

Why All Advisors Need Social Security Planning and Marketing Skills



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Horseshmouth

Boomers expect their advisors to have this core expertise

- **76%** of future retirees who currently work with – or plan to work with – an advisor say they would likely **switch** and find an advisor who could advise on Social Security.
(Nationwide Retirement Institute)

Social Security Study: Practical Perspectives (2015)

- **600 advisors interviewed**
- **3 in 4 advisors now say Social Security is of growing importance to them**
- **90% of them say they provide support to clients but differ in 3 ways**

Survey Results: 3 Approaches

- Group 1: Information Providers (25%): **“Read this, you’re on your own”**
- Group 2: Scenario Builders (30%): Provide info, create scenarios with calcs: **No recommendation.**
- Group 3: The Recommenders (34%): information, education, and recommendation. **“Here’s the best way for you to be taking Social Security.”**

What's the impact of engaging clients about Social Security?

- Scenario builders: 30% see impact
- Recommenders: 57% see impact

“That impact is not only reflected in generating new clients and prospects, but the most significant impact that advisors tell us is actually in **retaining clients.**”

--Howard Schneider, Practical Perspectives



Mistakes are being made

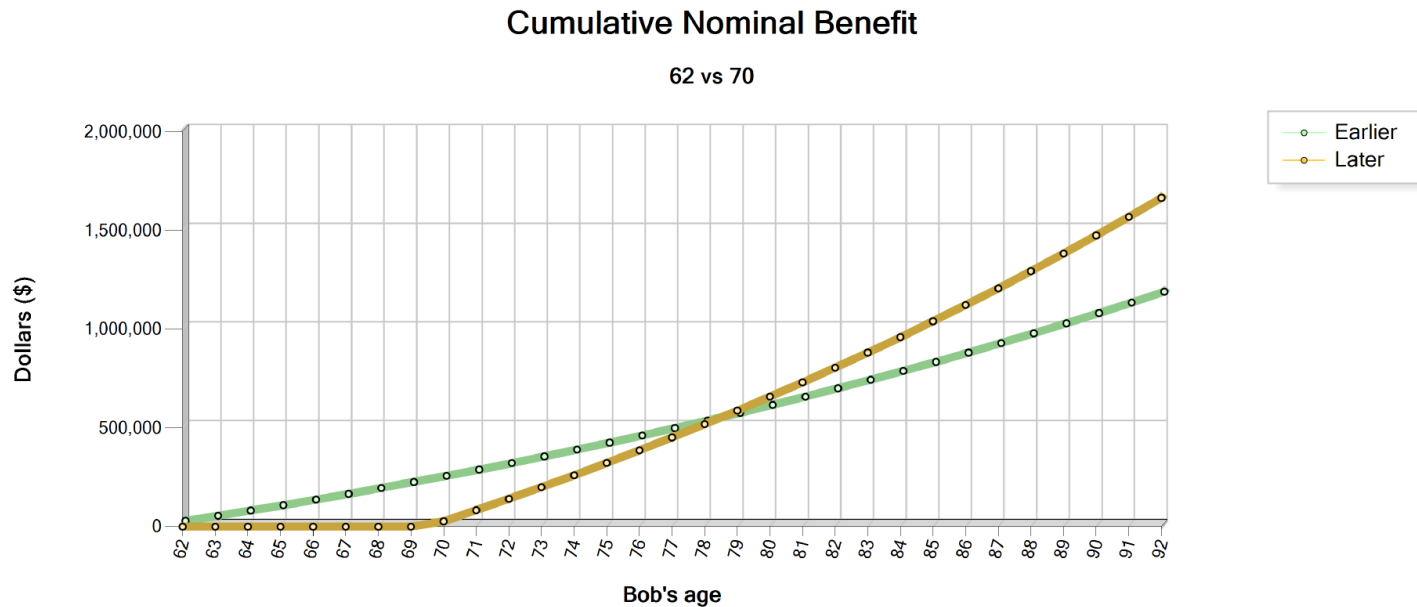
- These mistakes are causing baby boomers to lose out on valuable retirement income
 - Claiming too **early**
 - Not taking advantage of spousal or survivor **benefits**
 - Not maximizing their **earnings** record

Claiming too early

- **76% of future retirees don't even know what their full retirement age is**
- **69% believe they are eligible for full benefits before they actually are**
- **On average, future retirees believe they're eligible for full benefits at age 63, at least three years before they actually are**

