

Social Security goes fully paperless

Mailed statements may be history, but digital version is a gold mine of data

Financial advisers were among the most vocal critics when the Social Security Administration first suspended mailing annual benefit statements to workers as a cost-saving measure in mid-2011.

The mailing of these documents that are so crucial to the financial planning process resumed temporarily last year, but only to workers 60 and older who weren't yet receiving Social Security benefits.



Mary Beth Franklin
On Retirement

Now the paper chase is history.

Full-fledged Social Security benefit statements, which include retirement benefit estimates at various ages and a personal earnings history, are still available. But you have to go online to retrieve the information.

Individuals can save and print the document — something you should encourage your clients to do before their next financial review.

Many of them may not realize that their statements no longer will arrive in the mail.

Alternatively, once they set up an online account with Social Security, you can retrieve the information together with them in your office. As a dry run, you might want to set up your own account first at socialsecurity.gov/mystatement.

Benefit payments are also going digital-only.

Remind your clients that if they are receiving Social Security checks by mail, they must switch to direct deposit by March. They can

set up direct deposits online at the Social Security website or by calling (800) 772-1213.

CRITICAL PLANNING TOOL

Ever since the Social Security Administration began mailing annual statements to workers 25 and older in 1999, the annual estimated benefits statement has become a critical financial planning tool that provides details about future retirement income and serves as a star reminder of the need for personal savings to supplement those benefits.

The digital version is identical to the original paper version, including estimates for retirement benefits at full retirement age, reduced benefit at the earliest eligible age of 62 and maximum benefits at 70. It also

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includes estimates of disability and survivor benefits.

The switch from paper to digital delivery saves the government about \$70 million annually in printing and postage.

"Having the benefits statement provides rock-solid documentation for retirement income planning," said Dana Anspach, a financial planner with Sensible Money LLC. "It's certainly preferable than basing calculations on what a client thinks their benefit might be."

Equally important, the statement provides individuals with a complete earnings history, which is the basis for future Social Security benefits.

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Financial planner
Sensible Money

Clients should review it each year and make corrections if needed.

The statement also lists all of the Social Security and Medicare taxes paid on those earnings over the years, which can be a real eye-opener.

The earnings history is useful for many reasons.

"Sometimes clients used to make a lot more money than they make today — or they used to make a lot less," Ms. Anspach said. "An earnings history can lead you to learn some interesting things about your clients."

The online Social Security statements of estimated future benefits first became available in May.

The SSA recently expanded the services to include instant benefit verification letters for those receiving payments. The letter serves as proof of income to secure loans, mortgages and apply for state or local benefits.

Additionally, people can use the verification letter to prove current Medicare health insurance coverage, retirement or disability status.

TRUST BUT VERIFY

Anyone 18 or older can sign up for an online Social Security account. To do so, he or she must provide a Social Security number, mailing address and a valid e-mail address.

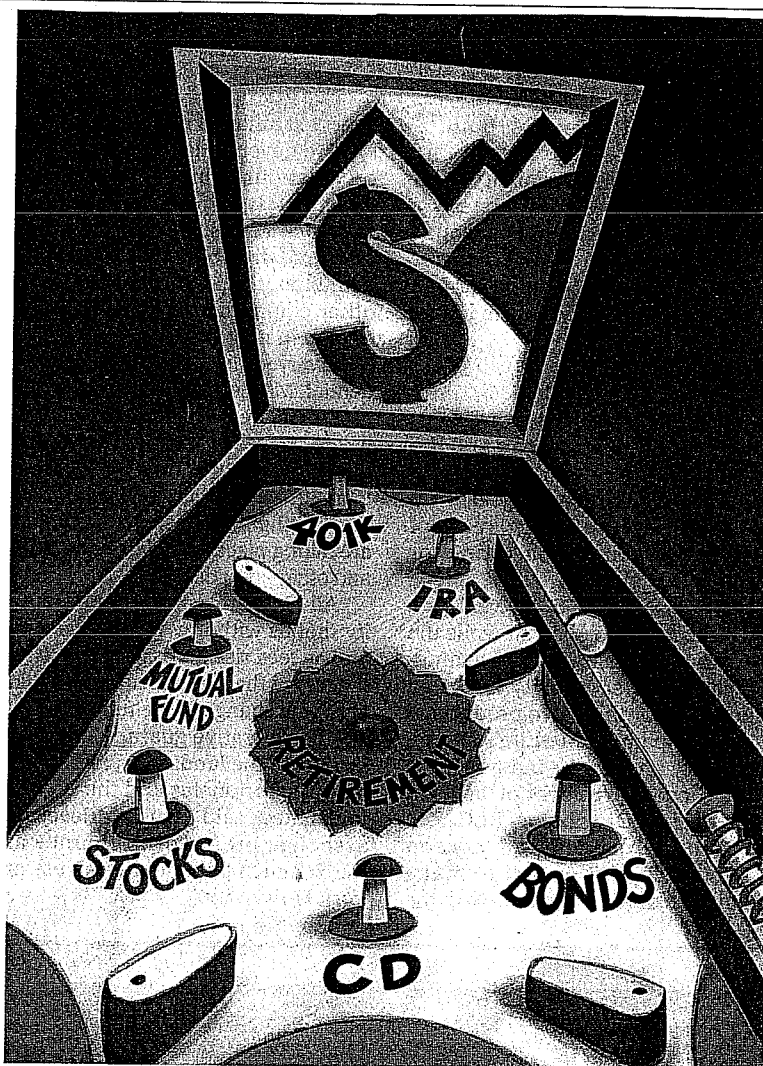
In an effort to thwart identity theft, individuals must be able to answer questions that only they are likely to know that match information on file with Social Security and in their credit report.

For example, when I went through the account setup process, I was asked questions related to former employers and my previous residences.

Sal Guariano, vice president of government services at Experian Information Solutions Inc., who oversees the online verification project with the SSA, calls these "out of the wallet" questions.

"Even if your wallet had been stolen and your data compromised in the past, these are questions a fraudster couldn't answer," he said. "Within seconds, we can match our robust credit and demographic records behind the scenes."

Spoiler alert: Not everyone's online experience may go as smoothly as mine. Those who can't answer the security questions can request that a paper statement be mailed to them or they can visit their local Social Security office and



present a government-issued ID in order to create an account and gain access to the online version of the statement.

"We want to make sure you are who you say you are," Mr. Guariano said.

Once an individual sets up an online Social Security account, the information is protected with a unique user name and password.

The heightened security may cre-

ate some challenges for financial planners.

For example, Russell Wild, an adviser with Global Portfolios LLC wondered how he can get access to benefit information of a client's ex-husband so he can create a retirement income plan for her.

Sorry, Russell, you can't do that online.

The ex-wife will have to call Social Security to obtain that information. She will need her marriage