



HEATHER SCHREIBER'S

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# SOCIAL SECURITY ADVISOR

## Social Security Planning for Retirement

### WHAT'S INSIDE?



#### Top Social Security Developments of 2020

- Charitable Thoughts
- Impact on IRMAA
- Lemonade from Lemons
- Jolted from Lost Jobs
- Don't Panic
- New Numbers
- Worst Case Scenarios
- Sooner and Later
- In the Emergency Room
- Healthier Outlook
- Affecting Advantage?
- Movement in Medigap
- Big Shots
- Second Stimulus

<Pages 1-8>

#### Summary of Key Developments

<Page 2>

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### Top Social Security Developments of 2020

The year 2020 certainly proved challenging for the health and wealth of American seniors, and for advisors working with such clients. Americans old enough to be enrolled in or preparing for Social Security and Medicare were among those most vulnerable to COVID-19.

As might be expected, the pandemic dominated the events that impacted these programs. To put the key developments into perspective, we've reached out to leading experts, who have summarized what has happened and provided insights as to how advisors might approach Social Security and Medicare in 2021.

their charitable intent, preserve cash reserves, satisfy RMDs after age 72, and reduce future tax obligations from IRA withdrawals that will be subject to ordinary income tax rates. "The SECURE Act's 10-year rule increases the benefit from shrinking tax-deferred accounts before they pass to non-spouse beneficiaries," says Slott.



"QCDs are still available to IRA owners age 70½ or older, which used to be the starting age for RMDs."

-Ed Slott

#### Charitable Thoughts

Among its many provisions, the SECURE Act, passed in late 2019, divorced IRA qualified charitable distributions (QCDs) from IRA required minimum distributions (RMDs). "Although RMDs, under the SECURE Act, now begin at age 72, QCDs are still available to IRA owners age 70½ or older, which used to be the starting age for RMDs," says Ed Slott, CPA from Rockville Centre, NY.

With a QCD, a taxpayer donates money directly to a qualified charity from his or her IRA. The donation does not qualify for an itemized deduction, but the IRA withdrawal avoids income tax. Thus, eligible clients who use QCDs can fulfill

What's the connection to Social Security and Medicare? All clients who are in the QCD stage of life (past age 70½) are taking Social Security, as the latest start date is age 70. Advisors should discuss the benefits of QCDs with eligible seniors and indicate that those who make charitable contributions should consider executing QCDs once they are at least six months past their 70<sup>th</sup> birthdays.

Moreover, high-income clients enrolled in Medicare may pay higher premiums for Part B (medical services) and Part D (prescription drugs) each year, under the income-related monthly adjustment amount (IRMAA) rules.

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