Nationwide Sixth Annual Retirement Survey:
<https://nationwidefinancial.com/media/pdf/NFM-17422AO.pdf>

Impact of claiming too early: \$493,457



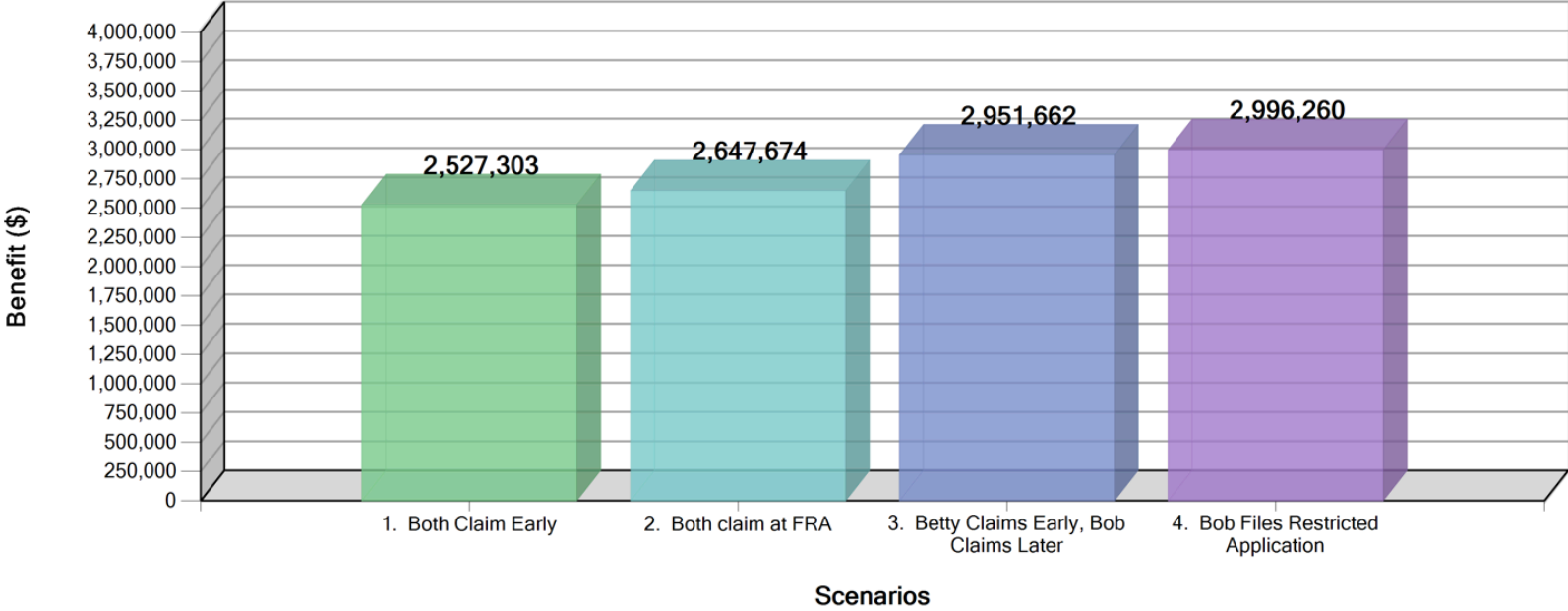
Assumes \$2,900 PIA, age 62 now, 2.6% COLA, life expectancy 92. Compares claiming at 62 vs. 70.

Not taking advantage of spousal or survivor benefits

- **39% are unaware that upon a spouse's death the higher benefit is inherited by the surviving spouse**
- **39% of future retirees do not know that divorced spouses may be eligible for benefits based on an ex-spouse's work record**

