

2022

Summer NEWSLETTER



Dillard
Financial Solutions, Inc.

1-800-692-7643
dfs@dillardfinancial.com



Steve & Teresa Dillard

the Chief's CORNER

Insight from Federal Retirement Benefits Authority, Steve Dillard



Steve Dillard

Guarding your future has never been more crucial... moving into retirement at this point in time can be scary, especially with the uncertainties in Europe and with inflation soaring to an all time high. But, with a little forward thinking and solid preparation, we will assist you with building a prosperous and secure retirement plan that combats inflation and eliminates downside market risk.

With COVID-19 still looming and travel expenses steadily increasing, we'd like to remind everyone, that while we're happy to help you in person; we're always just a phone call away—and that's certainly the easiest way to get your questions answered quickly. We are happy to set up a complimentary Zoom or FaceTime chat.

The sooner you reach out, the sooner we can help minimize your retirement woes. But first, in order to get the most out of your consultation, you'll want to gather up these recent statements: *FERS Pension*, *TSP*, and *Social Security*.^{*} With these three items, we will analyze your current retirement position, then design a strategy that grows, shields, and guarantees your retirement funds for life, while preserving your family's legacy.^{**}

To speak to me directly, call 803-316-1455.

We wish you continued good health and prosperity especially in these trying times. Be safe!

May God bless you,



Steve Dillard

Steve Dillard
CEO of Dillard Financial Solutions, Inc.

Steve Dillard is the CEO of Dillard Financial Solutions, Inc. For over 30 years, he has helped guide federal employees through retirement. He's the author of hundreds of educational articles and has been featured in Forbes magazine twice. Steve travels extensively throughout all 50 states sharing his strategies as a sought-after federal retirement benefits educator. Dillard Financial Solutions, Inc. is a verified vendor on the U.S. Federal Contractor Registry and provides complimentary educational workshops focusing on retirement solutions for the federal market.

^{**}Applicants must meet suitability requirements. Returns are guaranteed by the reserves of the insurance companies.

^{*}Dillard Financial Solutions, Inc. is not affiliated with any government agency.



FEDERAL
RETIREMENT
CONSULTANTSM

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IMPORTANT

TSP Information

The Thrift Savings Plan (TSP) has updated their site. You will need to establish a new login to regain access to their account.

To gain access to your new account click on "Set up new login for my account". Then enter the personal information that TSP needs to find your account to connect it to the new system.

1. You will be asked to select a preferred multi-factor authorization (MFA)
2. Set up a new user ID and password.
3. Create a PIN that can be used to quickly identify yourself when calling the ThriftLine.

“If you fail to plan, you
are planning to fail.”

- Benjamin Franklin



Thrift Savings Plan

*We are Fiduciaries for your retirement needs.
We strive to always act in the best interest of our clients.*

TRAVEL & EXPLORE

Article & Photos By Debbie Staley



"Like the warmth of the sun and the light of the day, may the luck of the Irish shine bright on your way." – Unknown

One of the first jobs I had as a young married gal was working for a travel agency. Maybe that's what sparked—and kept—my lifelong love of traveling. I thoroughly enjoyed that job and learned a lot from it. Travel, journey, expedition, excursion, sightseeing, roaming... no matter what you call it, let's talk about it... and more specifically, let's talk about exploring the good old US of A. Whether you go by car, train, van, plane, motorcycle, or camper, America offers great beauty to be seen, explored, and experienced. Before you travel abroad, check out what's available in your own back yard.

From visiting great monuments, memorials, and museums like the Smithsonian in our nation's capital, to canoeing the Tennessee's Ocoee River, the variety is endless. You can golf the ocean course at

Kiawah, or touch the clouds from the deck of your foothills vacation cabin. You can attend an open-air concert at Red Rocks Ampitheatre, or experience alligators in their natural habitat while taking an airboat ride through the Florida swamps. Also in Florida, there's always Disney, right?! Or, you could attend a training game in the springtime, maybe catch a space launch?

