

Social Security falling short? Top ways to supplement retirement income

By [Brittany De Lea](#) | Published October 18, 2018 | [Social Security Benefits](#) | [FOXBusiness](#)

While next year retirees will see the biggest bump in their Social Security checks since 2012, industry groups have cautioned it won't be enough to cover rising lifestyle costs.

The AARP and the Alliance for Retired Americans said the 2.8 percent jump in benefits would not be enough to keep up with increasing expenses related to health care, housing and prescription drugs, presenting a challenge to the many people who rely on the checks to live.

“For today’s retiree, the pension is becoming more and more hard to come by, therefore many of today’s retirees depend on social security for a large part of their income stream,” John Iammarino, principal and founder of Securus Financial, told FOX Business.

While individuals of all ages are faced with savings challenges, here are some ways older Americans can supplement Social Security income.



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Assess your properties

Bryan Bibbo, an accredited investment fiduciary with the JL Smith Group, told FOX Business it may be helpful to consider downsizing properties. That could mean moving from a house into a condo or a ranch.

“Property taxes, insurance and maintenance costs add up, as maintaining a home is labor intensive,” he told FOX Business. “Smaller properties usually mean lower real estate costs.”

That could be particularly helpful in the wake of the Trump administration's tax reform law, which implemented a cap on state and local tax deductions at \$10,000.

Additionally, if you own a rental property, lammarino says accessing rental income can be a good way to close the income gap between monthly Social Security payments and lifestyle needs.

Reduce your taxes

It is important to note that supplementing your income could actually trigger Social Security taxes.

Social Security will be taxed at a rate of up to half of benefits when provisional income for single filers hits \$25,000 and when it hits \$32,000 for a married couple. Up to 85 percent of benefits are taxable when incomes exceed \$34,000 and \$44,000 for each group, respectively.

Bibbo notes there are strategies people can use to help keep more money in their bank account, including withdrawing cash from after-tax accounts – such as Roth IRAs – instead of taxable accounts. People preparing for retirement can also roll money from a traditional IRA into a Roth account.

Diversify your investments

If you have a diversified investment portfolio, lammarino recommends retirees take distributions from those assets – which can be anything from stocks and bonds to REITs.

Bibbo also says it can be helpful to invest in an annuity, which can provide guaranteed income throughout retirement.

An annuity is a contract between an individual and an insurance company, which provides limited income each year – similar to the structure of Social Security. Buyers pay a premium until they reach the payout phase, and then the annuity starts paying the annuitant.

However, before picking an annuity, investors need to do their due diligence.

“It is important to be aware that not all annuities are created equal,” Bibbo cautioned. “You should review costs, death benefits, and income structures before purchasing.”

Annuities are highly customizable to the unique situation of the individual.

Get a part-time job

For those that need a little extra cash in retirement, lammarino suggests getting a job.

In 2016, 19 percent of the labor force was made up of individuals over the age of 65, according to the Pew Research Center.

Those working past 65 were more likely to occupy positions in sales, legal, education, business and financial operations than food services, construction or computer and math jobs, Pew found.

The White House recently devoted a week to tapping the senior labor force, which included endorsing skills training to help equip older Americans with the skills required by the modern labor market.

Meanwhile, as the number of older workers in the labor force rises, so do their wages. Data from the U.S. Census Bureau showed that between 1994 and 2005, average monthly wages for those over 65 increased by 80 percent to \$4,092. That far outpaced any other age demographic.

Consult a professional

According to Bibbo, there are more than 560 different strategies a married couple can employ to collect Social Security based on their specific needs. Therefore it can be helpful to consult a professional to ensure you are getting the most out of your situation.

2019 COLA

The Social Security Administration announced last week that the cost-of-living adjustment for the coming year will boost the average beneficiary's check by about \$39 per month.

It will raise the current maximum benefit collected by someone who retires at full retirement age – age 66 for people born in 1943 through 1954 – by about \$78 per month. About 67 million Social Security and Supplemental Security Income beneficiaries will be impacted.

The new monthly rates will go into effect for Supplemental Security Income on Dec. 31 and on Jan. 1 for Social Security.

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