

Philadelphia Bar Association

Family Law Section Minutes

April 2, 2018

- I. **WELCOME AND INTRODUCTION:** Ann welcomed the group and attending Judges.
- II. **ANNOUNCEMENTS**
  - a. Spring Reception at the Logan Hotel scheduled for 6/21/18
  - b. Philadelphia/Montgomery/Delaware County Family Law Section Phillies Baseball Game Event to be 7/20/2018. Montgomery Co Bar Assoc organizing.
  - c. Resolution for House Bill 1937
    - i. Proposed pay increase for public defenders and dependency attorneys from filing fees, reduces amount paid to Jenkins Law Library
    - ii. Motion carries 12-2
- III. **COMMITTEE REPORTS**
  - a. **Legislative: SB 844** Deals with third party standing, where neither parent has the ability to care for the child, there is no open dependency action, and the third party has a sincere sustained interest in the welfare of the child. There is great interest in having this implemented in response to the Opioid crisis.
  - b. **Solo and Small Firm Committee:** Will be sponsoring Prom for Central High School
  - c. **Case Law:** No new cases of interest
  - d. **Rules:** Consent to a divorce will be assumed in abuse cases, also statewide unified process for divorce cases
  - e. **Domestic Violence:** DV committee will be meeting Thursday (4/6) at Noon
- IV. **GOOD AND WELFARE**
  - a. Caitlin Cherkin has joined Schwartz Jordan as an associate in their practice.
- V. **PROGRAM**
  - a. **'Grey Divorce' - Maximizing Social Security Benefits for your clients** presented by Daniel Casino, CFP, Wells Fargo Bank
    - i. Materials Attached
    - ii. How to weigh the taking benefits early vs. reduction for current earnings (none after age 70)
    - iii. Spousal Benefit - based off the earnings of any spouse of 10+ years. May need to compare spouses if client is divorced and has more than one 10+ year marriage

**Next Meeting:** May 7, 2018 at the Bar Association on Support Contempt. Meeting will be for CLE credit and last 1.5 hours. Please bring a check for \$59 if you would like credit.

**Respectfully submitted:** Eileen G. Murphy

# Social Security

---

The Keys to Unlocking Benefits and Making Social Security Work For You.

Envision. Invest. Achieve

**ZuckerBerneLieberman**Group

*of Wells Fargo Advisors*

Providing wisdom and oversight to help our clients achieve their dreams



# The Zucker Berne Lieberman Financial Consulting Group

Daniel Casino, CFP®

Beth Zucker, MBA, CFP®, CDFIA

Lawrence Berne, MBA

Leon Lieberman, CFA

**WELLS  
FARGO**

**ADVISORS**

165 Township Line Road,  
Suite 200, Jenkintown, PA 19046  
tel ▪ 215-572-4218 fax ▪  
215-572-4299

**[www.ZBL.wfadv.com](http://www.ZBL.wfadv.com)**

# Today's Agenda

- Recent Changes to Social Security
- Eligibility
- How Social Security Benefit's are Determined
- Spousal & Survivor Benefits
- Social Security & Divorce
- Family Benefits
- How Income Impacts Medicare Premiums