If big is your thing, Texas is where it's at; tour the Alamo, stroll the San Antonio River Walk, or geek out at the the Houston Space Center. If those options don't move you, Texas is also host to MASSIVE flea markets...just be sure to wear your comfy shoes!

Boating adventures? Might I suggest drifting down the Snake River, or whitewater rafting in the Colorado River?

If you're more akin to drier Colorado country, you could ride the Narrow-Gauge Railroad from Durango to Silverton. Do you like your flurry of travel accompanied by snow flurries? Then snowmobiling in Wisconsin and skiing in Utah is right up your alley.

Are hiking and high altitudes on your bucket list? Cruise the scenic Beartooth Highway in Montana. I also highly recommend the Road to Hana on the island of Maui. Once finished, you're sure to buy the "been there, done that" t-shirt. To call it a "memorable drive" would be an understatement—with hairpin turns (over 620 curves), 59 bridges—of which 46 are ONE lane. Don't miss the many stops along the highway; the black sand beach, the bamboo forest, or any of the breathtaking views along the coastline.

If you love the great outdoors, how about hitting America's National Parks? The Grand Canyon,

Yellowstone, the Badlands, Yosemite, Mesa Verde, Denali, the Everglades, the Sequoia, the Redwood, or Glacier National Parks. And while you're out and about, swing by Mount Rushmore, the Minuteman Missile National Historic Site, the Devil's Tower, Bryce Canyon, or drive through the Badlands.

We really do have so much to explore!

So, you say traveling's not on your radar? Well, it should be. Travel offers a wide range of benefits:

- *Helps you disconnect and recharge*
- *Relieves stress and anxiety*
- *Exposes you to new things and boosts creativity*

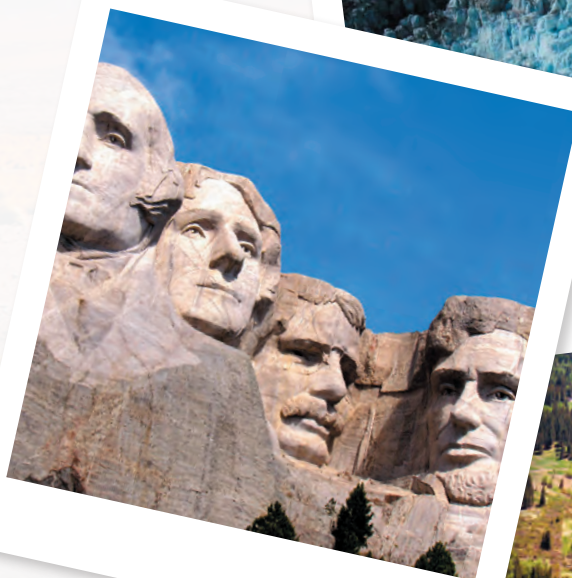
I retired from FSA at the end of January 2021, and luckily, my husband retired on the very same day. Now we're off on adventures that we had only dreamed of. I'm not saying we didn't get out and about prior to retiring, because we did. In fact, nearly every year we pulled off a wonderful get away. However, now that we're retired, gone are the days of only having a week or two of disposable time—just to get back to the daily grind. These recent days come with a new found feeling of continuous freedom.

We're looking forward to adventures that will take us all over this country's amazing landscapes—for many years to come. Yes, we have overseas destinations on our bucket list, and we have visited a few other countries prior to retiring, but we have chosen to celebrate retirement by roaming our great states first and foremost.

Do your homework before traveling, then select the routes and destinations that speak to what you love; whether it's history, the arts, scenic splendor, your hobbies, etc...

If driving, consider taking some of the best roads the US has to offer: Historic Columbia River Highway in Oregon; the Pacific Coast Highway in California; Highway 12 in Utah; the Blue Ridge Parkway in Virginia & North Carolina; the Overseas Highway in Florida; the Arizona State Route 89A; and of course, Route 66 which crosses 8 states and 3 time zones. Plus, I've already mentioned the Road to Hana.

