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CRAIG WILLEKE'S FINANCIAL NEWS

DIGEST



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Maximizing Social Security Benefits


Courtesy of Craig Willeke, LUTCF, CLTC


Many good books have been written about getting the most out of Social Security, and no one should decide when to take Social Security without fully understanding all options.

Here are some of the points I have gleaned:

If you don't ask, you won't receive. The Social Security Administration knows nothing about your family. For example, if your marital situation changes, or a current or former spouse dies, you must tell the agency. You may be entitled to significant benefits as the result of the death of an ex-spouse.

Patience can pay off big-time. If you wait until age 70 to take your retirement benefit, it will be notably higher than your benefit if you take it at age 62. Not everyone can afford to wait, but if your health is good, waiting is a strategy you should consider. (There is no advantage to waiting past 70.)

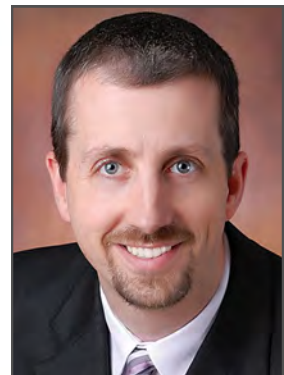
Consider the file-and-suspend option to enable your spouse to receive spousal benefits. Even if you continue to work after you reach full retirement age (FRA), you can "file and suspend" your Social Security benefits. Work up to age 70 to maximize your benefit, and your spouse may be able to receive a percentage of your FRA benefit. 

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Beware a new Facebook scam called *malicious tagging*, we hear from Robert Siciliano. A link on your Facebook page looks like it leads to a video tagged by about 20 of your friends. But when you click on it, a second link pops up that says that the video cannot be played until you update your *Adobe Flash Player*. If you click on that link, you download malware that gives hackers access to personal data. *Best:* Update Adobe only through its website.

Source: *Bottom Line Personal Magazine*

Back-and-forth bargaining at

Amazon.com is available at the site's sections for sports and entertainment collectibles, collectible coins and fine art. If a seller enables the "Make an Offer" feature for a product, potential buyers can enter a price of their choosing, and the seller and would-be buyer can negotiate through e-mail. The new option is designed to mirror real-world haggling for similar products. It is not an auction format, and all negotiations are one-on-one between the seller and the potential buyer.

Source: *consumerist.com*

"Money is the opposite of the weather. Nobody talks about it, but everybody does something about it."
— Rebecca Johnson



Elite Colleges Don't Guarantee Success

By Anne Kates Smith, *Kiplinger's Personal Finance*

The New York Times columnist Frank Bruni, author of "Where You Go Is Not Who You'll Be" (Grand Central Publishing, 2015) comments on the "advantage" of an Ivy League education:

KIPLINGER: *In your book, you argue that the Ivy League isn't the gateway to career achievement that people think it is.*

BRUNI: We've constructed a mythology that suggests it's a guarantor of success or an insurance policy against failure. That grossly exaggerates its importance. We have as many or more examples of people who've gotten far in life based on how well they use the college they went to, and not on the name of the college. There are many paths to where you want to go.

But don't elite schools give their alumni an edge, including a lifelong network?

Certain schools do confer an advantage. But it's not a make-or-break advantage, and it doesn't last your whole life. A number of schools have amazing networks, some tied to a particular profession. But by the time people reach the age of 28, 29, 30—and certainly 35—no one's asking where they went to school. Their work history is much more consequential.


If not the prestige of the school, what are the predictors of later success?

There's a fascinating study that at first blush seems to show that people who went to elite colleges earn an average of 7 percent more over their lifetime than people who didn't. But when you look at people who went to less-exclusive institutions but had also applied to more-elite schools, the earnings differential evaporates. If you have the aspiration and drive to apply to an exclusive school, it turns out not to matter much whether you flex your muscles at Harvard or at Penn State.

Beyond college rankings, what other criteria should prospective students investigate?

Two things I would want a kid to look at are the percentage of students with enough intellectual curiosity to study abroad and the socioeconomic diversity of the school. Ideally, you want to go to a school that makes an attempt to capture the diversity of our society, because your comfort with that is going to have a lot to do with your future success.

By now, prospective freshmen know where they're going. Any advice for kids who didn't get into their first-choice school?

If you're embarking on a college education, you're already in a privileged situation that you should not shortchange with qualms about whether it's exactly where you want to be. If you spend more than a few nanoseconds feeling disappointed about the campus you are about to stride across, then you are doing yourself a great disservice. 

