Camarda Investor Education Series

Maximum Social Security Income Strategies for Investors

Camarda Wealth
ADVISORY GROUP
Fee-Based Wealth Planning & Capital Management
ADVISING FAMILIES AND BUSINESSES SINCE 1993

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Previous Certifications: CFP®, ChFC®, CLU®, CFS®, BCM™, MSFS®
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"One of America's best financial advisors" – Barron's
Host of the ***Wealth Education Radio*** show
As seen in:

Hello, I'm Jeff Camarda. Not to brag, but to give you some context on my expertise as the author of this report, I'd like to share some background information. Feel free to skip ahead directly to the report if you'd like.

I've been in the investment business since I began as a stockbroker in New York in 1984. Since then, I've earned the financial designations and degree* below, and have a PhD in Financial and Retirement Planning. I also founded a radio show called Wealth Education Radio, have been quoted in the national financial press for decades, and have written hundreds of articles and reports on wealth matters. The *Wall Street Journal has* done four feature articles on my advice, and I've been personally named as one of the best financial advisors in America by *Barron's*** and *WORTH* magazines. I am "Certified Background Checked" by the National Ethics Bureau, and our firm is rated "A+/Accredited" by the Better Business Bureau. I founded Junior Achievement of Clay County (around since 1919, JA teaches financial literacy to children K-12), and serve on the Executive Board of the Boy Scouts of America, North Florida Council, as well as a Cub Scout Den Leader and Boy Scout Merit Badge Counselor.

The firm I founded—Camarda Financial Advisors—was first registered as an SEC Registered Investment Advisor in 1993, and has provided fee-only portfolio management since 1998. This firm is and always has been a fiduciary—meaning it must put its clients' interests first, unlike insurance agents, stockbrokers, bank staff, and many other "financial advisors" who may work on commissions and put their employers' and personal compensation interests ahead of clients' interests. Besides *Barron's* and *WORTH*, our firm has been named repeatedly as a top advisor by the likes of *Bloomberg's Wealth Manager*, *Financial Advisor Magazine*, and the National Association of Board Certified Advisory Practices. I serve as Chief Investment Officer and Chairman of our Portfolio Management Board. This Board makes all investment decisions for all Camarda portfolio clients.

In a field every bit as complicated as medicine or law, I am still astounded that the only regulatory requirements to "practice" are very basic licenses which can be acquired by those of average intelligence in only a few weekends of study without any background in finance (as a young chemist in 1984, I was able to pass the Series 7 "full service stockbroker" exam cold the first time with less than a week from opening the book to taking the test!). These basic licenses are all the vast majority of advisors have, and I think it's a shame that this is the case and that most investors can't tell the difference.

At Camarda, we believe education, integrity, and clients-first service are the keys to excellence, and hope you find value in the information below. Thanks for reading, Jeff Camarda.

**According to Barron's, "it is accepted in the industry that the advisors ranked by Barron's represent the top one percent (1%) of their profession." Barron's determines the best advisors based on "assets under management, revenue, quality of practice and philanthropic work," as well as "client retention and time in the business." Barron's also notes "critically important, we also carefully check the regulatory record of each advisor we rank." Camarda is especially proud to have achieved this milestone the very first time it was evaluated by Barron's.

*Masters of Science in Financial Services (financial planning), Chartered Financial Analyst (CFA®, investments, stock and bond quantitative analysis), Chartered Financial Consultant (ChFC®, financial planning), E.A. (a personal, business, & estate tax credential allowing unlimited representation of clients before IRS), Certified Funds Specialist (CFS®, investments), Board Certified in Mutual Funds (BCM™, investments), and Chartered Life Underwriter (CLU®, focused study of life insurance and annuity contracts).

Retirement Income Planning – The Critical Path You Can't Afford to Miss

Like a critical life-saving operation where every move must be perfect and every minute counts, crafting and maintaining a retirement plan entails some of the most important decisions you will ever make. It should go without saying that what we do toward or past the end of our earning years has a grave finality to it, since we typically won't be able to make more money to replace that lost to poor decisions, nor have the time to forego withdrawals and wait on a couple of market cycles to make up lost ground. Getting retirement planning right can give us all the income we need for a satisfying lifestyle, with adequate reserves against the risks of higher health care costs and long term care, and to leave a nice inheritance to the people or causes that we care about. Getting it wrong can yield a life of misery and even a shortened one if we can't afford to pay for the drugs, operations, and other care we may need. This guide could alert you to danger areas that you or your other advisors have overlooked, and brighten your future. If so, I am happy to have helped you and your family.