I hope this article has piqued your interest in traveling the US. There's so much to see, so much to do, and we haven't even mentioned the glorious food that's unique to each region! I believe there's as much fun in planning a trip as there is in taking it.





"We are Fiduciaries for your retirement needs. We strive to always act in the best interest of our clients."

BENEFITS FOR MEMBERS

- Complimentary consultations and analysis
- Licensed representation for FERS questions and answers
- In-house team to service active employees and retirees
- Providing spousal retirement income planning
- Retirement benefit education materials
- Assistance with retirement paperwork and questions
- Full tax preparation services *
- Complimentary CPA reviews *
- Estate planning services *
- Education plans for children
- Annual reviews of your FERS benefit statement
- Assistance with conversions and rollovers for your TSP
- Quarterly & annual retirement check-ups

SERVICES WE OFFER

- Federally Licensed Consultants throughout all 50 states
- Phone support for our NASCOE members - Monday through Friday 9am to 5pm EST
- Supporting states and members through comprehensive federal benefit training
- Quarterly and Annual TSP Reviews
- TSP Rollovers and Conversions
- Spousal Rollovers and Conversions
- Assist with spousal retirement benefits
- Lifestyle planning while working and during retirement
- Provide in-house design services to assist conventions and rallies
- Analysis on your retirement income
- Provide downside protection of your income

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- Indexed Annuities
- Fixed Annuities
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- Lifetime Income Products
- Accidental Injury Insurance
- Term Life Insurance
- Whole Life Insurance
- Universal Life Insurance
- Cancer Insurance
- Disability Insurance
- Accidental Insurance
- Pet Insurance
- Spousal & Child Insurance Plans
- LifeLock - Identity Theft Protection
- Tax preparation

* We partner with affiliate companies to provide these services.

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2023 FEDERAL RETIREE COLA WATCH

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 8.9 percent over the last 12 months to an index level of 284.575 (1982-84=100), according to the Bureau of Labor Statistics (BLS).

Trend For Estimated 2023 COLA (FERS / CSRS / Social Security)

| CPI-W Index Monthly | | Percentage (%) Change Monthly | Percentage (%) Trend Toward 2023 COLA |
|---------------------|---------|----------------------------------|--|
| July 2021 | 267.789 | 0.5 | -- |
| Aug. 2021 | 268.387 | 0.2 | -- |
| Sept. 2021 | 269.086 | 0.26 | -- |
| Oct. 2021 | 271.552 | 0.9 | 1.2 |
| Nov. 2021 | 273.042 | 0.55 | 1.7 |
| Dec. 2021 | 273.925 | 0.3 | 2.1 |
| Jan. 2022 | 276.296 | 0.9 | 2.9 |
| Feb. 2022 | 278.943 | 1.0 | 3.9 |
| Mar. 2022 | 283.176 | 1.5 | 5.5 |
| April 2022 | 284.575 | 0.5 | 6.0 |

How was this 2023 COLA estimate calculated?

Each year's COLA is determined by comparing the change in the CPI-W from year to year, based on the average of the third-quarter months of July, August, and September. The average CPI-W for the third quarter of 2021 was 268.421.

The amount of a COLA is determined by the percent change in the base quarter price index from the previous year to the year in which the COLA is to become effective (the final number is adjusted to nearest 1/10 of 1 percent).

The Consumer Price Index for May is scheduled to be released on June 10, 2022.

The official 2023 COLA will be released by the Social Security Administration (SSA) in mid-October 2022. The SSA will calculate the percent change between average prices in the third quarter of the current year (ending on Sept. 30) with the third quarter of the previous year.

Source: myfederalretirement.com/fers-csrs-cola-watch/

Summer Facts



The longest line of garden flamingos featured 1,500 birds!