# The Longevity Reality – Life Expectancy @ 65

## 50% Chance

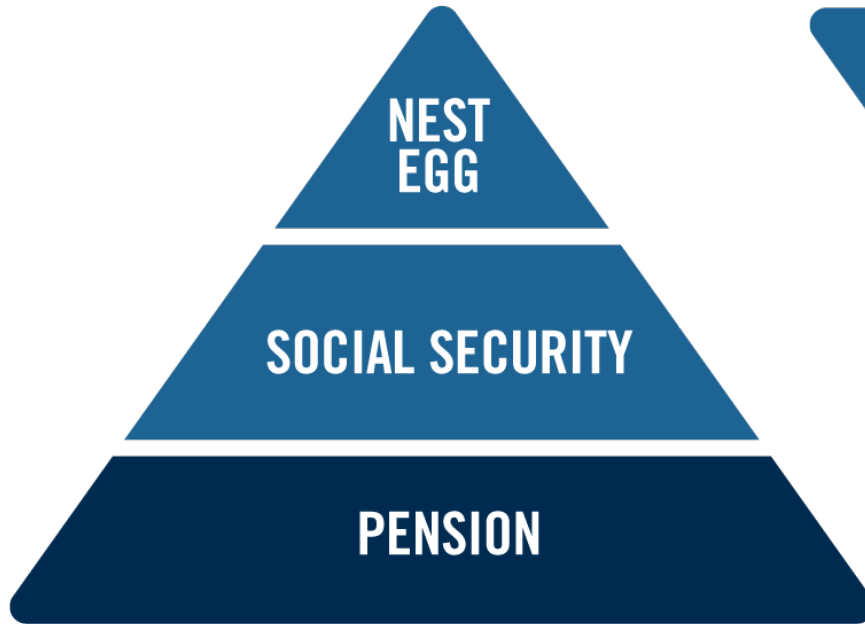


## 25% Chance

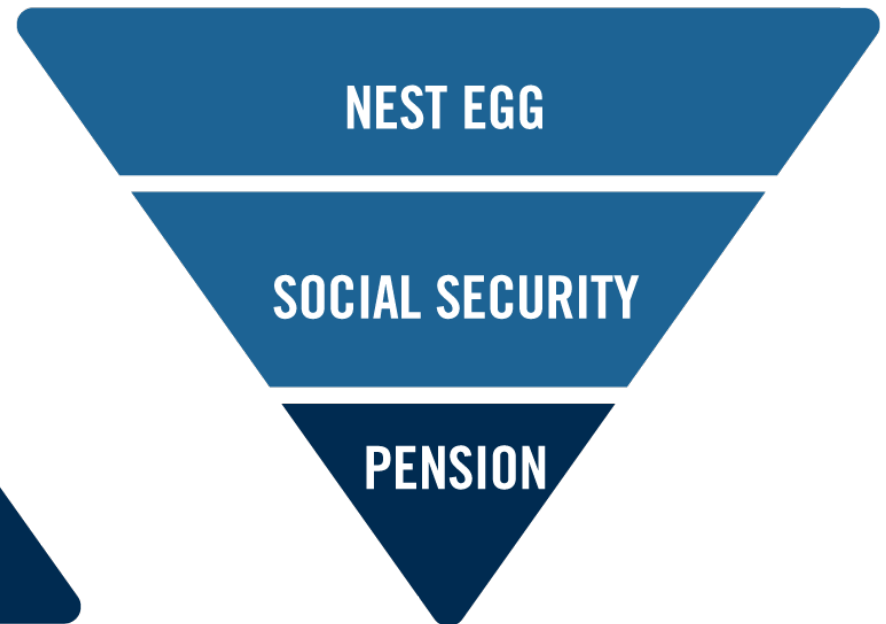


# The Longevity Reality

**Then**



**Now**



# Recent Changes to Social Security

## **The Bipartisan Budget Act of 2015:**

- Change to File and Suspend
  - Spousal benefits would be eliminated for any applications filed and suspended after April 29, 2016
- Change to Restricted Application
  - Restricted Application would be eliminated for those turning 62 after December 31, 2015

## **Cost-of-Living Adjustment (COLA)**

- No COLA in 2016 (Only the third time in the last 40 years)
- COLA in 2017 = 0.3%
- COLA in 2018 = 2.0%\*

# Social Security Eligibility

- Need 40 credits for full eligibility (usually 10 years in workforce). Credits only determine eligibility – not payment amounts.
- Payout based on your highest 35 years of earnings history.

## Health of the System

- Social Security Trust Fund totals 2.8 Trillion Dollars
- \$797.5 Billion added to the trust fund in 2016
- \$768.6 Billion in benefits paid in 2016.