For many people, Social Security is a very big part of this equation. Even for affluent investors with other resources and sources of income, Social Security is a major asset. Yes, I know that Social Security is a social welfare system which engineers income redistribution favoring lower income folks. Still, it is unwise to marginalize the value of Social Security.

Social Security claiming decisions – when and how you take your benefits – can be one of the most bewildering and error-prone choices retirees make, and once done, there is usually no going back to fix mistakes. Since the old "file and suspend" "loophole" has been closed, I won't give you indigestion telling you about it, but hats off to those readers who had the foresight and good advice to grab the "free money" before the door closed, in some cases producing hundreds of thousands of dollars in additional benefits. A big mistake for many remains taking benefits too early – as soon as available, or not before reaching full retirement age, or even later depending on your fact pattern. If you expect to live a normal life expectancy, you may be leaving lots of money on the table since total payouts to you could be much less than waiting, and getting a bigger check even for a shorter period of years. Not coordinating with your spouse's claiming strategy is another potentially costly pitfall, as are divorcees not claiming benefits, and not carefully planning job income around Social Security tax traps. Another mistake we see is not checking for errors in the Social Security credit record – it is not uncommon to see government mistakes on past earnings that slash benefits unless corrected. Finding errors and fixing them is not as hard as it sounds, and if you take us up on the free Social Security Maximization Analysis & Report, we will show you how. If you get the free analysis done, we can also do a detailed Social Security claiming strategy analysis to help guide you toward the best decisions in your personal circumstances, and try to get ahead of this complex, error-prone area. Investors with portfolios, IRA's, annuities and other assets sometimes discount the value of Social Security, but this can be a big mistake. If you've been a high-earning taxpayer, live long and make smart Social Security claiming choices, the present value of a successful couple's benefits can be as high as ***$3,504,000 or more*** – that's how much you would have to have invested in a pension to match the income stream. And if you play your tax cards right, the after-tax value could be much, much more than a pension. That's a serious asset by anyone's standards, and deserves careful planning.

If you have an investment accounts of even a few hundred thousand dollars or more, making the right Social Security 'claiming' decisions can become very complicated, with taxes, joint mortalities, various benefit combinations and benefit ages all impacted by the rest of your unique wealth planning. The wrong choices on investment, IRA, and other planning could mean you needlessly pay tax on nearly all your Social Security! And wrong claiming ages and benefits choices by you and your spouse could mean a difference of hundreds of thousands or more in lost lifetime income if you're not careful.

Having enough income to afford a long, comfortable retirement is among the top goals of most Americans. Running out of money, not having enough for health or long term care, & being forced to rely on children or spend down their inheritance to make ends meet are among their greatest fears. And with over 50% of senior widows below the poverty line, leaving a spouse financially insecure is a grave concern. Avoiding the wrong Social Security decisions – among the dozens of confusing options – can go a long way to assure funding for the retirement you want. If you're like most investors in our experience, you're not getting quality input from your advisors on critical Social Security decisions. That's why I wrote ***Maximum Social Security Income Strategies for Investors***, to fill in this gap for investors. Please take it with my compliments and wishes for greater income and security for you. I also offer a free Social Security Maximization Analysis and Report to help you apply the techniques in this report, and more, to help you squeeze every nickel you can out of this system you have likely paid hundreds of thousands into. Call my team at 800-262-1083 to learn how to get yours.

Social Security Tip #1 – Understand Your Benefit

As with most things governmental, your Social Security benefit structure is far from simple. The first key concept is the PIA or Primary Insurance Amount, which is calculated based on the average of the highest 35 years of your earnings which were credited into the Social Security system. The PIA is a key metric that determines the various benefit permutations you have available to you. You can check yours at ssa.gov, or contact our office at 800-262-1083 to arrange for a free Social Security Maximization Analysis & Report, and we will check it for you.

Social Security Tip #2 – Maximize Your Benefit

Your full retirement age – FRA – is the age at which you get your "full" benefit. This used to be 65, but is going up depending on your year of birth. Those born in 1957, for instance, don't reach FRA until 66½. If you take benefits before FRA, such as at 62, they are permanently reduced. For instance, someone who's FRA is 66 who starts at 62 will only get 75% of their PIA – for life. The amount of reduction depends on your FRA – the later the FRA, the bigger the reduction. If you wait until after FRA, your benefit will go up permanently, but not past 70 under existing rules. Your FRA is very important in determining what your actual benefit options are.