The largest scoop of ice cream ever weighed over 3,000 pounds.

Fruit gets way cheaper in the summer.

There are more than 300 varieties of watermelon.

Americans drink billions of glasses of iced tea each year.

The world's largest surfboard collection includes about 650 boards.

Around 100,000 thunderstorms happen in the U.S. each year, mostly during the summer.

Monarch butterflies spend the summer in North America before migrating south.

It's possible to visit all 30 Major League Baseball stadiums in 30 days.

Americans eat enough hot dogs on July 4 to stretch from Washington, D.C. to Los Angeles five times.

In the US, hottest days of the year occur between July 15 and July 31.

More babies are born in the summer than any other time of year.



Source: bestlifeonline.com

Chicken Burgers

Recipe By Debbie Staley

Ingredients

2 lbs ground Chicken
2/3 Cup Panko Bread Crumbs
1 Tbsp dry Ranch Seasoning
1 Tsp Roasted Garlic Powder
(regular garlic powder will work too)
1 Tsp Onion Powder or 1/2 Cup diced Onion
1 egg
2/3 Cup Shredded Cheese

Instructions

Combine all ingredients in a bowl and incorporate with your hands.

Shape the patties and grill or pan fry.

Serve alone or put on a bun with your favorite condiments.

Note: If you have more than you need to cook, go ahead and make the additional patties and freeze. These thaw quickly and are just as good as the day you made them.



CONTEST

Find All Of The Hidden
Beach Items Throughout
The Newsletter

Email Your Answer To: dfs@dillardfinancial.com

Winners will be notified by e-mail | ONE ENTRY PER PERSON

R A S C O E

National Association of Retired
ASCS/FSA Office Employees

Frequently Asked Questions

By Becky Zirpel, RASCOE Member

After seeing all the Facebook posts from our retirees about the retirement process, we felt that it might be appreciated for us to share information that was shared with us. Thank you to Becky Zirpel, RASCOE Member from South Dakota for providing the following information about things you need to know if you plan to retire anytime soon. We also ask members to keep in mind that retirements are not processed entirely by FSA and that this is a government wide issue.

Q: What is the waiting period before receiving the annuity is finalized?

A: Waiting time for final adjudication should be 2-6 months or something may be wrong. Contact the STO first for help, and if necessary, OPM second. Please see below on reasons why STO may not be able to provide the help.

A: The number for OPM is 1-888-767-6738 and you will need to be prepared to wait. Try placing your phone on speaker and find a good book to read during the wait. Your STO can open a ticket, but it's on an individual case by case basis.

A: Divorce - It would take longer if the divorce decree was not included in the retirement package and the divorce related questions were not answered correctly. Even if everything is completed properly it could result in a slight delay.

A: As a general rule, the interim (estimated) payment is anywhere from as low as 60% - 70% up to 85% - 90% of the base annuity, not including the FERS supplement (if applicable), is before taxes and insurances are taken out.

Q: How long does a retirement package stays in the interim status also depends on the situation?

A: If an employee with a less complex work history has stayed in the same agency their entire career, those seem to be finalized quickly. Some factors that can slow down that final adjudication are the FERS Supplement calculation or if the retiree has a more complex work history such as working for more than one agency, having a break in service, or having extensive temporary time that needs to be computed. CSRS and CSRS Offset employees tend to see a longer delay as well. Other factors could include forms not completed properly, missing information, and final timesheet and retirement action not processed timely.

Q: How much is the amount of interim payment?