# Benefits are Wage Driven

- Employee and employer each pay
  - 6.2% for Social Security (OASDI)
    - \$128,700 cap on taxable earnings for Social Security (2018 limit)
  - 1.45% for Medicare Hospital Insurance (HI)
    - Affordable Care Act increase

# Future of Social Security



Your payment would be about  
**\$1,827 a month**  
at full retirement age

WANDA WORKER  
456 ANYWHERE AVENUE  
MAINTOWN, USA 11111-1111

January 2, 2017

## Your Social Security Statement

### Your Estimated Benefits

<b>*Retirement</b>	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...	
	your full retirement age (67 years), your payment would be about.....	\$ 1,827 a month
	age 70, your payment would be about .....	\$ 2,266 a month
	age 62, your payment would be about .....	\$ 1,271 a month
<b>*Disability</b>	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	\$ 1,809 a month
<b>*Family</b>	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
<b>*Survivors</b>	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 1,356 a month
	Your spouse who is caring for your child.....	\$ 1,356 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,809 a month
	Total family benefits cannot be more than .....	\$ 3,298 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
<b>Medicare</b>	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	
	<b>* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.</b>	
	We based your benefit estimates on these facts:	
	Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1957
	Your estimated taxable earnings per year after 2017 .....	\$45,468
	Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

## Proposed Changes

**Higher Payroll Tax**  
**Higher Taxable Wage Base**  
**Higher Retirement Age**  
**Means Testing**  
**Recalculating COLA**  
**Raise Earliest Eligibility Age**  
**Base Benefits on Highest 40 years of Earnings**

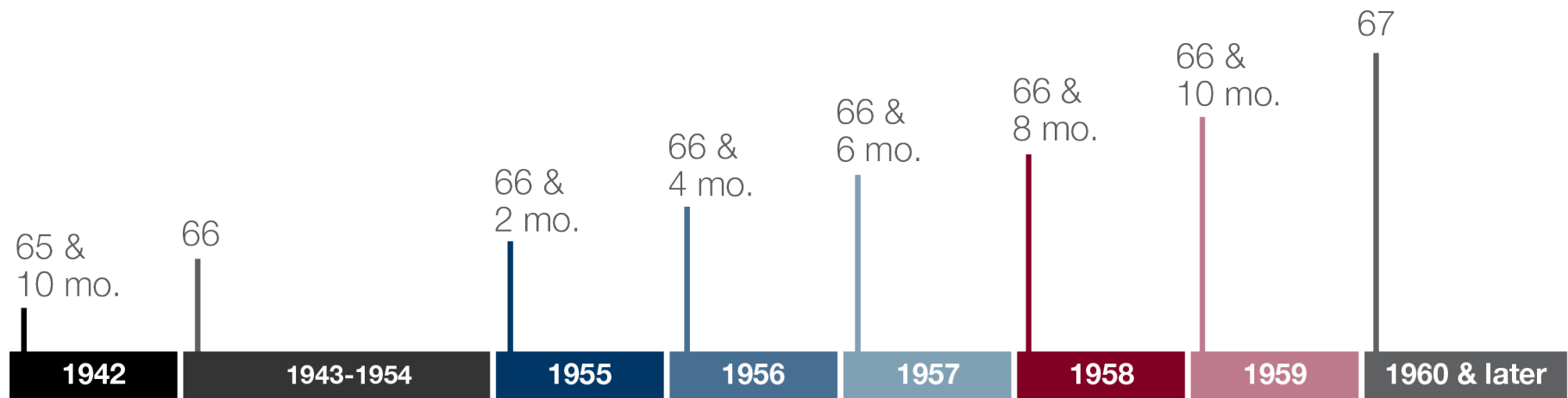
**The law governing benefits may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.**

# How are My Benefits Determined?

- Full Benefits at Full Retirement Age (FRA)
- Reduced benefits as early as the first full month you reach age 62.
- Increased benefits, if benefits are delayed beyond Full Retirement Age up to age 70. (Delayed Retirement Credits)

# Option #1 – Filing at Full Retirement Age

Waiting until FRA to claim benefits will allow you to receive 100% of your PIA (Primary Insurance Amount) as your benefit amount.



