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## *Social Security*

# Why NOW is a good time to check your Social Security statement



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If you have not started your Social Security benefits, no matter your age (young or old) this article is for you. We want to encourage you to check your Social Security statement now.

While many may argue contrary to our fantastic Social Security speaker whom we have had twice now, Mr. Tom Clarke, who assures us that Social Security will always be there, many do not believe this for various reasons.

No matter your beliefs we highly encourage you to check your Social Security statement and most importantly your Social Security earnings record.

(see Social Security, Page 2)

## ***Secure Act Provision revisited***

In December of 2019, which may seem like an eternity to many, present party included, major laws were passed that were effectively squashed in 2020 due to two other stimulus bills occurring in the year 2020.

Late in 2019, a likely forgotten act was passed called Setting Every Family Up for Retirement and Enhancement, AKA SECURE Act. With a major stimulus act enacted 90 days later, that essentially waived many of the SECURE act items. We wanted to revisit and remind you of some of the major changes.

(see SECURE Act, Page 5)

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# Social Security: check for gaps, partial credit in earnings

## Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings	Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1977	226	226	2002	35,205	35,205
1978	611	611	2003	36,391	36,391
1979	1,208	1,208	2004	38,364	38,364
1980	2,258	2,258	2005	40,041	40,041
1981	3,361	3,361	2006	42,116	42,116
1982	4,293	4,293	2007	44,208	44,208
1983	5,473	5,473	2008	45,296	45,296
1984	7,287	7,287	2009	44,665	44,665
1985	9,018	9,018	2010	45,727	45,727
1986	10,453	10,453	2011	47,176	47,176
1987	12,223	12,223	2012	48,560	48,560
1988	13,894	13,894	2013	48,911	48,911
1989	15,441	15,441	2014	50,277	50,277
1990	17,064	17,064	2015	51,550	51,550
1991	18,522	18,522	2016	51,462	51,462
1992	20,238	20,238	2017	51,990	51,990
1993	21,076	21,076	2018	52,445	52,445
1994	22,237	22,237	2019	52,769	52,769
1995	23,674	23,674	2020	Not yet recorded	
1996	25,364	25,364			
1997	27,321	27,321			
1998	29,204	29,204			
1999	31,254	31,254			
2000	33,373	33,373			
2001	34,514	34,514			

(continued from Page 1)

Above is a new, 2021 example from the Social Security Administration, Earnings Record Page (cut from Page 3 of the Sample Statement).

Do not be concerned if, just as this example, it does not show your 2020 earnings posted as of yet. There have been some delays and normally this is not posted at an early time in the year anyway.

**Self employed folks need to pay particular attention to your earnings history especially any over 15 years ago.**

What we want to be concerned about is if there are gaps in our earnings history or a partial credit (change of employers) that should have been credited. There are many reasons that this can occur; such as, just a lost document in the mail or an employer was bought out or closed and did not report your

hard earned earnings period.

Self employed folks need to pay particular attention to your earnings history especially any over 15 years ago. This is because earnings records for you during this prior period were pulled from your actual income tax returns, which were mostly paper at the time, leaving a wide margin for mistakes.

### How do I find this statement?

In 1999, the Social Security Administration mailed a paper copy to everyone every year. Budget cuts a dozen years later stopped this handy paper copy, leaving all of us to easily forget to double check our statement annually.

For the record, according to the Administration folks at age 60 are supposed to receive a paper copy but our informal poll shows a low hit ratio.

(see Social Security: log, Page 3)

# Social Security: log in or create account to check status

(continued from Page 2)

Not to worry. It is not that hard to set up an account, ESPECIALLY if it is your first time.

Go to [sss.gov](https://www.sss.gov). In the lower left hand corner of this page click the button (see right graph).

Once on the next page, hit the button to create your account or if you already have an account, log in just below the button (see bottom graph).

## Here are items you will need and instructions from the Administration:

To finish setting up your account, you will need to:

1. Enter some personal information.
2. Enter the account activation code you received.
3. Create a username and password.
4. Select how you want to receive your unique security code, and
5. enter the unique security code that is provided.