- A: As a general rule, the interim (estimated) payment is anywhere from as low as 60% - 70% up to 85% - 90% of the base annuity, not including the FERS supplement (if applicable), is before taxes and insurances are taken out. The Supplement is not given until the retirement is finalized and is retroactive back to the retirement date.
- A: Other factors to consider include the pandemic causing OPM to fall behind on adjudicating retirement cases. There are more retirements and less staff available to process them. The final adjudication may be delayed 6 months, but the retiree should get their interim payment timely and between the 60% - 90% of the estimated annuity. If anyone has not heard by 6 months, seek assistance.
- A: The retiree does not pay health and life insurance premiums until the case is finalized. So, for example if it takes 4 months for a case to be finalized, for 4 months that retiree may only receive 60% of their base annuity and no FERS Supplement, but they also will not pay health or life insurance premiums for those 4 months. Once the case is finalized, they'll get that missing 40% times 4, plus the FERS Supplement times 4, but out of that will come 4 months' worth of life and health insurance premiums. At that time the retiree will get a complete breakdown of all that and a notification of what their set monthly annuity, including the FERS Supplement. You do not have to be concerned about losing your insurance during that time.

IMPORTANT!

Anyone with Benefits Direct (JM MKT) or other outside agency insurance you will need to contact that company 2 months prior to make sure you get set up to pay those premiums.

Q: What do I do if I am not able to connect with OPM and STO is not able to help after I retire? The following are some possible solutions and/or reasons.

- A: The Farm Production and Conservation Business Center (FPAC) began handling retirements a few years ago but some States requested to keep the retirement process in-house. This may be why some STO's are able to provide help as others are not. So, in some cases a discrepancy could start with their state office and others with the Business Center. Common issues include retiree misunderstanding, a retirement specialist misspeaking, or an incomplete retirement package submitted. In most cases it will be more productive to focus on moving forward instead of on who made the error.
- A: If a state's retirement is serviced by the FPAC Business Center, then the prospective retiree opens a ticket, and the request/inquiry is handled by whoever is assigned the ticket. STO collects and organize all the retirement documents and submits what's called an NFC SNOW ticket. NFC adds the pay history and then forwards the package to OPM for processing.

Q: Federal taxes are taken out during interim which is the proper way and then rarely again when final payment is finalized. How does a retiree adjust their taxes after the final payment is finalized since the files have been transferred out of the STO?

- A: While in the interim status, all that should come out of the interim payment is federal tax at a standard rate determined by OPM. Once the case is finalized, the applicable federal tax is calculated. The retiree is given access to Retirement Services Online where they can adjust their federal tax at any time. This is similar to what an employee can do in EPP when they want to adjust their W-4 tax withholding. So, they do have the option to change federal tax if they feel too much is being withheld. This could also be reconciled when filing your yearly tax with IRS.

THE BASICS OF DOLLAR COST AVERAGING

There's a time-tested strategy that can help you buy more when prices are lower and less when prices are higher. It's called dollar cost averaging.

\$

Is TSP the greatest dollar cost averaging plan on Earth?

Dollar cost averaging refers to the practice of systematically investing equal amounts, spaced out over regular intervals, regardless of price, in an effort to reduce the impact of volatility on the overall purchase. It's also known as the "constant dollar plan."

This commonly used method can build savings and wealth over a long period. It is also a way to help neutralize short-term volatility in the broader equity market.

A prime example of dollar-cost averaging is its use in 401k plans and the Thrift Savings Plan, in which regular purchases are made regardless of the price of any given equity within the account.

With your TSP, you select a predetermined amount of your salary that you wish to invest in the TSP System. When you receive your pay your contributions are automatically deposited into your chosen allocations.



Did you know... as far as defined contribution plans go,
the Thrift Savings Plan is the *largest in the world!*
With Nearly **\$793 BILLION IN ASSETS**

SOURCES: investopedia.com/terms/d/dollarcostaveraging.asp | fedsmith.com/2021/12/17/one-tsp-fund-soaring-in-2021

The U.S. is at a “very, very high risk of recession.” –Goldman Sachs' Senior Chairman, Lloyd Blankfein

The U.S. is facing its worst inflation in 40 years.

Due to surging food and energy costs, inflation hit 8.5% in March, well above the central bank's target of 2%. While inflation has come down to 8.3%, more rate hikes are expected in the next few months.

