



April 2024 – FCF Monthly Newsletter – Maximizing Your Social Security

Social Security provides retirees with a basic income. It was never intended to fully cover the cost of living in retirement. But it acts as a supplement to your resources.

Social Security includes disability, dependent benefits, and survivor benefits for minor or disabled children. Our focus today will be on retirement benefits.

As you are probably aware, retirement benefits may start at age 62.

The table below highlights the age you receive your full retirement benefit based on your date of birth.

Year of birth	Full retirement age
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 and later	67

Source: Social Security Administration Retirement Benefits 2024

If born on January 1 of any year, refer to the previous year.

If you were born in 1956, for example, your full retirement age is 66 and 4 months. If you were born in 1960 or later, the full retirement age rises to 67.

Receiving Social Security before reaching full retirement will permanently reduce your benefits. That may not be in your best interest. The longer you wait to apply for benefits, the greater your monthly check.

Should I retire at 62, 67, or 70?

Unless there is a compelling reason to start receiving Social Security benefits early, it is usually advisable to hold off as long as possible. Your benefit maxes out at age 70. Variables such as your health and cash needs will play a role in determining the best time to take benefits.

www.fullcupfinancial.com

ATHENS - 297 PRINCE AVE., SUITE 15 BOTTLEWORKS, ATHENS, GEORGIA 30601 - 706-395-0757

ATLANTA - 2900 PACES FERRY RD., SUITE B-104, ATLANTA, GEORGIA - 770-433-3030

Securities and advisory services offered through Cetera Advisors LLC, Member FINRA, SIPC, a broker/dealer and a Registered Investment Advisor. Cetera is under separate ownership from any other named entity.

Table 2 illustrates the discount and premium you will receive based on when you file for benefits for those born in 1960 or later.

As shown in Table 2, you will receive 70% of the full retirement benefit if you claim at 62, 100% at 67, and 124% if you delay until 70.

Age at retirement	Percent of full benefit paid
62	70.0%
63	75.0
64	80.0
65	86.7
66	93.3
67	100.0
68	108.0
69	116.0
70	124.0

Source: Social Security Retirement Planner

If your birthday is on the 1st of the month, your benefit will be calculated as if it were in the previous month.

If your birth year falls between 1943 and 1956, you will receive [75% of your full Social Security benefit if you retire at age 62](#), 100% of your full benefit at 66, and [132% of your full benefit at 70](#).

Your benefit level is prorated by the month and gradually increases every month after your birthday.

Additionally, the minimum and maximum benefit amounts are also prorated based on your birth year. Based on your birthdate and when you apply for benefits, the minimum benefit ranges from 70-75%. The maximum benefit ranges from 124-132%.

Strategies

We are providing a high-level overview, but we understand that your individual situation could generate questions. Planning for Social Security can sometimes feel like entering a maze. The options may feel overwhelming, and you can quickly get lost.

Please feel free to reach out if you have any questions. We'd be happy to assist.

That said, anyone born in 1929 or later needs 10 years of work to be eligible for retirement benefits.

Social Security began when many households had one spouse who was the sole wage earner. A non-working spouse may apply for a [spousal benefit](#) that is up to half the benefit of a working spouse.

If a spouse begins receiving benefits before full retirement age, the benefit will be reduced. However, if a spouse is caring for a qualifying child, the spousal benefit is not reduced.

If the working spouse dies first, then the surviving spouse's benefit increases to the monthly amount that the deceased working spouse was receiving.

What if both spouses worked? Well, the lower-earning spouse will receive the special spousal benefit or the benefit based on his/her earnings, whichever is greater.

How might you maximize benefits for a married couple?

If both spouses claim benefits at age 62, their overall benefits are permanently lower. If the higher-earning spouse passes first, the step-up in benefits will be less generous because the higher-earner applied early.

For example, Tom is eligible to receive \$2,000 a month when he reaches age 67. He believes he has a life expectancy of 85.

His wife Sarah will get \$1,000 at 67. Based on her health and family history, she believes she may live past 95.

Both were born in 1963.

The couple was planning to claim at 62. He would get \$1,400 a month, and she would get \$700. Because they are claiming early, their monthly benefits are 30% lower than they would be at their full retirement age of 67.

After they consult with their financial advisor, Tom realizes that applying at 62 will reduce his wife's benefits during the years she expects to outlive him. If Tom can delay until 67 or even 70, he will increase his overall monthly Social Security check.

For Tom, his benefit at 62 amounts to \$1,400 per month (70% of full retirement), \$2,000 at 67 (100% of full retirement), and \$2,480 at 70 (124% of full retirement).

The simple example illustrates one big advantage of delaying benefits.

In a 'Ward and June Cleaver world,' the benefit calculation is relatively straightforward, especially if there is only one wage earner during the marriage.

In a 'Modern Family world,' divorce and re-marriage add an extra wrinkle for some couples.

For example, if you have been divorced and were married for at least 10 years, you may be eligible for benefits based on your ex-spouse's social security. You can receive up to 50% of their full retirement benefits. This will not affect your current spouse's benefits.

Claiming benefits while working

If you work and are at full retirement age or older, you may keep all of your benefits, no matter how much you earn. However, if you're younger than full retirement age, there is a limit to how much you can earn and still receive full Social Security benefits.

If you're younger than your full retirement age during all of 2024, Social Security must deduct \$1 from your benefits for each \$2 you earn above \$22,320.

If you reach full retirement age in 2024, Social Security must deduct \$1 from your benefits for every \$3 you earn above \$59,520 until the month you reach full retirement age.