Money-smart Kids: Allowances That Make Sense

By Janet Bodnar, *Kiplinger's Personal Finance*

The practice of giving kids an allowance seems to have caught on in a big way. In the 2015 Parents, Kids & Money survey from T. Rowe Price, 70 percent of parents reported giving an



allowance to their children ages 8 to 14. Among kids who receive an allowance, 85 percent are required to earn it, versus 15 percent who get it with no strings attached.

I have mixed feelings about those results. I'm convinced that an allowance is one of the best hands-on teaching tools for children who aren't yet earning money of their own. But kids should help out around the house without expecting anything in return because they're part of the family.

It's also been my experience that parents have a tough time keeping track of whether their children have actually done their assigned jobs. As a result, the kids often end up getting their money even if they don't do the chores.

So what's a parent to do?

My solution is a two-tier allowance system. Kids get a base allowance that isn't tied to basic household chores, such as doing the dishes and making their beds, which they're expected to do without pay. But it does come with what I call financial chores —

spending (and saving) responsibilities that the kids take over from you. For example, young children may be required to pay for their own collectibles or refreshments at the movies. As they get older, they can take responsibility for more expenses, such as after-school outings with friends, concert tickets and even clothing purchases. To make the connection between work and pay (and to earn extra money), children can take on extra jobs, such as taking out the trash or recycling.

The Kids & Money survey also shows that the amount children receive for allowance is rising.

Compared with 2013, fewer kids are getting \$10 a week or less (50 percent versus 68 percent), and the number of kids getting \$51 or more per week jumped from 2 percent to 9 percent.

My guideline is to start with a weekly base allowance equal to half a child's age, and then increase it as necessary depending on where you live, how old your child is and what he or she is expected to pay for. A 14-year-old could need more than \$7

per week, especially when paying for entertainment and school-related expenses. But for the life of me, I can't figure out why any kid in this age group should get \$51 per week. 🔄



IRS audit rates are the lowest in a decade. The number of individual returns examined last year was about 1.2 million, down more than 162,000 from 2013 and down by nearly 339,000 from 2010. Experts believe that the rate will fall further this year.

Source: *USA Today*

Income taxes are still due after death. The executor of an estate is responsible for filing them, and taxes must be filed by the April 15 deadline required of living taxpayers. If the deceased person is due a refund, the executor must use Form 1310, Statement of a Person Claiming Refund Due to a Deceased Taxpayer, to claim it. Income must be reported from the beginning of the year to the date of death. Income after the date of death is reported by the estate. Investments and pensions typically are taxed to the person who inherits them. Deductions may include medical bills incurred prior to death and paid within one year of death. The spouse of a deceased taxpayer with a dependent child can file as a qualifying widow/widower for up to two years. This allows the surviving spouse to benefit from filing jointly.

Source: *GoBankingRates.com*

"When your work speaks for itself, don't interrupt."

— Henry J. Kaiser

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Tips To Aging In Place

By Patricia Mertz Esswein, Kiplinger's Personal Finance

Planning to stay put in retirement? Get your home ready now. **It pays to retrofit.** Basic design and structural modifications to a one-story home cost an average of \$9,000 to \$12,000, according to The MetLife Report on Aging in Place 2.0. Contrast that expense to the cost of assisted living, which averaged \$3,500 per month in 2014, according to Genworth Financial, or \$42,000 a year.

Think small. Start with replacement hardware, such as lever-handled doorknobs and sturdy handrails along stairs. Install grab bars, single-handed faucets and “comfort height” toilets in the bathrooms. Upgrade your kitchen by adding rollout shelves and better lighting under the cabinets.

Make it accessible. Other modifications will cost more, and you may want to consult an expert. Certified Aging-in-Place Specialists (CAPS)—who have completed a program developed by the National Association of Home Builders in collaboration with AARP—can create a prioritized to-do list suited to your budget and resources (to search by zip code, visit the NAHB website at nabh.org and search for “CAPS Directory”). If, for example, your home has entry steps, consider installing a ramp; it will run \$1,200 to \$2,500, according to costowl.com. A curbless modular shower will

cost \$2,000 to \$3,000 to install.

Consider the big picture. Structural changes may include widening doorways and corridors and eliminating wheelchairs and scooters, or even creating space in a multistory home to add an elevator later. The perfect time to make such adjustments is when you're updating or remodeling your home.

R2-D2 to the rescue. Voice-activated robot helpers are on the way. Meanwhile, existing tech tools can help you stay in touch with family, caregivers and community, as well as monitor your health and provide for security, says Laurie Orlov, founder of the Aging in Place Technology Watch. 