Blankfein made these comments during his *Face the Nation* appearance on CBS News and added that businesses and consumers should brace themselves.

He also mentioned that there's “a narrow path” for the Federal Reserve (FR) to make use of its “very powerful tools” and avoid this eventuality, and that the Federal Reserve is “responding well” to the situation, and then cautioned that getting inflation rate down is “going to involve some pain”.

That same day his company's economists cut their forecast for US growth this year and the next—the US economy is expected to grow 2.4% this year, down from 2.6%. For 2023, the forecast is cut from 2.2% to 1.6%.

While some supply chain issues may resolve as Coronavirus pandemic lockdowns in China and the war in Ukraine eventually end, “stickier issues” like rising energy prices will remain.

Inflation increased due to the extra fiscal spending during the pandemic. However, Blankfein feels that the FR “reacted sensibly with what they knew at the time.”

Earlier this month, the FR hiked the benchmark lending rate by 50 basis points, the biggest jump in over 2 decades, to a range of 0.75 to 1%.

The first U.S. roller coaster was at Coney Island in Brooklyn, NY. The Switchback Railway, debuted in 1884.



As reported June 1st, 2022

“BRACE YOURSELF FOR AN ECONOMIC HURRICANE”

—Jamie Dimon, JPMorgan Chase CEO
JPMorgan Chase is the largest US bank

SOURCE: cnbc.com/2022/06/01/jamie-dimon-says-brace-yourself-for-an-economic-hurricane-caused-by-the-fed-and-ukraine-war.html

PUBLISHED JUN 1, 2022

AVOID THE STORM

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Luca Pacioli
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The Rule of 72

Invented by renowned Italian mathematician, Luca Pacioli, the Rule of 72 is still used today. It's a great mental math shortcut that estimates the effect of any growth rate—anything from quick financial calculations to inflation.

Here's the formula:

$$72 \div \text{The Interest Rate} = \text{Years to Double}$$

It's that simple! This formula is useful for financial estimates and understanding the nature of compound interest.

EXAMPLES

- At 6% interest, your money takes 12 years to double. ($72 \div 6$).
- Want to double your money in 10 years? You'll need an interest rate of 7.2%. ($72 \div 7.2$).
- A country's GDP grows at 3% per year, that means their economy will double in 24 years. ($72 \div 3$). If that country's growth slips to 2%, it will take 36 years to double. If growth increases to 4%, the economy doubles in 18 years.

Given the speed at which technology develops, shaving years off the growth time could be very important.

You can also use the rule of 72 for expenses like inflation or interest.

- If inflation goes from 2% to 3%, your money will lose half its value in 24 years! (Instead of 36).
- If college tuition increases at 5% per year—which is faster than inflation—higher education cost will double in about 14.4 years. ($72 \div 5$).
- If your credit card interest is 15%, the amount you owe will double in only 4.8 years! ($72 \div 15$).

The rule of 72 shows how a “small” 1% difference in inflation or GDP expansion has a **HUGE** effect in forecasting models.

By the way, the Rule of 72 applies to **anything** that grows, including population.

Can you see how a population growth rate of 3% vs 2% could be a gigantic problem for planning?

Instead of having 36 years to double your capacity, you've only got 24! 12 YEARS were shaved off your schedule because of 1 percentage point.

SOURCE: <https://betterexplained.com/articles/the-rule-of-72>

Where were
you at during
these times?



RECOVERY TIMES

FROM
MAJOR
MARKET
SLIDES

Source: tuckeradvisors.com

1901-1903

- The Dow fell 46 percent.
- Recovered by July 1905.
- Recovery time: 2 years.

1906-1907

- The Dow fell 49 percent.
- Recovered by September 1916.
- Recovery time: 9 years.

1916-1917

- The Dow fell 40 percent.
- Recovered by November 1919.
- Recovery time: 2 years.