Impact of not taking advantage of spousal or survivor benefits: \$468,957

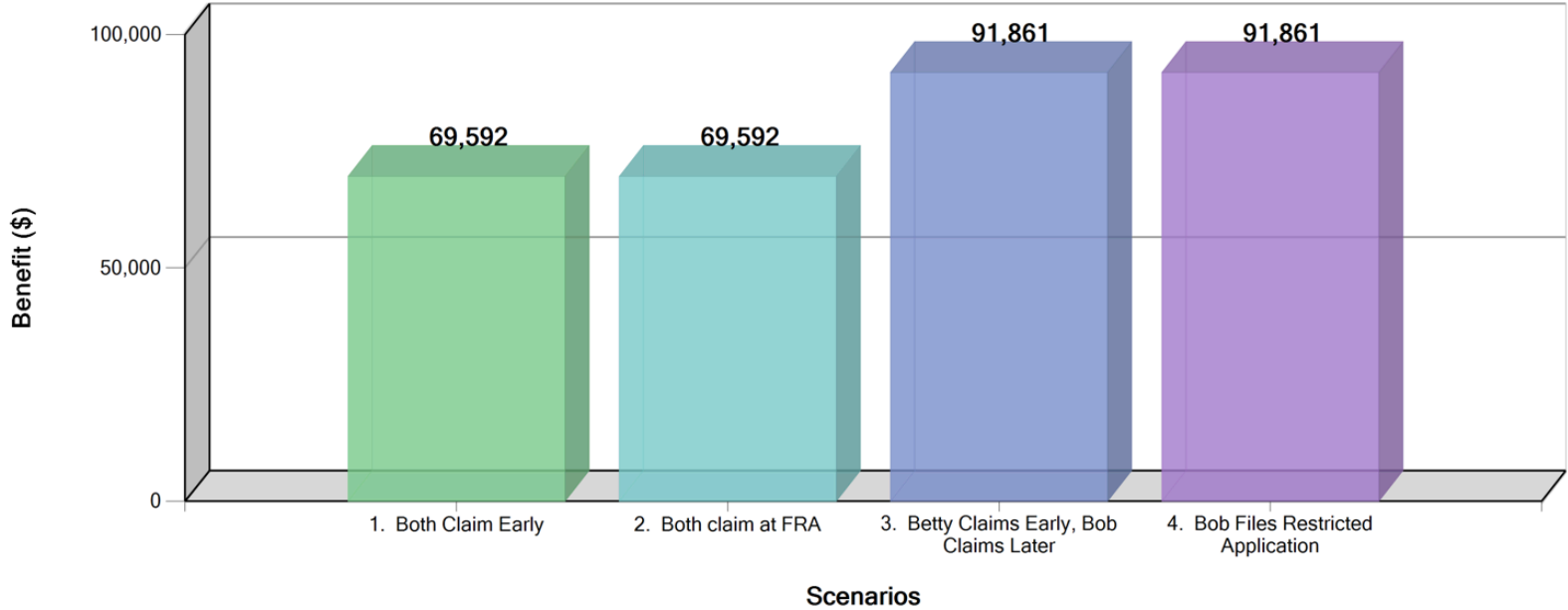
Cumulative Benefit



Assumes Bob is 66, PIA \$2,900 PIA, life expectancy 92. Betty is 62, PIA \$1,800, life expectancy 96. COLA 2.6%

Impact on surviving spouse

First Year Survivor Benefit



Assumes 2.6% COLA

Not maximizing earnings

- **Only 8% were aware of the factors that determine a maximum benefit (Nationwide)**

Impact of failing to maximize earnings: \$436,882

- **Bob and Bill, both maximum earners**
- **Bob**
 - **Stops working at 58, claims Social Security at 62. Lives to age 92**
 - **Lifetime benefits: \$1,200,097**
- **Bill**
 - **Works till age 70, claims Social Security at 70. Lives to age 92**
 - **Lifetime benefits: \$1,636,979**

Assumes 2.6% COLA

What you can do

What can you do to become the go-to expert on Social Security?

- **Learn** the rules
- **Teach** the public
- **Recommend** claiming strategies
- **Follow up** with seminar attendees

Learn the rules

- How benefits are **calculated**
- Rules for **spousal** benefits
- Rules for **survivor** benefits
- Rules for **divorced-spouse** benefits
- Rules for **dependent** benefits
- **How to apply** for benefits

Learn the nuances

- How additional **earnings** (or lack thereof) affect a person's benefit
- Who's eligible to receive a spousal benefit while their own benefit grows (**restricted application**)?
- Special maximization strategies for **widows**
- How the **WEP/GPO** works for some teachers and govt workers
- How the **earnings test** works in the first year
- The difference between **withdrawing and suspending** and when you should do it
- How and when to **switch** from one benefit to another
- When the **maximum family benefit** comes into play
- Trust fund data and **reform** proposals

Teach the public

- **Seminars**
- **Workshops**
- **Classes**

- **Baby boomers (general)**
- **Couples**
- **Women**
- **CPAs**

Recommend claiming strategies

- Set **appointment** to go over claiming analysis
- Gather **client data**: name, birthdate, PIA, life expectancy
- Run **calculator** analysis
- Incorporate **broader issues**: goals, constraints, special circumstances
- **Recommend** a claiming strategy
- Go on to discuss **other issues**
- **Follow up** with attendees who didn't make appointment

What's working now

How Social Security Planning Gets Me 8 New Clients a Month

Jan 23, 2018 / By Sandy Young

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What's Working Now: This advisor shares the details about how focusing her financial education efforts on this hot topic yields multiple clients from every seminar.