One more thing: Taxes

According to Social Security, you must pay taxes on up to 85% of your Social Security benefits if you file a:

- Federal tax return as an individual, and your provisional income (AGI, plus half of your Social Security benefit, plus tax-exempt interest) exceeds \$25,000.
- Joint return, and you and your spouse have a provisional income (AGI, plus half of your Social Security benefit, plus tax-exempt interest) of more than \$32,000.

Most don't think about Social Security until they approach the age of eligibility. It's not top of mind until it's time to apply. But it's best to plan early so you can plan with confidence.

If you have questions, don't hesitate to contact us for assistance.

Records lead to more records

During the Civil War, the Union placed a blockade on Confederate ports. In August 1864, David Farragut was given the task of closing the port at Mobile, Alabama, which had defied the order.

When Admiral Farragut ordered his fleet to proceed, one of the ships hit a mine and sank, causing the rest of the fleet to hesitate. Farragut, however, was undeterred and famously exclaimed, "Damn the torpedoes! Four bells! Captain Drayton, go ahead! Jouett, full speed!"

Today's market has a similar ring to it. Investors are confidently navigating a minefield of uncertainties as the Fed hopes to steer the economy toward a soft economic landing.

As the table illustrates, U.S. stocks have had a strong start to the new year.

Key Index Returns		
Index	MTD %	YTD %
Dow Jones Industrial Average	2.1	5.6
Nasdaq Composite	1.8	9.1
S&P 500 Index	3.1	10.2
Russell 2000 Index	3.4	4.8
MSCI World ex-U.S.A.**	2.8	4.8
MSCI Emerging Markets**	1.9	1.6
Bloomberg U.S. Agg Total Return	0.9	-0.8

Source: Wall Street Journal, MSCI.com, Bloomberg, MarketWatch

MTD returns: February 29, 2024–March 28, 2024

YTD returns: December 29, 2023–March 28, 2024

**in U.S. dollars

During the quarter, the broad-based S&P 500 Index notched 22 closing highs, and the Dow recorded 17, according to Dow Jones Newswires. The Nasdaq posted four new highs.

Repeated new highs on the major market indexes suggest the rally, which was concentrated in a few large stocks last year, is broadening.

The Stock Market's Magnificent Seven Is Now the Fab Four, read a headline in the April 1 *Wall Street Journal*. "It is a bullish signal that the market is rallying without the likes of some of the largest companies," at least according to some investors.

Dubbed the Magnificent Seven by a Bank of America analyst last year, Apple (AAPL), Microsoft (MSFT), Nvidia (NVDA), Tesla (TSLA), Amazon.com (AMZN), Meta (META, Facebook), and Alphabet (GOOG/GOOGL, Google) were the largest companies by market capitalization.

It seems surprising that the market could mount a rally without their leadership, but that's exactly what happened in Q1.

The rally has broadened as other firms have picked up the slack.

What's driving stocks higher?

The rate of inflation is off its peak, and the Federal Reserve is considering up to three quarter-point rate cuts this year.

Moreover, the economy is expanding, and corporate profit growth has been strong, according to LSEG, formerly Refinitiv.

Finally, the AI locomotive has yet to show any signs of slowing down.

But we are always mindful that pullbacks are simply an unexpected headline away.

Bull markets create wealth for long-term investors who adhere to a diversified and disciplined approach, but market corrections can't be discounted. They are inevitable.

What might create volatility?

Well, unexpectedly bad economic news could jar markets, as that would cloud the outlook for corporate profits.

Fed officials believe the recent uptick in inflation is temporary. However, if the recent sticky inflation numbers prove to be, well, stickier than expected, Fed officials could delay projected rate cuts.

Additionally, international tensions could spill into sentiment.

When stocks tumble, it can be tempting to move away from equities and embrace cash. In the long term, however, that's rarely profitable, as once-shy investors find themselves chasing the market higher.

Conversely, a strong bull market can give one an aura of invincibility.

"Now's the time to step on the gas and load up on stocks," some might say. A seemingly invincible market can encourage too much risk-taking, which can be compounded when your golfing buddy constantly reminds you about his/her newfound windfall and "trading skills."

Yet, we caution against a more aggressive stance simply based on market action.

Financial plans aren't set in stone. There are any number of valid reasons an adjustment can and should be made. But market action is rarely a good reason to shift one's stance.

I trust you have found this review to be informative. If you have any inquiries or wish to discuss other matters, please don't hesitate to contact us.

Thank you for reading,

Chris Foster and John Keeble
Investment Advisor Representatives
Full Cup Financial
chris.foster@ceteraadvisors.com
706-395-0757

IMPORTANT NOTICE

This material is provided exclusively for use by Horseshoof members and is subject to Horseshoof Terms & Conditions and applicable copyright laws. Unauthorized use, reproduction or distribution of this material is a violation of federal law and punishable by civil and criminal penalty. This material is furnished "as is" without warranty of any kind. Its accuracy and completeness are not guaranteed and all warranties express or implied are hereby excluded.

© 2024 Horseshoof, LLC. All Rights Reserved.

The views in this letter are not necessarily the opinion of Cetera Advisors LLC and should not be construed directly or indirectly as an offer to buy or sell any securities mentioned herein. Due to volatility within the markets mentioned, opinions are subject to change without notice. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed. Past performance does not guarantee future results.

Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

Russell 2000 Index - The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The MSCI World ex USA Index - The MSCI World ex USA Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries--excluding the United States. With 853 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets – Designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

Bloomberg U.S. Aggregate Bond – The Bloomberg U.S. Agg Total Return Value Unhedged, also known as "Bloomberg U.S. Aggregate Bond Index," formerly known as the "Barclays Capital U.S. Aggregate Bond Index," and prior to that, the "Lehman Aggregate Bond Index," is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS, and CMBS (agency and non-agency).