## Terms of Service

You must be able to verify some information about yourself and:

- Have a valid email address;
- Have a Social Security number;
- Have a U.S. mailing address;
- and
- Be at least 18 years of age.



**my Social Security**

Check out your *Social Security Statement*, change your address & manage your benefits online today.

## Create your personal **my Social Security** account today

A free and secure **my Social Security** account provides personalized tools for everyone, whether you receive benefits or not. You can use your account to request a replacement Social Security card, check the status of an application, estimate future benefits, or manage the benefits you already receive. All from anywhere!

Create an Account

Sign In

Finish Setting Up Your Account

You can only create an account using your own personal information and for your own exclusive use. You cannot create an account on behalf of another person or using another person's

(see **Social Security: gather**, Page 4)

# Social Security: gather evidence, pick option if mistake

(continued from Page 3)

information or identity, even if you have that person's written permission.

## Personal story of access

In reviewing my personal account for research on this article, I had a great deal of trouble getting the code to work. It took about two days before the code correctly sent. In fairness, I had forgotten my credentials and had to reset my password and also had a very unique and generic username that had been changed since my last sign on.

If this is your first time to log into the system, you likely will not have any such issue but using myself as an example, it's a very good idea to keep your credentials safe and sound.

## There is a mistake, now what?

No matter the reason, if you spy an amount that is incorrect you need to notify the Social Security Administration in order to have those hard earned credits added to your earnings history.

**In doing research for similar articles before, there were multiple hard comments about a three year window. We do not find that information on the site at this time.**

of correction.

1. Call the Administration at 800-722-1213.
2. Go by your local Social Security office -

Office Locator by zip - (<https://secure.ssa.gov/ICON/main.jsp>)

3. Complete Form SSA-7008 and mail to the Administration in Baltimore, MD (<https://www.ssa.gov/forms/ssa-7008.pdf>)

## Interesting findings from research - don't delay

In doing research for similar articles before, there were multiple hard comments about a three year window. We do not find that information on the site at this time. We also found this excerpt from a case concerning the corrections.

*The basic time limitation period within which earnings records may be corrected or altered is defined by § 205(c) of the Social Security Act, 42 U.S.C. § 405(c)(1)(B), as three years, three months, and fifteen days. Changes, deletions, and inclusions in the SSA records after the time limit may be made in ten exceptional situations. Id. (c)(5)(A) (J). Inclusions in the SSA record after the time limit be made if "it is shown that [the claimant] filed a tax return of his self-employment income for such year before the expiration of the time limitation." Id. (c) (4)(C).*

Bottom line; if you find a mistake, do not delay in fixing it. Just like in life, the farther you get from the event, the harder it may become to repair.

In closing, we had intended to go into other aspects of the statement but with space concerns, we may visit those items in future communications.

# SECURE Act

## Age for mandatory RMD pushed to 72

(continued from Page 1)

With the possibility of additional changes in the work, we are only going to hit the major items that have the most probability of standing and do affect planning items under the current circumstance.

### Required Minimum Distributions RMD pushed to age 72

With the passing of the SECURE act, the old age of 70.5 mandatory RMD (Required Minimum Distribution) was pushed to age 72.

Many times, it is not appropriate to wait until this age, depending on the location of some assets. EX Large IRA

compared to other non IRA investment, tax brackets, one off income years

For those where it is appropriate to wait until the latest possible date, you can actually wait until the year AFTER you turn 72 as long as you take the distribution before April 1 of the year AFTER turning 72.

**With the passing of the SECURE act, the old age of 70.5 mandatory RMD (Required Minimum Distribution) was pushed to age 72.**

Warning, in almost all cases we discourage this last maximum delayed technique as it ends up forcing two RMD's in the same tax year of your 73 birthday.

