Ullico Retirement Solutions

PARTICIPANT INSIGHTS

Volume 12, Issue 3 • www.ullico-urs.com • (888) 292-6861 • July 2017

How Much Will I Get From Social Security?

By Debra Moran, QPA, QKA

The size of your monthly Social Security (SS) check will depend primarily on how much you earned and how much you paid in Social Security tax during your working years. The IRS uses formulas and rules to determine how much you receive in benefits up to a maximum monthly amount (defined in 2017 as $2,687) at full retirement age—see table. Your actual benefits will vary depending on several factors. To see your specific details, go to: https://www.ssa.gov/myaccount.

If you are a high income earner, your SS check will be bigger in *dollars* than someone who earned less, but if you are a lower income earner, the *percentage* of income that SS replaces will be greater than it will be for higher income earners.

Here is *basically* how it works: Your earnings for all years are restated in today's dollars. Then, earnings for the highest 35 years you worked are averaged. To maximize your benefit, work at least 35 years! Otherwise, the SS Administration will average zeros for any years less than 35. Ouch! To even *qualify* for Social Security income, though, you need to earn 40 credits, which equates to 10 years of work.

SS retirement benefits may be reduced, unaffected or increased depending upon your age when you start benefits.

Birth Year	Current Full Retirement Age
1943-1954	66
1954-1959	66 plus two or more months in increasing increments
1960 and later	67

Reduced benefits. If you start benefits between **age 62** and your Full Retirement Age, your benefit amount will be permanently reduced up to 30 percent.

Full benefits. If you start benefits at your Full Retirement Age, there is no reduction or increase in your benefit amount.

Increased benefits. If you start benefits between your Full Retirement Age and **age 70**, your benefit amount will be permanently increased by up to 32 percent.

5 Things You Have To Do To Get Rich

By Ryanne Tilley, QKA

While it might not feel true, getting "rich" is likely possible for all of us – if we start early enough and maintain healthy financial habits. Here are five steps to take:

1. **Never spend more than you already have in the bank.** It is very easy to charge something to a credit card with the rationale that the money will be there with your next paycheck, but that rarely works. Instead, we often keep spending and then we are always operating at a loss, with nothing left to save.

2. **Tax yourself.** As in, pay yourself first. Put your money in a savings account—or better yet a retirement account (IRA or 401(k) if you qualify) where it is more difficult to get to it—before you spend the rest of it! Treat it just like the taxes you have to pay before you ever see your paycheck.

3. **Get a second job. Or a third or fourth.** Most wealthy people have had multiple streams of income. You have your main job, but what other ways can you generate income? Can you start a side business—a service someone would want to pay for, such as house sitting or photography? Or maybe it's real estate or rental properties. Many of these can generate additional income with reasonable amounts of effort.

4. **Have a little patience.** Save and invest for the long term. Avoid get-rich-quick schemes, including trying to time the market and day trading. No one has a crystal ball to accurately predict what will happen day to day, so this practice will almost always set you back instead of propel you forward, hurting your ability to accumulate wealth over time.

5. **Live by the 50-30-20 Rule** Even if you don't want to work off of a detailed budget or set detailed financial goals for yourself, you can still benefit from sticking to this simple rule. Spend 50% of your net income on needs (essentials like food and housing), 30% on wants, and 20% on savings.

And here's a bonus tip: Surround yourself with people who have similar financial goals, and some who have already had success. They will influence your lifestyle choices, helping keep you on track instead of tempting you to veer off course.

Ask URS

By Amy Crews, QKA

Q: What should I teach my kids about money?

A: Many parents wonder how best to share the financial knowledge we've learned over the years with our children. Below are some steps you can take at various ages to help your kids learn about money and saving.

Ages 3-5

At this age, the main seed to plant is that they may have to wait for something they want. Whether it's a turn on the swing or a new toy, talk with your child about how sometimes we have to wait and save up for things we want.

- Create 3 jars: Saving / Spending / Sharing Clear jars are great because kids can see the money growing as it is added.

Ages 6-10

This is a great time to talk with your kids about choices we make and how we spend our money.

- Explain small financial decisions to your child. For example, the reason you bought generic brand cookies is because they taste the same to you as the name brand and cost $1.00 less.
- Give them some money in the store to buy an item. Help them make choices as they pick out what to buy.
- *Show* them things cost money. Instead of telling them that the toy they're saving for costs $5.00, let them pay for it at the store with money from their "Spending Jar."

Tweens

Build on the previous lesson by relating it to bigger ticket items they want at this age. Help kids learn to weigh decisions and realize decisions have consequences.

- Teach them about opportunity cost, for example: "If you buy this game, you won't have enough money to buy the new shoes you want."
- Give commissions (not allowances). Kids appreciate money more if they earned it. Give them a chore or a larger task they're not normally responsible for, and agree upon an amount you will pay them for the job.
- Encourage giving and use that "Sharing Jar." Let them pick a charity they care about to make a donation to, and let them experience the great feeling of helping others.

Teens

This is the time to introduce the concepts of compound interest and long-term goals.

- Let them play with Investor.gov's compound interest calculator. This will show them in real numbers how compound interest works.
- Have them set a longer-term goal to save for a large item on their wish list, then teach them how giving up some things along the way can help them reach their goal.
- Help them find a job during their free time— walking dogs, babysitting & lawn mowing are a few examples.
- Set up a bank account for them for more responsibility (and a place to save all of that hard-earned money)!

Sources: Shin, L. (2013, Oct.15), The 5 Most Important Money Lessons To Teach Your Kids. www.forbes.com.

Ramsey, D. (2017, May 31), 9 Ways to Teach Your Kids About Money. https://www.daveramsey.com

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