurance agent designation from the American Insurance Marketing and Sales Society.

The CPIA designation emphasizes critical skills in insurance underwriting, coverages marketing and client services.

An account manager based in the company's Camden office, Arsenault works with business insurance clients across a variety of industries.

Trail Clearing With Georges River Land Trust at Weskeag Headlands Preserve



Holly and Jim Coombs and Daulton Wickenden help with trail clearing at the Weskeag River Preserve.

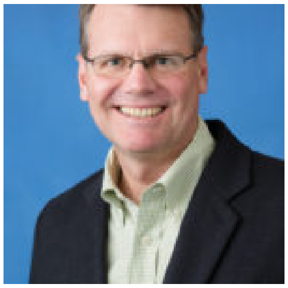
Last week some of our employee-owners joined Georges River Land Trust’s trail clearing efforts at the Weskeag Headlands Preserve in South Thomaston, one of the land trust’s newest properties.

The weather was perfect on Wednesday, May 19 for some quality time in the Maine outdoors. Some of the cutting, sawing and plant-pulling was strenuous work – but that’s what it takes to get a trail ready for its public debut. (We brought plenty of water and bug spray with us!)

Special thanks to GRLT Trail Coordinator Matt Bonner for his leadership and instruction. The GRLT website has all the info you need to learn about all their trails and preserves so you can plan your own outing – or get in touch to help with trail maintenance.

https://www.georgesriver.org/

Claims: Always Call Your Agent



Chris Richmond

By Chris Richmond
Originally Submitted to WorkBoat Magazine

Insurance can often be one of your business's larger expenses and one that you hope to rarely use. But please don't think that making a call to your agent to report a claim is going to adversely affect your policy's premium. Even if you think that the incident is minor and not worth reporting, a quick call your agent can save you from some major hassles down the road. Here are a few things to remember to keep a claim hassle-free.

First and foremost, make the call and report the claim to your agent. Alerting your agent does not reflect on you negatively. In fact, insurance adjustors appreciate this kind of reporting because it gives them a baseline right at the time of the claim. Recording the essential facts in a timely fashion helps greatly in case something develops from the incident six months down the road. And, as a bonus you, get to touch base with your agent. This is always a good thing.

Second, should the claim involve damage to property, keep the damaged items secure so they will not suffer any further damage. Should you have to make emergency repairs, document the damage first so an adjustor can see it. You don't want the damage to get worse due to your inattention.

Third, save receipts. Once repairs start on your vessel or property, the bills will accumulate. Keep all associated receipts and send them to your agent who will then forward them to the adjustor. If you are doing repairs yourself, keep track of your own time.

Were there witnesses to the accident? Record their names and contact information. See if anyone took photos or video with their cell phone. Is there a security camera which could have captured the event? All of these sources of information can help you with your claim.

Finally, we are back to where we started. Report your claim. All too often I hear from a client that something happened six or eight weeks ago. The time to call your agent is right after the incident occurs so the adjustors can start their investigation and document all the facts – with your assistance. Strike while the iron is hot and get all the facts down while they are fresh in your mind, and in the mind of any witnesses. You will be happy you did.

Does Your Credit Need Repairing?

Many people had their financial plans derailed in 2020. You or a spouse may have lost a job or been hit with unexpected expenses for medical care, assisting family members, or other reasons. Financial stress may have forced you to make tough choices, such as deciding which bills to pay, scaling back on your savings, or borrowing from a 401(k) account. As a result, you may need to get back on track financially. One of the first areas to tackle should be your credit score.

Even if your finances didn’t take a hit during the pandemic, it’s wise to keep track of your credit score. A strong credit score forms the basis of a solid financial foundation. It affects your ability to get a job; your access to loans for a car, house, or education; and your ability to qualify for various types of insurance. Can you repair or upgrade your credit score? Yes, but the first step is to understand what your credit score and credit report are based on, as well as how to monitor your credit.

Understanding Your Credit Score

Here’s what you need to know about your credit score:

Your FICO score.

The FICO score, based on a model created by Fair Isaac Corporation, is the most commonly used scoring system of a person’s credit history. Lenders use these scores to evaluate your creditworthiness, which means the probability that you will repay credit cards and loans in a timely manner. A lower FICO score can result in higher interest rates for credit or loans, as well as shorter repayment terms, a requirement for a cosigner, or even outright denial of a loan.

FICO scores range from 300 to 850. Generally, scores greater than 800 are considered excellent, while scores below 640 are considered below average, or subprime. Most lenders use the average score of the three most well-known reporting agencies (Experian, TransUnion, and Equifax).

