5 Changes You Must Know
If Retiring In 2017

JP Financial Group
(704) 543-6269

Retire Successfully In 2017

Welcome to retirement! It's time to refocus and start the next phase of your life. Whatever your retirement goals may be, we wish you well — but first, there are a few changes you must know if you are retiring this year.

5 Changes You Must Know If Retiring In 2017;

5. The good news: you will receive a bit more money in 2017 than if you had retired in 2016. Thanks to slightly rising inflation over the past two years, there is a cost of living adjustment (COLA) of 0.3% for 2017. That adjusts the average monthly payments across all retired workers from $1,355 to $1,360 beginning in January.

4. The bad news: that extra $5 or so a month that you receive will probably be taken right back in the form of higher Medicare premiums. If you are one of the 70% of Americans that will have his or her Medicare Part B premiums paid by deduction from Social Security benefits, the premium rise is expected to cancel out the average COLA. Easy come, easy go.

3. The maximum possible benefit for anyone retiring at his or her full retirement age (FRA) increases by $48 per month in 2017 to reach $2,687 from $2,639. You could potentially increase this value if you choose to wait to claim your Social Security benefits, up until age 70. At that point, your payments cannot rise and it makes no sense to wait any longer.

2. Another change for 2017 may force retirees to wait just a bit longer than in past years or accept a bit less in monthly payments. In 2017, the FRA begins a transition from 66 to 67 years old. The FRA is stretched out over six years with two-month increments added each year until 2022, when the FRA becomes 67 for everyone.

1. If you were born in 1955 (thus turning 62 in 2017 and becoming eligible for Social Security benefits), this action could still affect you, because claiming your benefits early results in a lifelong reduction in the benefits that you receive and the earliest age of eligibility remains at 62. Now, instead of claiming four years early when you reach age 62, you will be claiming four years and two months early, reducing your benefits even further.

If you are still working in retirement, there are two other issues to consider.

2. High earners will see a significant increase in the amount of earnings that are subject to Social Security tax. The earnings threshold (the earnings point beyond which Social Security taxes do not apply) rises to $127,200 from $118,500. For self-employed high earners, it's a double whammy since you pay both the employer and employee portions of payroll taxes.

1. It's more likely that you are concerned about the earnings test threshold, the maximum amount that you can earn before benefits are reduced. If you reach your FRA during 2017, you can bring in a maximum income of $44,880 for the year without having your benefits reduced. That represents a $3,000 increase over the previous year. Beyond that point, your benefits are reduced by $1 for every $3 that you earn above the threshold value.

If you are receiving benefits in 2017 but will not reach FRA until after 2017, you could earn a maximum of $16,920 for the year without a benefit reduction (a $1,200 increase from 2016) and your benefits are reduced by $1 for every $2 you earn beyond that threshold.

We are here to guide you to and through retirement, successfully. We look forward to answering any questions you may have as you enter this new phase of your life.

JP Financial Group
(704) 543-6269

Retire Successfully In 2017

Source: http://www1.cbn.com/cbnnews/finance/2017/january/retiring-in-2017