

ON RETIREMENT

Is that Social Security message a scam?

Hint: Ignore official-sounding phone calls, pay attention to emails

A financial adviser contacted me recently to ask if the email he received from the Social Security Administration reminding him to review his estimated benefits statement online was valid.

"Does Social Security send out these types of emails, or is it a scam?" he asked.

Coincidentally, I received a similar email recently reminding me to re-

view my online statement to ensure that my earnings record is correct and to see my latest benefits estimate.

We can all breathe easier. The Social Security email is valid, and it's an excellent idea to review your benefits statement at least once a year. If your earnings record is wrong, it could affect your



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future benefits.

But the Federal Trade Commission recently issued a warning to ignore phone calls from official-sounding callers who tell you your Social Security number has been suspended due to fraudulent activity and then ask you for your personal information to reactive your

account. It's a scam. Your Social Security number is never suspended.

To review your estimated benefits statement, log on to the Social Security website and sign on to your account. Warning: Passwords expire every six months, so you may need to reset it. You also must have a second method to verify your identity — either a cell phone or an email address — where you can receive a security

code to authenticate your account.

The Social Security statement is a treasure trove of financial information. Page 2 of the four-page document lists your estimated Social Security benefits at age 62 (if you are younger than that), at your full retirement age and at age 70. The estimates do not include cost-of-living adjustments that will be applied to your future benefits once you claim them, meaning your actual benefits could be larger.



BENEFIT ASSUMPTION

Pg 2

The retirement benefit estimate assumes you will continue to work and make about the same as you did in 2017. Generally, the older you are and the closer you are to retirement, the more accurate the retirement estimates will be.

For example, my estimated retirement benefit at full retirement age increased by about \$800 per year from last year's statement because I continue to work and pay taxes. My latest year of earnings replaced one of the earlier, lower-earning years in the 35-year calculation used to determine future benefits. My husband's benefit estimate remains the same as last year — his part-time earnings over the past few years have not boosted his average lifetime earnings.

Advisers often ask me what happens to a client's benefit if he retires now but doesn't plan to claim Social Security until later. The Social Security Administration's Retirement Estimator can calculate personalized benefit estimates in such cases. If you have clients who are public employees who have pensions based on work where they did not pay FICA taxes and who also worked long enough in the private sector to earn a Social Security benefit, be aware their future benefit could be smaller than estimated.

The statement also includes an estimate of your benefit if you became disabled right now and how much your spouse and any eligible minor child could receive in survivor benefits if you were to die this year.

Pages 2 and 3 list your year-by-year lifetime earnings up to the maximum taxable wage base subject to Social Security taxes and total wages if above that annual amount subject to Medicare taxes. It serves as a timeline of your lifetime earnings and can help you map out plans for clients' retirement savings and future income needs.

You and your employer each paid 6.2% of your earnings up to the taxable wage base of \$128,400 in 2018. If you are self-employed, like me, you pay the combined employee and employer amount, which is 12.4%, up to the maximum taxable wage base.

(Questions about new Social Security rules? Find the answers in my ebook at InvestmentNews.com/mbfebook.)

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