1919-1921

- The Dow fell 47 percent.
- Recovered by November 1924.
- Recovery time: 3 years.

1929-1932

- The Dow fell 89 percent.
- Recovered by November 1954.
- Recovery time: 22 years.

1939-1942

- The Dow fell 40 percent.
- Recovered by January 1945.
- Recovery time: 3 years.

1973-1974

- The Dow fell 45 percent.
- Recovered by December 1982.
- Recovery time: 8 years.

2000-2002

- The Dow fell 36 percent.
- Recovered by September 2006
- Recovery time: 4 years.

2008-2009

- The Dow fell 52 percent.
- Recovered by April 2011.
- Recovery time: 2 years.



Lawmaker Requests Meeting with TSP to Fix Problems with New Online System.

Congresswoman Eleanor Holmes Norton requested a meeting with the Executive Director of the Federal Retirement Thrift Investment Board, which manages the Thrift Savings Plan, to discuss the ongoing problems with the new TSP website that rolled out in early June.

“The Thrift Savings Plan is so essential to federal employees and retirees that the Federal Retirement Thrift Investment Board must immediately fix the problems with the new online system,” Norton said.

“That is why I have requested an urgent phone call with the Executive Director. Constituents have told me of phone wait times of over nine hours, of disconnected calls, and of missing and incorrect information in their accounts. I appreciate my constituents bringing these consequential concerns to my attention, and I will continue to work to fix these issues.”

Constituents have told me of phone wait times of over nine hours...

SOURCE: myfederalretirement.com/tsp-problems

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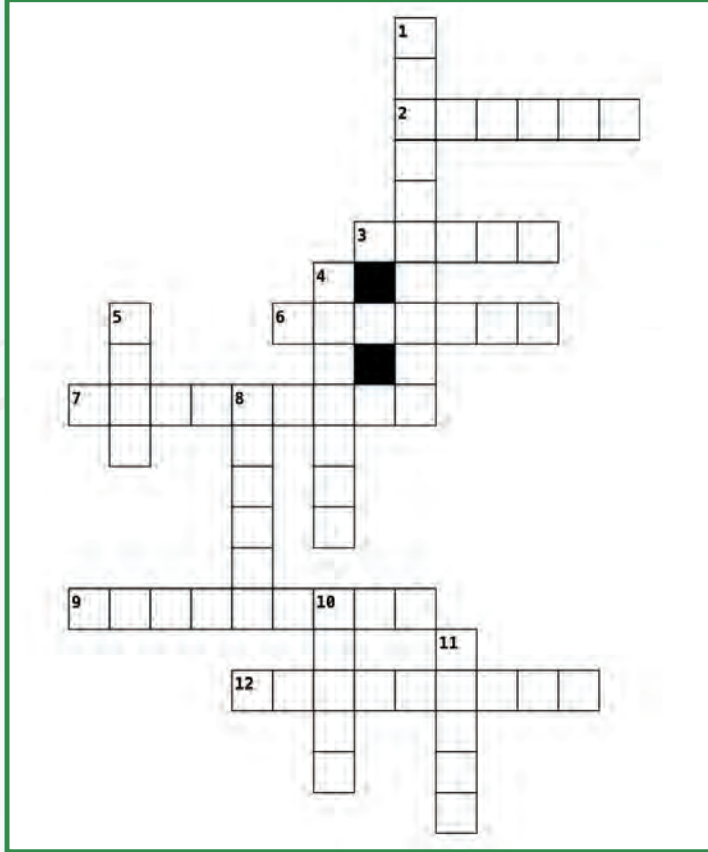
Now, more than ever, there's an increased need to know who you can trust in the retirement services field. By choosing an approved member of the National Ethics Association™, you gain the added assurance of knowing that you're working with a consultant who has successfully passed the Ethics Check System™* and has agreed to uphold the principals and impeccable standards of the NEA.

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Visit www.ethics.net to view our up-to-date member approval status and professional profile.