Social Security Tip #3 – Audit the Government

You probably never had a call from the IRS saying you paid too much in taxes. You probably won't get a similar call from the Social Security Administration saying they made a mistake and owe you more than they thought. Sadly, such mistakes are common, and it pays to check to make sure you have received credit for all the Social Security taxes you and your employer have paid into your 'account' over the many years. Check your records with them to spot errors like "they have me down for zero, but I know I worked in 1988!" Go to ssa.cov to learn how, or ask us to look when we do your free Social Security Maximization Analysis & Report.

Maximizing your benefit is a little tricky, and the software we use in the free analysis can really help. Start at 62 and you get a smaller payment for a longer time. Wait until 70 and you get a bigger payment for a shorter time. Usually, the maximum value you can extract from the system comes from starting at an age somewhere in between, such as 67½. Your (and your spouse's) life expectancy factor in, as do taxes and other sources of income, in getting and keeping the most you can from Social Security. If you're not careful, you may wind up paying tax on most of your Social Security, cutting your actual benefit, and likely annoying you to no end!

Social Security Tip #4 – Protect a Surviving Spouse

Spousal Social Security planning can get devilishly complicated, and our software really helps in crunching the 20,000 calculations we do to help optimize benefits. We need to juggle the retired worker's benefit, the spousal benefit, the survivorship benefit, and the restricted application rules, where the spousal benefit is claimed (getting you ½ your spouse's benefit now) while your own benefit continues to grow in value – you switch when it tops out or exceeds your spousal benefit.

Getting the spousal planning is critical. With more than 70% of elderly widows struggling below the poverty line, it is important to conserve income, especially when we note that over half of these widows were not poor before the death of their husbands! Calculating the income gap created by the husband's death is something our Social Security Maximization Analysis & Report will provide, as well as insight on how to fill it to continue a comfortable lifestyle.

Social Security Tip #5 – Tax Control

As I have written extensively about for years (see my ***9 Biggest Tax Mistakes and How to Avoid Them*** report – call 800-262-1083 to get your copy), poor tax planning is probably the biggest impediment to wealth accumulation facing most Americans. This goes double in retirement, when every penny can become more precious.

Many assets have different tax treatments (capital gains vs. ordinary income, expedited and heightened taxation of mutual funds vs. ETF's, max-bracket and additional excise tax exposure in annuities and IRA's, max-bracket on interest vs. lower rate on dividends, etc.) and it is very common to see the wrong types of investments in the wrong sort of accounts, such as stocks and other capital gains assets in IRA's, which can double or more the effective tax rate. Paying attention to lining up account type and asset type tax treatment has been called asset location planning, but is often overlooked by investors and their advisors. But asset location and withdrawal location planning can make a huge difference, with net annual return potential said to be over 3% or more a year (https://corporate1.morningstar.com/uploadedFiles/US/AlphaBetaandNowGamma.pdf). On a million dollar nestegg, that could be over $30,000 more a year to spend! Other mistakes include not harvesting capital losses to offset taxable gains, not planning other income around Social Security tax issues, ballooning the amount in Social Security benefits forgone due to higher taxation, and so on.

In many cases, it makes sense to take big money out of IRA's – and pay the tax! – in your 60's, then switch to Social Security later. Doing both at the same time – or taking other taxable income – can drive the portion of your Social Security that's taxed from zero to 50% to 85% of your benefits! Good tax strategy is complex but can be priceless, but varies so much from family to family that it is difficult to generalize here. If you take our free Social Security Maximization Analysis & Report, we will comment on yours and look for ways to improve it.

Social Security Tip #4 – Treat it like an Asset

As mentioned in the preface, the lump sum value of your Social Security benefit can be enormous, millions of dollars in some cases. Think of it this way! Give it as much care as you would deciding where to place your investment accounts.

Social Security Tip #6 – Get Good Advice

It goes without saying that you can't call the Social Security administration for advice, and probably would not want it if you could! This complex area is not something many advisors are trained on or help their clients with. Many are not even allowed to! As I worked through the studies for my PhD in Retirement and Financial Planning, I really gained insight into the complexity and importance of this area, and have used this knowledge to help our clients and the public make smarter, more profitable decisions. Since many of your Social Security choices are not reversible, take care to collect good information and get it right!