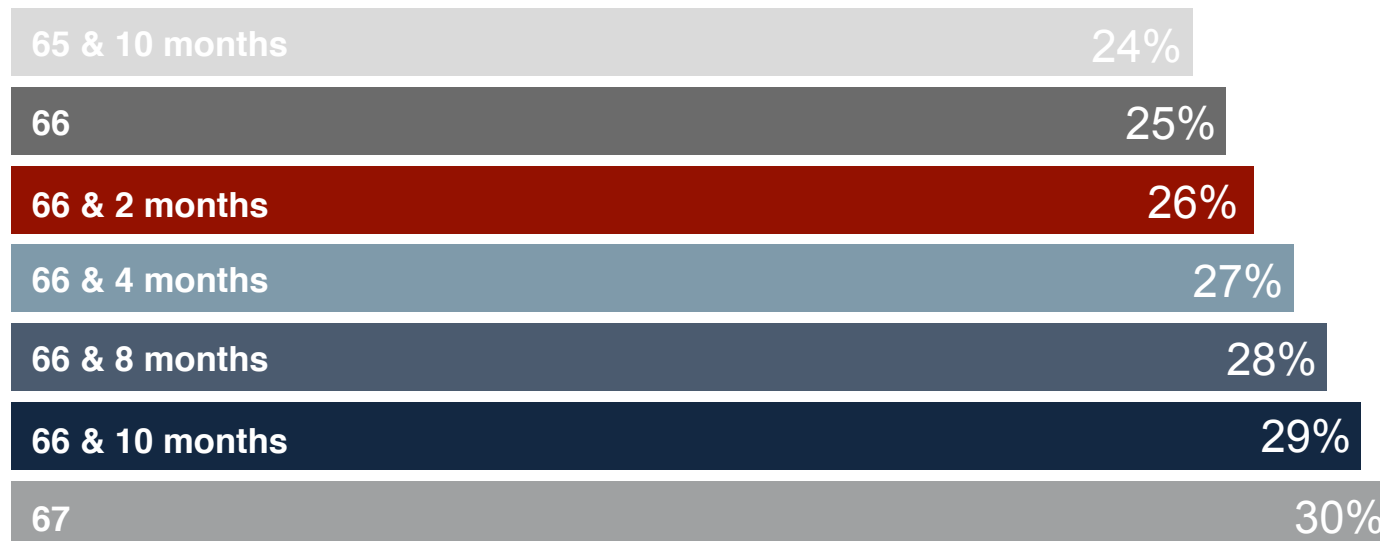
**FRA by Year of Birth**

# Option #2 – Filing Early

You can claim Social Security benefits as early as age 62, but at a reduced rate.

## Decrease in Benefits if Claiming at 62

(Amount reduced by the time you reach Full Retirement Age)