**Background check includes: Criminal, professional license & civil background verification.*

Visit www.ethics.net for NEA details



ACROSS

2. A gift left in a will
3. A financial earning that results in an increase of wealth
6. A fund of money put aside
7. A general increase in prices
9. Economical slump
12. A person who puts their clients' financial needs ahead of their own

DOWN

1. The division of things into portions or shares
4. Assets that are available for use in the production of further assets
5. A reserve of money
8. A thing of monetary value
10. A statistical measure of change within a market
11. Funds are locked for a predetermined period of time

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Educate Federal Employees on alternatives to their Federal Government Benefits.

Provide the most competitive, manageable, and secure Retirement Benefits & Insurance Product options available.*



OUR CREDENTIALS



DUNS# 078747605

*Applicants must meet suitability requirements. Returns are guaranteed by the reserves of the insurance companies.

Mixing Work & Social Security Is A Matter of Time

Article By Heather Schreiber

Although this topic might seem straightforward — substantial earned income before full retirement age (FRA) can cause some or all Social Security benefits to be withheld — the annual earnings test (AET) can actually be more complex than portrayed.

Nuts and Bolts

Here are the AET basics:

- Claiming Social Security retirement benefits before FRA results in a scaled reduction, depending on the length of time before FRA the benefit is claimed. The maximum reduction from someone's FRA is 30%, if he or she was born in 1960 or later. That assumes starting Social Security at age 62.
- A senior who adds substantial work into the mix while claiming a benefit before FRA might have even bigger problems; it's important to become fully educated on the unique interplay between the AET and an early claim for Social Security.
- In 2022, someone who is under FRA for the entire year while earning more than \$19,560 stands to see Social Security benefits drop by \$1 for every \$2 over that threshold. The cuts will come before the first dollar of benefits is paid.
- In another scenario, someone who will reach his or her FRA this year can earn up to \$51,960 before encountering the AET. Even then, only \$1 for every \$3 of excess earnings will be withheld from the monthly Social Security benefit before the first dollar is paid.
- Once the coveted month of FRA is reached, the AET no longer applies. The AET becomes one rule that can be struck off the list of claiming considerations.

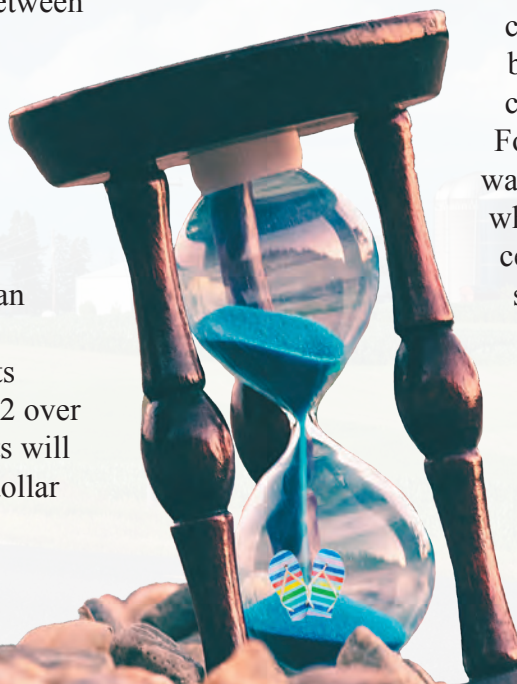
AET Income Defined

One reason that the AET is widely misunderstood is the confusion about what constitutes “earnings.”

For this purpose, earned income comes from employment, either by working for someone else or through self-employment.

Earnings include all Social Security-covered gross wages (salary, bonuses, tips, and elective retirement contributions reported in Box 3 of Form W-2). AET earnings also include wages not covered by Social Security, which might be paid to employees by certain government employers, such as state teachers' retirement systems.

For the AET, only the earnings of the individual filing early are counted, not those of the claimant's spouse. Also excluded from the AET calculation.



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