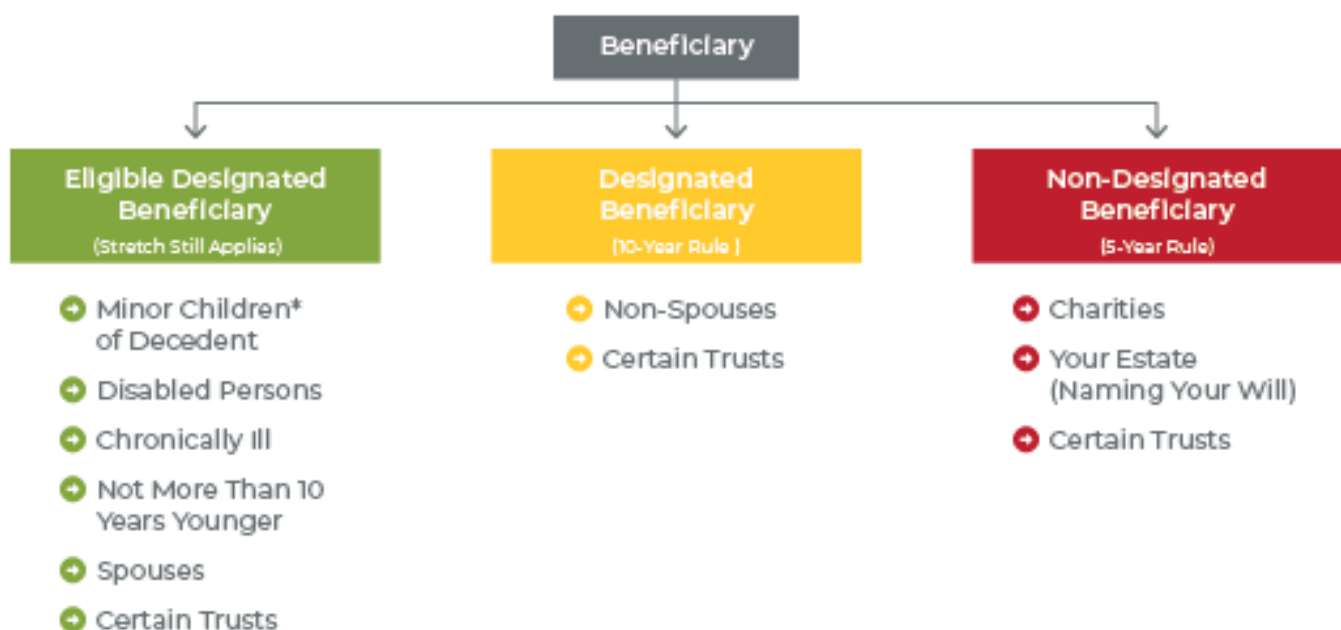
The amount of your RMD will be the regularly scheduled amount that would have been at age 72, which calculation grows annually to force more qualified funds from the account(s).

### Less flexible beneficiary distributions for many – partial STRETCH loss

Another important part of the SECURE Act, again which we feel will likely NOT be adjusted, is faster mandatory

(see SECURE Act: Beneficiaries, Page 6)

## IRA BENEFICIARIES AFTER THE SECURE ACT



\*Only applicable until the minor reaches the age of majority

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# SECURE Act

## Beneficiaries have 10 years to empty account

(continued from Page 5)

distributions for certain beneficiaries, most notably non-spouse.

**Post SECURE Act implementation (starting in 2020) non spouse beneficiaries (kids) will only have 10 years to empty the account rather than a lifetime minimum distribution...**

Post SECURE Act implementation (starting in 2020) non spouse beneficiaries (kids) will only have 10 years to empty the account rather than a lifetime minimum distribution based on the non-spouse beneficiary's age.

Before you throw your hands up and say "Gotcha" it was not too long ago that there was an actual almost always mandated five year completely distributed rule, a rule which still exists under certain circumstances today but is not as all

encompassing.