Editor's note: *In this edition of What's Working Now, an AdvisorRADIO feature in which Horseshmouth members tell us about recent success they have had running and growing their business, we hear from advisor Sandy Young, who has grown her business by meeting the growing public need for Social Security education. You can hear the full interview by clicking the audio file below. The following article includes edited excerpts of Sandy's comments.*



How Sharing Nuanced Social Security Advice Brought In \$2 Million Right Off the Bat

Apr 23, 2019 / By John Arbolino

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When he saw his planning revenues wobbling, this insurance agent/financial advisor began offering personalized suggestions on Social Security that made clients and prospects eager to entrust him with their business.

Extending My Firm's Reach With Social Security Workshops

Aug 24, 2016 / Dan Miller

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What's Working Now: This advisor doesn't let his firm's rural location limit his business. Discover how he's combining Social Security workshops and tech-savvy follow-up to maximize his firm's reach.

Editor's note: *In this edition of What's Working Now, an AdvisorRADIO feature in which Horseshmouth members tell us about recent success they have had running and growing their businesses, we hear from advisor Dan Miller of Red Oak, Iowa, who is growing his business by using workshops to educate prospects on Social Security, including the recent rule changes. You can hear the full interview by clicking the audio file below. The following article includes edited excerpts of Dan's comments.*



Chris Holman, Horseshmouth's Executive Coach, conducts What's Working Now interviews. He also leads the [Horseshmouth Group Coaching Program](#).

How I Cultivate CPA Relationships Using Social Security Workshops

Aug 9, 2016 / By Dave Zander

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What's Working Now: This advisor uses the Savvy Social Security presentation to get in front of CPAs and their clients, and become their go-to resource for Social Security.

Editor's note: *In this edition of What's Working Now, an AdvisorRADIO feature in which Horseshmouth members tell us about recent success they have had running and growing their businesses, we hear from advisor Dave Zander, who is building relationships with CPAs by presenting the Savvy Social Security workshops to them and their clients. You can hear the full interview by clicking the audio file below. The following article includes edited excerpts of Dave's comments.*



Chris Holman, Horseshmouth's Executive Coach, conducts What's Working Now interviews. He also leads the [Horseshmouth Group Coaching Program](#).

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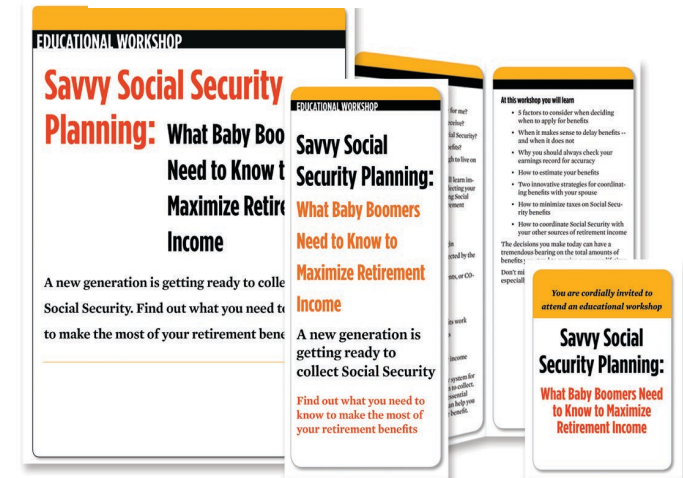
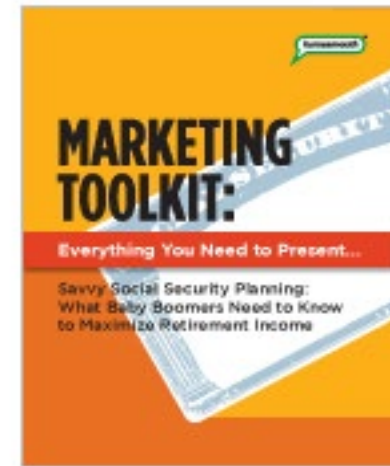
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Step 2: Teach