Social Security Tip #7 – Run the Numbers

As mentioned, we run some 20,000 calculations and add a lot of studied advice when we do the Social Security Maximization Analysis & Reports. These help project the most profitable paths in this complex area, to target the maximum individual and family net income scenarios for couples and for the surviving widow or widower. Too many permanent Social Security decisions are made on the backs of napkins, and some families are shortchanged forever, with widows needlessly on the road to poverty. I hope you let us do our Social Security Maximization Analysis & Report for you, to help chart the best path for your family. No cost or obligation, just solid number crunching and information.

Thanks for Reading!

So that's it! If you have an interest in getting better acquainted with me or my firm, the following offer may be of interest to you. As mentioned, to help investors with income Social Security planning and to endeavor to help increase their wealth, my firm offers a free Social Security Maximization Analysis & Report, which you can obtain by calling us at 800-262-1083. Part of our Social Security Maximization Analysis & Report involves helping you review retirement income strategies and remember, getting the feedback of even the most well-intentioned of your existing advisors may draw you into a "leave well enough alone" myopia that may salve all egos but leave your cupboards barer than they might otherwise be—especially if they make a lot of money on your relationship and perhaps would prefer you not dig too deep. Even if they don't have knowledge gaps they'd rather you'd not know, but especially if they might be tempted to spin answers in fear of losing your business.

Camarda's Social Security Maximization Analysis & Report, is conducted by a licensed, credentialed professional without cost or obligation, and can help you to get a detailed "bead" on some of the important factors, as applicable to your personal situation, regarding your current strategy. The results of this discussion—which our licensed practitioners will conduct free and entirely without effort on your part—can yield valuable pointers on "trouble spots" in your planning that you can use in any way you see fit, even if you want to stay where you are or choose to go it alone. Knowledge is power, and this test will likely give you plenty that you can put to use right away. To schedule this important test, call us at 1-800-262-1083 (or 1-888-CAMARDA), fax us at 904-278-1070, or email me, Jeff Camarda, personally at j@camarda.com, and tell us you want the FREE Social Security Maximization Analysis & Report. Be sure we get your phone numbers and email address so we can easily and quickly set this up for you.

You may ask why Camarda is willing to give so much valuable, professional service away for free. There are two simple reasons. One, and most importantly, we feel a profound obligation to "do good" by helping the investing public maximize their financial opportunity. In a dark and stormy sea of misinformation, it is very important to us to serve as a beacon of sorts, to "light the way" and truly help people get where they want to go. This obligation goes beyond corporate cliché, and is a deeply driven and felt company value. Expanding financial education, to help people lead richer and better lives, is very important to us, and to me, personally, as firm founder and leader. The other reason is more practical: some of you may come to believe that Camarda represents a better way, and choose to use us to manage some of your financial affairs, or to refer us to others who may. But that part, if it comes, will be for later. For now, we are more than happy to only deliver this important, customized advice to you (at no cost and without pressure), simply to serve you and those you love. What happens after that is entirely your call.

Our beliefs in this regard are well stated by this quote from George Merck. In all of my extensive reading and study of business, I have yet to find a corporate philosophy that better reflects Camarda's "corporate DNA," to borrow a phrase from Jack Welch, GE's legendary CEO. In 1950, George Merck said:

"I want to . . . express the principles which we in our company have endeavored to live up to . . . Here is how it sums up . . . We try to remember that *medicine is for the patient*. **We try never to forget that (the excellence we strive for) is for the (clients).** ***It is not for profits. The profits follow, and if we have remembered that, they have never failed to appear. The better we remembered it, the larger they have been."***

Many people do not feel that "Wall Street" firms live up to this principal, and you may not as well. Still, this theme and many, many others from leaders of visionary companies that have driven great social good, pretty well sum up how we feel at Camarda. Profits are important, but not *most* important; they spring naturally from first doing what is right. Put the people first, those that choose to become clients, *and those who, as is their right, do not*. Do what is right and best for people, not what may seem best (at least in the short term) for us. Do that, and we cannot help but do well, *because* of the good we do, first, for *them*. It has always amazed me, in modern corporate America, how many firms seem to ignore this simple truth, that companies must first and continuously serve well, and that lasting prosperity is a function of the good delivered. This attitude allows us to feel passionately good about what we do each day. We have been very fortunate to enjoy robust growth and to endure strongly, even through the Great Crash of 2008, but I have always felt that this is merely a by-product of our core values. Perhaps because of this, we have been quite fortunate to welcome a great many new clients over the years, many of which have first "met" us by reading reports such as this one.

