

Attorney Timothy P. Crawford, CPA, CELA*, CAP**
wanted to share this information with you.

GET THE MOST FROM SOCIAL SECURITY

GREATER MILWAUKEE AREA OFFICES IN BROOKFIELD, GLENDALE, OAK CREEK & RACINE

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Younger retirees face a harsh penalty for working part-time. For every \$2 earned over \$12,000 in 2005 (up from \$11,640 in 2004) you lose \$1 in Social Security benefits. (After you reach full retirement age, you can earn unlimited amounts and still qualify for full Social Security benefits. See chart to determine what “full retirement age” means for you.)

However, that’s only earned income. You can have unlimited unearned income without losing any Social Security benefits from sources like retirement plans, pensions, annuities, interest, dividends, and capital gains.

With some advance planning, you can reduce earned income and make up the shortfall with unearned income with a deferred compensation plan. That is, you receive money that you earn one year in a later year, perhaps in retirement.

For income tax purposes, taxes are due when money is received. For Social Security purposes, though, deferred compensation is counted when it’s earned – not when it’s received. So, any money you receive from a deferred compensation plan while you’re between age 62 and your full retirement age doesn’t count against Social Security retirement benefits. In other words, you can defer compensation from ages 55 to 61 and receive that money while you’re between 62 and full retirement age.

To do this, the details of the deferred compensation plan should be recorded in the corporate minutes for your company if you’re an owner or part owner (or in the company’s human resources records if you’re an employee). You should also include the appropriate reasons. For example, “the company needs cash now, for expansion purposes, so current compensation is being deferred.” Be careful if you own your own corporation. Postponing the deduction for wages through a deferred compensation plan will cause the income of your corporation to increase and then pay higher taxes at the corporate level.

Then, when you decide to semi-retire, you can work just enough to earn the allowable amount for that year. (The 2005 allowed amount of \$12,000 will increase annually.) This way, you receive full benefits from Social Security.

In addition to Social Security and deferred compensation, your income can be supplemented by retirement plan payouts and perhaps the sale of company stock shares to your company. You may also have an expense account that can be used as a part-time employee to help offset expenses.

All of these methods help preserve your Social Security benefits and retirement dollars.

Year of Birth	Retirement Age to Receive Full Benefits
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

**“Those Who Plan Ahead Win.
Those Who Don’t Plan Ahead Lose.”**

This article is for informational purpose only and is not intended as legal advice. It is recommended that you call Timothy P. Crawford for a free conference to discuss your situation in more detail. Attorney Crawford can be reached at 1-262-634-6659. Please refer to this article when you call.

*Attorney Timothy P. Crawford is a Nationally Board Certified Elder Law Attorney (CELA). He has been Board Certified by the National Elder Law Foundation which has been approved as the Sole Certifying Organization for Elder Law Attorneys by the American Bar Association.

**Timothy P. Crawford was invited to join the Council of Advanced Practitioners (CAP) of the National Academy of Elder Law Attorneys (NAELA) in August of 2005. CAP is a small group of premier elder law attorneys, all of whom have been members of NAELA for at least 10 years, are certified as elder law attorneys by the National Elder Law Foundation, and are AV rated by Martindale Hubbell, a service that provides an independent rating of the quality of attorneys, as one of the top attorneys in the nation.

Attorney Timothy P. Crawford has been selected as a **Fellow** of NAELA. **Fellow** is the highest honor bestowed by the Academy. Selection as a **Fellow** signifies that his peers recognize the lawyer as a model for others and as an exceptional lawyer and leader.

Attorney Timothy P. Crawford has a superb rating of 10 out of 10 with A V V O.

A V V O has awarded to Attorney Timothy P. Crawford the A V V O Client's Choice Award.

**YOUR ASSET PROTECTION LAW FIRM WITH GREATER MILWAUKEE AREA OFFICES IN
BROOKFIELD, GLENDALE, MILWAUKEE, OAK CREEK & RACINE**

**"Helping Families in Wisconsin for Over 40 Years
to Protect Their Assets from Nursing Home Care Cost"**

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