Your FICO credit score is based on five factors:

1. Payment history (35 percent)
2. Total amount owed compared with available credit, known as credit utilization (30 percent)
3. Length of credit history (15 percent)
4. Types of credit used (10 percent)
5. New credit cards or loans opened and credit inquiries (10 percent)

Alternative credit scores.

Besides FICO, these recently adopted sources provide alternative credit scores:

• Vantage provides a single score based on the three major reporting agencies but differs from FICO in that it gives varying levels of importance to different parts of your credit report. Most websites that offer free credit scores, such as Credit Karma, use the VantageScore.
• UltraFICO, which is used only by Experian, lets consumers enhance their credit score by linking with their checking, savings, or money market accounts.
• Experian Boost helps consumers improve their FICO score by giving them credit for on-time phone and utility payments.

Experian Boost is offered only through Experian.

UltraFICO and Experian Boost are intended primarily for consumers with subprime credit scores, as well as people without enough usage to receive a score. These services are especially helpful to those with borderline credit scores.

Understanding Your Credit Report

Once you know your credit score, you'll also want to know what went into that three-digit figure—which you can find out by reviewing your credit report.

Credit reports contain a comprehensive record of your credit history, including personal information, account information, and whether you have paid your bills on time. Your credit report also contains information on any accounts that have been sent to a collections agent and whether you've filed for bankruptcy or received a bankruptcy discharge.

Checking Your Credit Report

With so much of your financial life based on your credit report, accuracy is important. Unfortunately, the Federal Trade Commission (FTC) estimates one in five consumers has at least one error on their report. That's why it's so important to make checking your credit report a habit. There are several ways to do so:

- Go to AnnualCreditReport.com. Everyone has the right to a free report from each of the three major credit reporting agencies each year.
- Go to Innovis, another reporting agency that provides free credit reports. Although your free report will not include a credit score, it's wise to verify information from this source because companies may use it to check your credit history.
- Go to Credit Karma, NerdWallet, and Bankrate for free access

to one or two of the major credit reports, as well as additional services such as credit monitoring and free credit scores.
• Check out organizations such as LifeLock and Identity Guard which, for a fee, provide enhanced credit monitoring and identity theft protection.

Freezing Your Credit

Since 2018, consumers have been able to freeze their credit files free of charge. A credit freeze imposes restricted access on credit reports, making it more difficult for identity thieves to open accounts in someone else's name. During a freeze, you can still access your credit history and open new accounts—though you'll have to temporarily lift the freeze to do so.

A freeze won't affect your credit score. But you should be aware that a freeze cannot prevent someone else from making charges to your existing accounts. So, even if you have a credit freeze in place, be sure to keep monitoring your current accounts.

Repairing Your Credit: 7 Important Steps

Repairing your credit score will require time, patience, and discipline. Know that there is no quick fix. Instead, work your way through these steps for improving your credit score over time:

1. Review your credit reports for errors and dispute any inaccurate or missing information. Be aware that simply checking your credit report or FICO score will have no effect on your credit score. You'll need to take action to dispute incorrect or missing information. The FTC website provides consumer information on how to file and resolve credit disputes.
2. Pay your bills on time. Even if you have missed payments, get current with your bills.

3. Tackle past-due accounts and reduce the amount of debt you owe. You could start by paying off debts with the smallest balance to the largest (the debt snowball method) or from the highest interest rate to the lowest (the debt avalanche method).
4. Be cautious when opening new credit cards. New credit accounts should be opened only on an as-needed basis. Although closing unused credit cards is often seen as a short-term strategy to increase a credit score, you should know that closing an account does not remove it from your credit report.
5. Consider consumer credit counseling. A great resource for educational materials and workshops is the U.S. Department of Justice’s U.S. Trustee Program, which maintains a list of credit counseling agencies approved to provide pre-bankruptcy advice.
6. Be wary of credit repair services. These companies offer to act on behalf of the consumer and negotiate with creditors, but they may also charge unreasonable fees and upfront charges, as well as mislead customers about their ability to fix credit.
7. Consider bankruptcy only as a last resort. Filing for bankruptcy can allow people to keep their house, car, and other property. It also has serious consequences, however, including lowering your credit score. If you’re exploring bankruptcy, the U.S. Trustee Program maintains a state-by-state list of government-approved organizations that supervise bankruptcy cases and trustees.

Meeting Your Financial Goals

Your credit history is an important cornerstone of your financial plan. That’s why making a commitment to monitor and manage your credit score and report is so important. Although the process may take time and patience, working to repair your credit is well worth the effort. It’s an important part of staying on track to meeting your long-term financial goals.

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