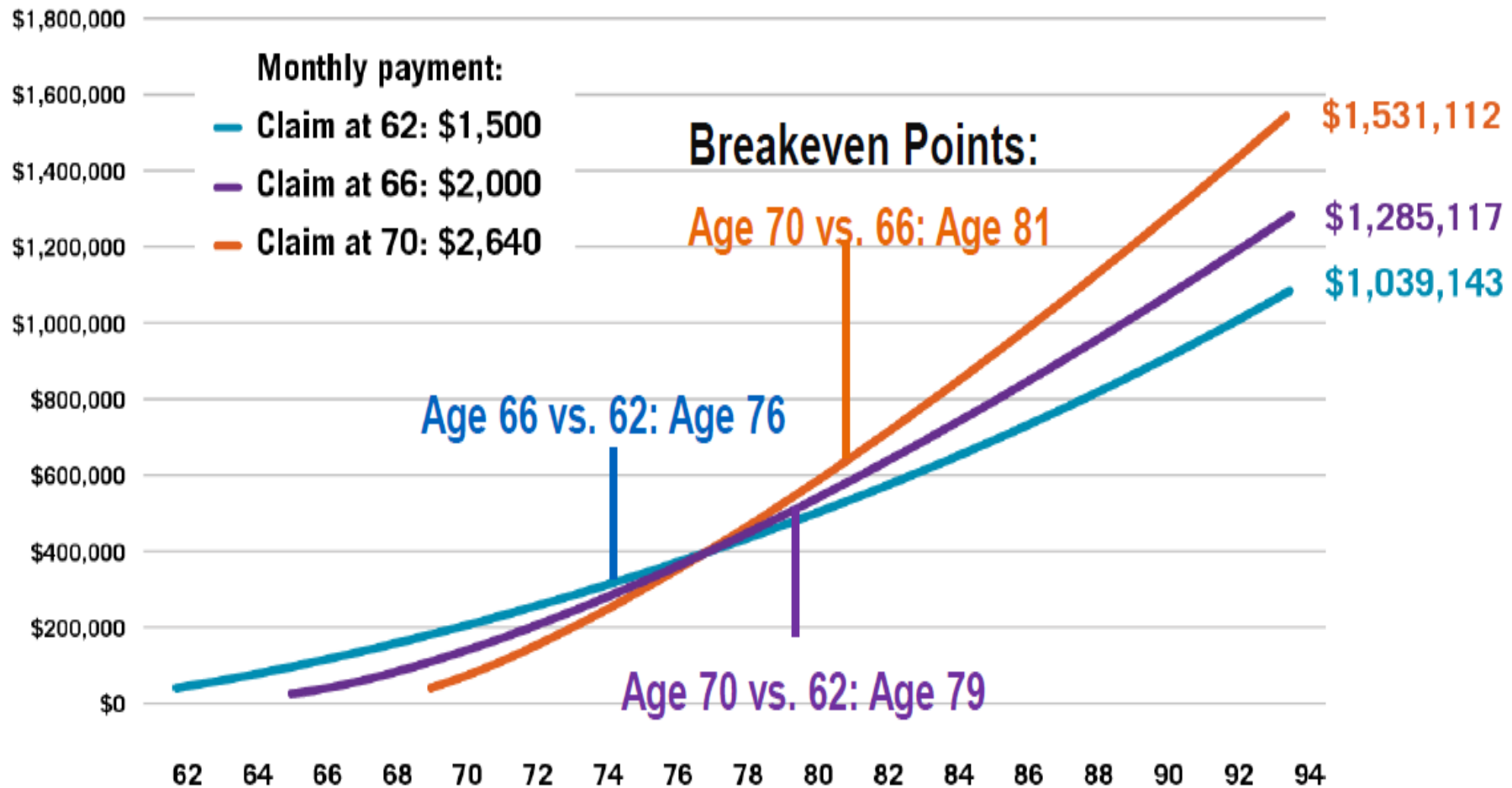
# Option #3 – Filing After Full Retirement Age

Social Security provides yearly increases for those who delay the start of benefits.

## Increase in Benefits for Delayed Retirement



# Social Security – Breakeven Points



# Can I work and still receive benefits?

If you elect to begin benefits prior to reaching FRA, you must be aware of earnings limits. Surpassing these will result in a reduction of benefits.

## Working in Retirement (2018 Earnings Limits)

Under FRA - \$1 of benefits withheld for every \$2 in earnings above the limit for years prior to reaching FRA	<b>\$17,040 Per Year</b>
Individual reaches FRA in 2018 - \$1 of benefits withheld for every \$3 in earnings above the limit for months prior to reaching FRA	<b>\$45,360 Per Year</b>
Month individual reaches FRA and beyond - Reduction no longer applies	<b>Unlimited</b>



# Restricted Application

- Increases benefits for couples with their own earnings history who may be retiring at different ages
- Things to remember:
  - Individuals **can collect** spousal benefits and allow their personal earnings history benefits to receive delayed retirement credits
  - Individuals **cannot collect** benefits on their spouse's earnings history until their spouse files for benefits
  - Only claims filed by individuals who have reached full retirement age and who were born before 1-1-1954 may be restricted to a spousal claim
  - Claims filed by Individuals born after 12-31-1953 are deemed to be claims for both personal and spousal benefits.

