

Navigating Social Security



J. Brendan Ryan
INSURANCE

When people think of Social Security and its projected empty vault, retirement income inevitably comes to mind. Many baby boomers worry that there will be nothing there for them when they retire.

While the tax to fund the program is known as FICA (Federal Insurance Contributions Act), the program itself is called OASDI (Old Age, Survivors and Disability Insurance). And, as that name suggests, the program provides for more than retirement income. It also supports widows and minor children of covered workers, and it provides limited disability-income benefits when covered workers are totally disabled.

Thus, the law governing the program is complex. In fact, I am looking at a textbook on Social Security that I used in my training. It has 800 pages. And that is just for beginning students. Surely, advanced textbooks are much larger. But help is out there.

Frankly, I have not always gotten the right answer on my first call to the Social Security office. Fortunately, professional services are available that will help potential recipients navigate through the regulations.

One such service is Premier Social Security Consulting, founded and operated by Mark Kiner, CPA, and Jim Blair. That organization has published a list of 10 things people should know before filing for Social Security. Among them:

» If a deceased covered worker leaves behind a widow and one or more children under age 16, they are all entitled to benefits. A child under age 19 and still in high school can continue to be entitled to benefits.

» A divorced spouse may be able to collect benefits under the ex-spouse's account. Did the marriage last at least 10 years? Have they been divorced for at least two years? Are they both at least age 62? » If Mary has been

married to more than one covered worker, she can choose which ex-spouse to claim spousal benefits under. And, if a change in circumstances creates an opportunity for Mary to increase her benefit, she can switch from one ex-spouse's benefit to another's. This might be appropriate if Mary is receiving benefits as the ex-spouse of one living former husband when another ex-spouse dies. If Mary's widow's benefit under the deceased's ex-spouse's account would be more than the benefit Mary is currently receiving, she can switch.

Note that, if a covered worker has been married and divorced more than once, several ex-spouses and even a current spouse could ultimately collect under his or her account. A spouse or ex-spouse can only collect benefits from one covered worker's account at a time.

» If a covered worker starts to draw Social Security at age 62, earned income in the years prior to the year the worker turns age 66 will cause the benefit to be reduced \$1 for every \$2 earned in excess of

\$14,640 (for 2012). Once a worker reaches full retirement age (FRA) of 66 (age 67 for those born after 1959), benefits are not curtailed because of earned income. The \$14,640 earnings test applies up to the last day of the year before the worker attains FRA. A different earnings test of \$38,880 applies from the first day of the year when the worker will reach FRA through the month before the worker reaches FRA.

» A covered worker can claim normal benefits at FRA and thus allow the spouse, if eligible, to receive spousal benefit of 50 percent of the worker's benefit. The worker can then suspend his or her benefit and allow it to grow by 8 percent for each year suspended between FRA and age 70. The spouse will continue to get the spousal benefits without interruption. There is no reason to suspend the spousal benefit because it cannot grow to more than 50 percent of the worker's normal retirement benefit.

J. Brendan Ryan is a Cincinnati insurance agent. He can be contacted at jbryanclia@aol.com.

Best-performing mutual funds

The following are the leaders, based on one-year returns as of Thursday, for global income funds. These funds invest in non-U.S. dollar and U.S. dollar debt instruments with unspecified maturities.

Fund name	Nasdaq symbol	Latest net assets (mil.\$)	Cumulative return 1 year	5 years
PIMCO: Stk + L Dur. Inst	PSLDX	498.1	27.27	N/A
LM: CBA Mid Cap Growth: I	LBGIX	0.6	10.62	N/A
LM: CBA Mid Cap Growth: A	LBGAX	3.1	10.27	N/A
SEI: Inst US Mgd Vltty: A	SVOLX	588.9	9.86	12.28
SEI: Inst US Mgd Vltty: I	SEVIX	0.3	9.68	N/A
LM: CBA Mid Cap Growth: C	LBGCX	493.2	9.49	N/A
PIMCO: Fund Ix + TR: Inst	PXTIX	0.2	8.77	38.46
MassMutual Sel: Gr Opps: S	MGRSX	254.8	8.58	28.37
PIMCO: Fund Ix + TR: P	PXPFX	19.2	8.56	N/A
PIMCO: Fund Ix + TR: Adm	PXTAX	0.1	8.47	36.71
MassMutual Sel: Gr Opps: L	MAGIX	29.5	8.40	26.93
MassMutual Sel: Gr Opps: Y	MAGYX	31.3	8.40	27.79
PIMCO: Fund Ix + TR: D	PXDIX	53.0	8.25	35.58
PIMCO: Fund Ix + TR: A	PXXAX	65.1	8.19	35.47
MassMutual Sel: Gr Opps: A	MMAXX	54.9	8.07	25.30
Average			-0.15	6.58

The following are the leaders, based on one-year returns as of Thursday, for international funds. These funds invest in securities whose primary trading markets are outside the United States.

Fund name	Nasdaq symbol	Latest net assets (mil.\$)	Cumulative return 1 year	5 years
Virtus: Sm-Cap Sust Gro: I	PSGIX	17.4	23.47	21.66
Virtus: Sm-Cap Sust Gro: A	PSGAX	77.9	23.14	21.14
Virtus: Sm-Cap Sust Gro: C	PSGCX	7.1	22.09	16.59
Pacific Adv: Sm Cap Valt: I	PSGIX	0.1	17.66	20.25
Pacific Adv: Sm Cap Valt: A	PASMX	96.2	17.42	14.33
Artisan: Small Cap: Inv	ARTSX	390.5	17.19	19.72
Pacific Adv: Sm Cap Valt: C	PSGCX	7.5	16.51	9.80
Toudestone: SC Core: Inst	TSFX	73.7	15.50	N/A
Toudestone: SC Core: Y	TSFXX	113.6	15.44	N/A
Toudestone: SC Core: A	TSFAX	53.8	15.06	N/A
T: Range Price New Hrs	PRNHX	7865.0	14.55	42.59
Toudestone: SC Core: C	TSFCX	15.6	14.18	N/A
Delaware Pfd: Foc Smld Gr	DCGRX	15.7	14.00	71.33
SouthernSun Sm Cap: Inst	SSSIX	71.7	13.46	N/A
James Adv: Small Cap	JASCX	155.0	13.32	5.62
Average			2.85	11.55

Source: Lipper

Rate report

Here is a sampling of rates available at Greater Cincinnati

Micron CFO dies in plane crash