



**Introduction:** Welcome to the Paragon Financial Partners podcast, where we discuss the markets, our strategies and how to live better today while planning for tomorrow.

**Elean Mendoza**

Hello and welcome to another episode of the Paragon podcast. I'm Elean Mendoza and I'm here with Evan Shorten, the firm's founder and principal.

**Evan Shorten**

Hello, I'm Evan Shorten, and as always I want to thank you for listening to our podcast. We strive to provide you with educational and informational content, while of course appreciating your feedback. If there are any specific topics you would like to hear about, please feel free to email us at [info@paragonfinancialpartners.com](mailto:info@paragonfinancialpartners.com) or let us know on our Facebook page. In the meantime, you can listen and subscribe to this podcast on iTunes, Stitcher Radio, or by visiting us at [paragonfinancialpartners.com/media](http://paragonfinancialpartners.com/media).

**Elean**

Today we want to continue our third segment of our Social Security mini-series. This episode focuses on your ability to undo your Social Security benefit application. Before we get into this discussion, I want to remind you to listen to our first two episodes in our mini-series if you have not done so already. The first episode in the series discusses the question of whether working affects or reduces your Social Security payment. The second episode discusses how your Social Security benefits may be subject to taxation.

Now Evan, there are not very many things you can take back in life. You rarely ever get a redo or a second chance to undo a life decision, but with Social Security, that's not the case. If someone files their Social Security benefit early or perhaps they realize they did not need the income from Social Security after all, they can change their mind right?

**Evan**

Correct. Now there may be a few reasons why you change your mind with respect to collecting your Social Security benefit. Sometimes you might underestimate the amount of income needed in retirement, or perhaps you retired in a state with a lower cost of living or a more favorable tax rate, allowing you to keep more of your retirement assets and you regret not having delayed your Social Security benefit.

Of course, we know delaying your Social Security benefits increase your monthly benefit and delaying until the age of 70 raises your Social Security benefit to 132% of your full retirement age benefit. If you take your benefit early, at age 62, you are only entitled to receive 75% of your full retirement age benefit. The Center for Retirement Research of Boston College found in the year 2013 36% of men claimed Social Security benefits at age 62 and 40% of women claim their Social Security benefits early at the age of 62. That is over one-third of the Social Security eligible population who are only entitled to receive 75% of their benefit.



When the reality sinks in that you're only going to collect 75% of your retirement benefit for the rest of your life you may begin to question, was it the right decision? Fortunately, the Social Security Administration allows for a redo by submitting a request for withdrawal of application. As of the broadcast date of this podcast, which is March 2017, the request for withdrawal of application is also called the Social Security Administration Form 521.

Now, there are two very important caveats to this. First, you can only file this form within the first 12 months of receiving your Social Security benefits. After the 12 months have passed, you have locked in your retirement benefits via Social Security for life. Second, you have to repay all the benefits you and your family have received based on your retirement application. For example, if your spouse filed for spousal benefits under your Social Security benefit record, your spouse's benefits will also have to be repaid.

One last thing to keep in mind, depending on what age you file for Social Security, you might have Medicare premiums or taxes withheld from your monthly benefit. Those withheld amounts will also need to be paid back if you withdraw your Social Security application. Lastly, I want to mention you can only withdraw your Social Security application once in your lifetime. You cannot try this strategy a second time a few years down the road.

#### **Elean**

Okay, so there you go. If you file for Social Security benefits and have second thoughts about your decision, or if your financial situation changes soon thereafter, you have up to 12 months to withdraw your Social Security application.

If you have any questions or you would like to reach out to us, you can do so by emailing us at [info@paragonfinancialpartners.com](mailto:info@paragonfinancialpartners.com) or by shooting us a comment on our Facebook page. We hope you enjoyed this podcast, and please subscribe via iTunes or Stitcher Radio.

#### **Evan**

Also, don't forget to listen to the upcoming fourth and last episode of our Social Security mini-series which will cover spousal, divorce and widow benefits. Thank you for listening in.

#### **Disclosures**

Paragon Financial Partners, Inc. is a registered SEC investment adviser. The broadcast is for informational purposes only and should not be considered as a solicitation or offer to purchase or sell securities. The financial strategies and guidelines discussed herein may not be appropriate for everyone as each individual circumstance is unique. Please review all tax information with your tax professional. Please review all legal information with your legal professional. We hope you enjoyed the Paragon Financial Partners podcast, and again, thank you for listening.