# Spousal Benefits

**Married individuals can claim Social Security benefits based on**

Personal earnings record, or  
Spouse's earnings record

**If electing based on spouse's earnings record**

Spousal benefit is up to 50% of their spouse's Social Security benefit

Cannot claim spousal benefit until the spouse files for benefits

# Social Security Benefit's for Survivors

- **Eligibility**

- If a surviving spouse was married to the deceased for at least nine months and is not remarried, the survivor may draw Social Security survivor benefits:
  - At age 60, or
  - At age 50 if he or she is disabled, or
  - At any age if taking care of the deceased worker's child who is under 16 or disabled
- **The nine-month duration of marriage requirement may be waived in some circumstances.**

- **Exceptions to Remarriage rule**

- The subsequent marriage ends in death or divorce, or
- The subsequent marriage started after the survivor turned 60, or
- The subsequent marriage started after a disabled survivor turned 50.

- **Defense of Marriage Act**

- Social Security is now processing some surviving spouse payment claims for same-sex couples and paying benefits where they are due.

# Social Security: Options for Widows

Age

60

66

92



**Wendy,**  
age 60



Husband passed away this year when he was age 66 with \$2,400 benefit

**Wendy lives to age 92**

**Wendy's own Social Security benefit:**

At age 62: \$1,500

At age 66: \$2,000

At age 70: \$2,640

**Wendy's survivor Social Security benefit:**

At age 60: \$1,716

At age 66: \$2,400

At age 70: \$2,400

This is a hypothetical example for illustrative purposes only. Assume death at age 92.

# Social Security: Options for Widows

## Strategy

# 1

**Begin Survivor Benefits Immediately**

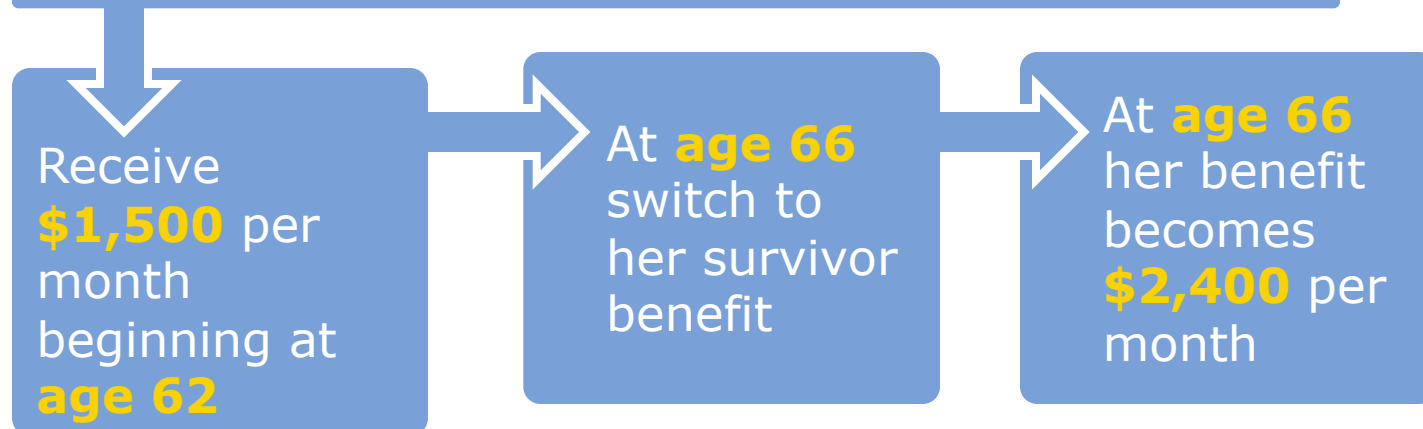
Receive **\$1,716**  
per month  
beginning at  
**age 60**

This is a hypothetical example for illustrative purposes only. Assume death at age 92.