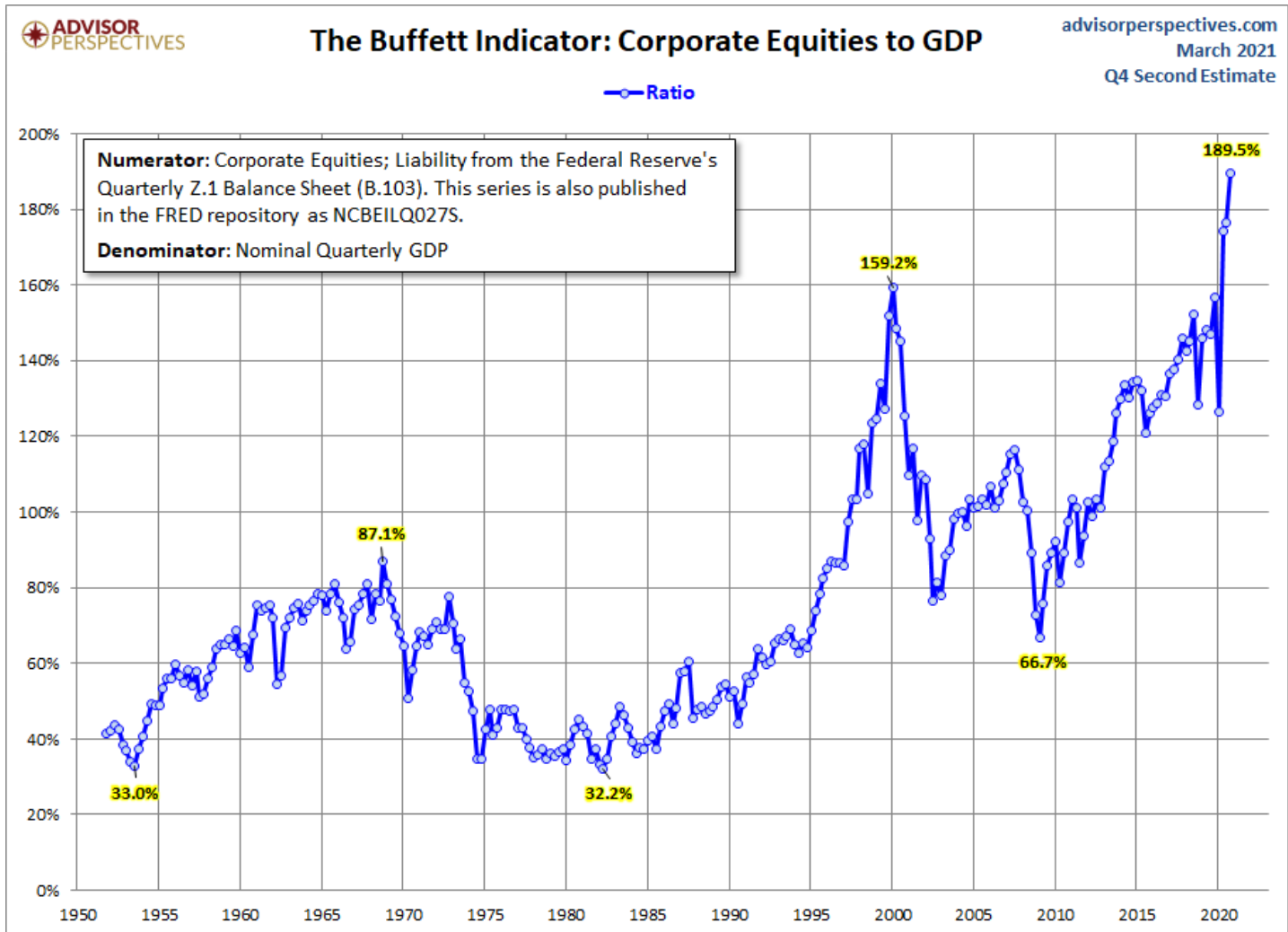
Here is a more complete list of changes provided by the SECURE act which we were hesitant to print due to the possibility of changes on a few items (see chart below).

In closing, there is a chance of change on some of these items; however we wanted to remind you of the majors, and especially the ones we feel have a low chance of change and larger planning implications.