It has been my pleasure to write this report for you, and I hope that you will act on the information to brighten the financial future for you, and those you care about, while it is still fresh on your mind, before the torrent of life drives this opportunity for enhanced financial security from your grasp. So seize the day! I'm looking forward to helping ***you*** to join the happy ranks of those investors who truly feel they're better getting where they want to go.

Again, the Social Security Maximization Analysis & Report is offered, **FREE, without cost, obligation. Use it in any way you see fit**: as a discussion platform to optimize your decisions with your current advisor, as the basis of the investment management you decide to do on your own, or as an introduction to the wealth management services that Camarda provides to hundreds of investors just like you. However you use it, we believe you'll find uncommon insights to help guide your financial decisions, and better target the investment results you really want. To schedule this important test, call us at 1-800-262-1083 (or 1-888-CAMARDA), fax us at 904-278-1070, or email me, Jeff Camarda, personally at j@camarda.com, and tell us you want the **FREE** Social Security Maximization Analysis & Report. Be sure we get your phone numbers and email address so we can easily and quickly set this up for you.

All the best to you and your family,

Jeff Camarda, CFA®, E.A., MSFS®, CFS®, BCM™, ChFC®, CLU®, *PhD candidate*

About the CFP®, ChFC®, and CFA® Professional Designations

CFP® Certified Financial Planner®: "A CFP® professional is an individual who has a demonstrated level of financial planning technical knowledge, experience in the field and holds to a client-centered code of ethics. CFP® practitioners develop theoretical and practical financial planning knowledge by completing a comprehensive course of study at a college or university offering a financial planning curriculum registered with the Certified Financial Planner Board of Standards. CFP® practitioners must pass a comprehensive two-day, 10-hour CFP® Certification Examination that tests their ability to apply their financial planning knowledge in an integrated format. Based on regularly updated research of what planners do, the CFP® Board's exam covers the general principles of financial planning, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning and estate planning. CFP® practitioners must have a minimum of three years' experience working in the financial planning process prior to earning the CFP® mark. As a result, CFP® practitioners have demonstrated a working knowledge of counseling skills in addition to their financial planning knowledge. CFP® practitioners must pass an ethics review and agree to abide by the CFP® Board's Financial Planning Practice Standards and a strict code of professional conduct, known as the CFP® Board's Code of Ethics and Professional Responsibility. The Code of Ethics states that CFP® practitioners are to act with integrity, offering professional services that are objective and based on client needs." – FPA/Financial Planning Association

ChFC® Chartered Financial Consultant®: "The Chartered Financial Consultant® (ChFC®) credential was introduced in 1982 as an alternative to the CFP® mark. This designation has the same core curriculum as the CFP® designation, plus two or three additional elective courses that focus on various areas of personal financial planning. The biggest difference is that it does not require candidates to pass a comprehensive board exam, as with the CFP®. The CFP® designation requires less coursework but forces its students to learn the material in a way that allows them to proactively apply it in the board exam. The CLU® and ChFC® credentials require more coursework but have no comprehensive exam." – investopedia.com

CFA®: Chartered Financial Analyst®: “The CFA® designation is regarded by most to be the key certification for investment professionals, especially in the areas of research and portfolio management. The CFA® designation is given to investment professionals who have successfully completed the requirements set by the globally recognized CFA® Institute (formerly the Association for Investment Management & Research, or AIMR). To be eligible for the CFA® designation, candidates must attain the following: 1) Have at least three years of professional investment experience; 2) Pass three rigorous six-hour exams over at least three years; 3) Commit to abiding by CFA® Institute's Code of Ethics and Standards of Professional Conduct. The exams test the candidates' knowledge of investment theory, ethics, financial accounting and portfolio management. This course of study was formed in 1962 and is constantly updated to ensure that the curriculum meets the demands of the global investment decision-making practice. This graduate-level curriculum generally entails six months of study prior to each exam date. Pass rates vary from year to year, but since the first exam was given in 1963, the overall rate is 59%; fewer than 20% of the candidates pass all three tests within three years. The CFA® Institute is a global non-profit professional organization of more than 58,000 financial analysts, portfolio managers and other financial professionals in 112 countries. In addition to administering the CFA® Program, the institute is also recognized around the world for its investment performance standards, code of ethics and standards of professional conduct.” – investopedia.com

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