# Social Security: Options for Widows

## Strategy

### # 2 Begin Her Own Benefits At Age 62



**Taking her own benefit at 62** did not affect her ability to receive a full survivor benefit at **age 66**

This is a hypothetical example for illustrative purposes only. Assume death at age 92.

# Social Security: Options for Widows

## Strategy

### #3

### Begin Survivor Benefits Immediately

Receive  
**\$1,716** per  
month  
beginning at  
**age 60**

At **age 70**  
switch to  
her own  
benefit

At **age 70**  
her benefit  
becomes  
**\$2,640** per  
month

Taking **a reduced survivor benefit** did not affect her ability to take her own benefit at a later age

This is a hypothetical example for illustrative purposes only. Assume death at age 92.

# Social Security: Options for Widows

Survivor benefit at **age 60** then her benefit at **age 70**

- \$205,920 of his survivor
- \$696,960 of her own benefits

Her benefit at **62** then survivor benefit at **age 66**

- \$72,000 of her own benefits
- \$748,800 of survivor benefits

Survivor benefits only

- \$658,944 of survivor benefits

**Total Payout:**

**\$902,880**

**\$820,800**

**\$658,944**

This is a hypothetical example for illustrative purposes only. Assume death at age 92.



# Social Security & Divorce

## Social security for divorced spouses

- Divorced spouse benefits available if greater than your own benefits and married 10 years
- Re-marriage ends divorced spousal benefits!
- You will qualify for widow benefits if your former spouse dies.
  - If you remarry **before you reach age 60** (age 50 if disabled), you cannot receive benefits as a surviving spouse while you are married.
  - If you remarry **after you reach age 60** (age 50 if disabled), you will continue to qualify for benefits on your deceased spouse's Social Security record.

# Social Security Benefits for Children

- **Eligibility**

- Child must have a parent who is entitled to Social Security retirement or disability benefits **OR** deceased.
- The child must be unmarried **AND** be one of the following:
  - Younger than 18
  - 18 to 19 years old and a fulltime student (high school or under)
  - Disabled by a disability that started before age 22

**The definition of “child” includes: biological children, adopted children, dependent step-children and dependent grandchildren.**

- **How much can children receive?**

- 50% of the living parent’s full retirement or disability benefit.
- 75% of a deceased parent’s full benefit.

- **Family Maximum**

- When children are drawing there is a limit to the amount of money that can be paid to a family each month.
- Maximum is 150-180% of workers benefit, depending on the circumstance.

# Investment of Child's Social Security Benefit's

- Social Security benefits payable to a child **must** be paid through a **representative payee**.
- The representative payee is usually a parent, or an adult that the child is living with.
- The benefits belong to the child and must be spent on the child.
- “Conserved” Social Security benefits must not be commingled with any other funds.
- Interest or other income earned on the Social Security funds belongs to the child.
- Any money left over after meeting the child's day-to-day needs must be saved in an account that is insured or follows the prudent investor rule.
  - 529's and UTMA's are OK in some states (not PA) as long as the accounts are custodial and beneficiaries are never changed.

# Calculating Social Security Cash Flow

## Medicare Part B Premiums

If Your Yearly Income in 2015 was		Monthly Medicare Part B Premium
File Individual Tax Return	File Joint Tax Return	
\$85,000 or less	\$170,000 or less	\$134.00*
above \$85,001 up to \$107,000	above \$170,001 up to \$214,000	\$187.50
above \$107,001 up to \$160,000	above \$214,001 up to \$320,000	\$267.90
above \$160,001 up to \$214,000	above \$320,001 up to \$428,000	\$348.30
above \$214,000	above \$428,000	\$428.60

Source: U.S. Dept. of Health and Human Services, Notice CMS-8064-N, Nov. 15, 2016

\* The average 2017 premium paid by Part B enrollees who are "held harmless" will be about \$109