### KEY 2019 SECURE ACT AND TAX EXTENDERS

NEW IRA RULES	401(K) PROVISIONS	OTHER PROVISIONS	TAX EXTENDERS
<ul style="list-style-type: none"> <li>• Elimination of the lifetime "stretch" provision for non-spouse beneficiaries of inherited IRA and other retirement accounts, replaced by a 10-year distribution cap</li> <li>• RMDs for IRAs required to start beginning at age 72 (instead of 70 ½)</li> <li>• Removal of 70 ½ contribution age limit</li> <li>• \$5,000 Qualified Birth or Adoption Distribution</li> <li>• Taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes</li> <li>• Non-deductible IRA contributions can be made with certain foster care payments</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of ERISA fiduciary Safe Harbor for selecting an annuity provider for retirement plans.</li> <li>• Creation of a "distributable event" for annuities no longer allowed as plan investment options</li> <li>• Tax credit for small businesses that establish a 401(k) (or a 403(b), SEP IRA, or SIMPLE IRA)</li> <li>• Tax credit for adoption of auto-enrollment of participants in 401(k) plans</li> <li>• Maximum contribution for 401(k) automatic enrollment increased to 15%</li> <li>• Long-term, part-time employees who work at least 500 hours in at least three consecutive years will be eligible to participate in their employer's 401K plan</li> <li>• Provides for MEPs to maintain qualified status overall, if only one employer's portion is disqualified</li> <li>• Elimination of 401(k) loans made via credit cards or similar arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Employers may adopt employer-funded retirement plans up to the due date of the employer's tax return</li> <li>• Increased penalties for employers failing to file taxpayer and employee benefit plan returns</li> <li>• Qualified education expenses for 529 plan funds expanded for student loans and apprenticeships</li> <li>• Kiddie tax reverts applicable children's income to be subject to child's parents' marginal tax rate</li> <li>• Allowance of qualified Disaster Distributions up to \$100,000 per disaster, from retirement accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Discharge of certain qualified principal residence indebtedness is excluded from gross income</li> <li>• Allowance of mortgage insurance premium deduction</li> <li>• Deduction for qualified tuition and related expenses</li> <li>• AGI "hurdle rate" for deducting qualified medical expenses to remain at 7.5%</li> <li>• Miscellaneous incentives for economic growth, energy production, and green initiatives</li> </ul>

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by Jill Misilinski, 3/3/21 Advisor Perspectives

## Buffett indicator market capitalization to GDP indicator

Warren Buffett AKA the Oracle of Omaha due to his multiple decade's investment prowess, is most famously known for his Berkshire Hathaway Insurance and Investment company conglomerate. He is also very well known for keeping tight lipped on his thoughts.

About two decades ago now, during a Forbes interview Buffett let slip his favorite macro-Capital Market Value indicator (blunt estimate of markets over or undervalued.) The word was out and many have tracked this indicator over the past two decades.

### Equity Value versus U.S. GDP

Essentially Buffett's simple ratio is the Gross Value of Stocks/Equities divided by the U.S. Gross Domestic Production (Economic Activity/Value).

Thanks to the CEO of Advisor Perspectives Copyright reprint ok, we are in business to reproduce the graph (above).

OK, so the sizzle is it's never been this high before; that's the bad news, but the good news is it is possible to grow into valuations. If capital markets don't rise dramatically this year and earnings turn out to be what analysts are expecting them, this valuation metric should turn tail and head the other direction back to more safer grounds.

Should capital markets continue to rise, stretching the limits of this measurement, it could mean for rocky times ahead.

No matter the outcome, now is not the time to be super aggressive, which by now you know we never are!

Time will resolve our question.

*JM*

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## Parting thoughts for you...

The last few newsletters seem to have carried a theme. This quarter the theme we coined is "Reminder."

Laws put into place near the end of 2019 along with the waiver of many of those laws in 2020 made those prior laws seem like a distant memory. We hope you enjoy our review of the SECURE Act of 2019 which changed multiple items especially with regards to retirement funding and distributions.

In our Social Security reminder article, we suggest and show everyone how to

check their Social Security earnings record. No matter your thoughts on the future of Social Security, it's a good idea to make sure your credits are being received.

Lastly, an article that first ran on our blog post in Street-cents and garnered a lot of comments, the Warren Buffett back of the napkin macro-Market Valuation Graph find residence squished in with our other big reminder articles.

We hope you enjoy, thanks for your time and Happy Spring!

### Dates:

- Easter, April 4
- Mother's Day, May 9
- Memorial Day, May 31
- Father's Day, June 20

### Things to do now:

**CHECK your Social Security account.** Check for gaps or partial credit in your earnings history. See Page 2.

**SET UP or log in to Social Security account.** See details on Page 3.

**REVIEW mandatory RMD age.** See Page 5.

**REMEMBER Buffett.** Markets fully valued currently. See Page 7.