Educate Clients and Prospects

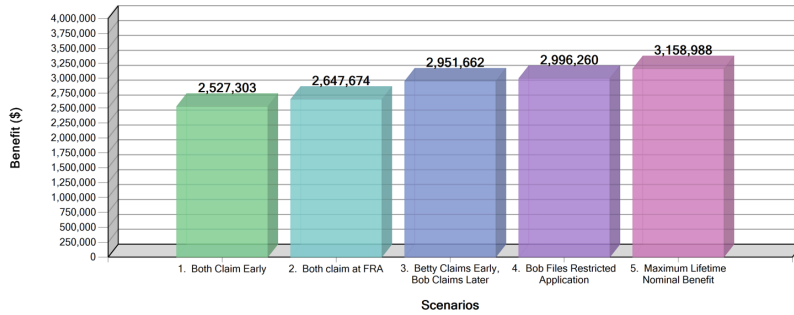
FINRA-reviewed presentations

- Savvy Social Security Planning: What **Baby Boomers** Need to Know to Maximize Retirement Income
- Savvy Social Security Planning for **Couples**
- Savvy Social Security Planning for **Women**
- Savvy Social Security Planning for **CPAs** and other Professionals
- New: Two **30-minute** workshops
 - What's new with Social Security? 7 Topics to Watch in 2019
 - Basic rules and strategies

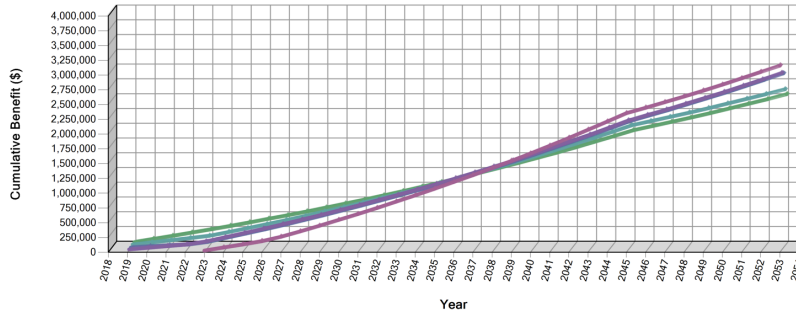


Step 3: Advise

Cumulative Benefit



Cumulative Benefit Comparison



Your Customized Social Security Spousal Planning Analysis

Prepared For
Bob & Betty S
 June 21, 2019

Prepared By **Elaine Floyd, CFP®**
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Step 4: Follow up

Drip mailing campaign

Creative Social Security Claiming Strategies: Understanding the Nuances

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By Elaine Floyd, CFP®

With more people learning about file-and-suspend and claim-now-claim-more-later, mistakes are being made – like trying to do certain things before full retirement age. Make sure you understand the rules before going down to your Social Security office.

The Senior Citizens' Freedom to Work Act of 2000 ushered in some subtle rules that baby boomers are now taking advantage of to receive a little extra income from Social Security.

One strategy is **file-and-suspend**, where the higher-earning spouse files for Social Security upon reaching full retirement age in order to entitle his spouse to her spousal benefit, and then immediately suspends his benefit in order to earn delayed credits to age 70.

The other strategy is **claim-now-claim-more-later**. This strategy turns the traditional way of claiming spousal benefits on its head by having the high-earning spouse claim HIS spousal benefit off the low-earning spouse's earnings record from age 66 to 70 while his own benefit builds delayed credits.

While these strategies are simple in theory, it is important to understand the nuances as they apply

to your individual situation. One or the other (or both) may be available to you, but it is critical to get the timing just right.

Here are corrections to some common misunderstandings.

You can't claim a spousal benefit until your spouse has filed for his or her benefit. This is a basic rule. Any spousal strategy, whether traditional or innovative, requires that the spouse on whose record the spousal benefit is based apply for his own benefit first. This means the spouse must sometimes wait. If Jack is only 64 when Jill wants to file for her spousal benefit, and if Jack wants to delay filing in order to earn maximum delayed credits, Jill has no choice but to wait until Jack is ready to file before starting her spousal benefit. However, she need not wait until Jack is 70. As soon as Jack turns full retirement age, he may file and suspend.

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11

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