



The Financial Planning Newsletter

FINANCIAL PLANNING & RECORD KEEPING (Carol Hattrup, Col, USAF

(Ret)): On March 6, 2012, the White House issued a press release about new steps to support homeowners and their families. It explained two steps the Administration is taking to support home owning-veterans and homeowners and their families

1. Providing relief for service members and veterans, including those wrongfully foreclosed upon or denied a lower interest rate on their mortgages, and
2. Reducing fees for FHA borrowers looking to refinance.

Readers of this newsletter should review their financial situation to determine if they qualify as major loan servicers will be providing significant relief to thousands of service members and veterans. Under the agreement, they will:

- Conduct a review of every service member foreclosed upon since 2006 and provide any who were wrongly foreclosed upon with compensation equal to a minimum of lost equity, plus interest and \$116,785;
- Refund to service members money lost because they were wrongfully denied the opportunity to reduce their mortgage payments through lower interest rates;
- Provide relief for service members who are forced to sell their homes for less than the amount they owe on their mortgage due to a Permanent Change in Station;
- Pay \$10 million dollars into the Veterans Affairs fund that guarantees loans on favorable terms for veterans; and
- Extend certain foreclosure protections afforded under the Service member Civil Relief Act to service members serving in harm's way.

As a practical matter, however, it will be critical for the individual homeowner, veteran or service member to pull out their records and loan documents and pursue the matter and aggressively advocate for himself or herself. Specific examples and the contact information for homeowners or former homeowners to call are included in the press release.

And this gets me to the real purpose of this piece, the need for all households to keep good paper financial records. While much of our day to day life is now being done on-line, to include banking and so on, at the end of the day, the various agencies that one deals with, whether it be a banker or lender, the VA, DOD, or IRS, all of them maintain separate records and separate databases. Only you can be responsible for ensuring you have a complete financial record, and all of the critical documents that may be needed in the review of your transaction, or to provide to your financial advisor or accountant so they can give you accurate and complete advice as to the best course of action for you.

I, as have many of the readers in this audience, have found this true in many transactions over the past five years. Whether it's sorting through pay and employment documents to purchase a new home, going through the necessary financial scrutiny associated with a divorce settlement or estate planning action, or even providing the necessary documents required by the federal government for a security clearance adjudication in order to get a federal or defense contractor position. All of these actions can be expeditiously completed only when you have a solid financial plan and up-to-date financial record-keeping in place, which includes keeping a "paper copy".

At the end of the day, when computers or internet service is down, or when you are dealing with the one unique or niche agency or office that does not accept an email, you will be glad you did. As recently as last week, in taking care of a loan application for a re-finance, I had to find an "old fashioned" fax machine to fax back personally signed documents. Lenders are again requiring "paper" signed copies, rather than emails, why? It's a direct result of the abuses that occurred in using email or electronic signatures during the housing bubble.

The pen truly is mightier than the sword....or email!

Estimating Your Social Security Benefits: The Social Security Administration stopped mailing out yearly statements. That's a bit of bad news. The good news is you can estimate your retirement benefit online.

With growing uncertainty about the future of Social Security funding and maybe even a nod to becoming "greener", the Social Security Administration (SSA) suspended mailings of its annual statements. The move is expected to save the agency and taxpayers \$60 million in fiscal 2012.

Previously, the SSA had sent all contributing Americans an annual statement about three months before their birthday. The statement included your lifetime earnings record countable for future benefits. The statements included estimates of retirement, disability, and family survivor benefits, as well. It also reported earned credits, which indicated if one would qualify for Medicare at age 65.

Mailings for the remainder of 2012 will be limited to workers over 60, and longer term, the agency is working on an online download option for everyone else.

In the interim, you can access the same information online at www.SSA.gov, using one of the following methods:

- The [Retirement Estimator](#) gives estimates of your retirement monthly benefit, based on your actual Social Security earnings record. When you're on the SSA's homepage, there's a list of top services. Click on the one titled "Estimate your retirement benefits." The calculator shows estimates for three different retirement ages: early (age 62), full (ages 65-67 depending upon your year of birth), and delayed (age 70). The Retirement Estimator also lets you create additional "what if" retirement scenarios based on current law.

- If you do not have an earnings record with Social Security or cannot access it, there are also other benefit calculators that do not tie into your earnings record. The calculators will show your retirement benefits as well as disability and survivor benefit amounts if you should become disabled or die.

Let's go through the steps of what to do to get to your current Social Security benefit estimate at www.SSA.gov. Once you've clicked on "Estimate your retirement benefits" you'll come upon another page with some explanatory information. If it all sounds good to you, then click on "Estimate Your Retirement Benefits" near the bottom of this page.

The next page has two steps you must take, and some optional ones. Feel free to read the Paperwork Reduction Act and the Privacy Act Statement. Then be sure to click in the box just to the left of "I have read the Privacy Act Statement." Finally click on "I Agree" if you do, or "Exit" if you don't.

After agreeing to the terms and conditions, the following page asks for personal information including name, other last name (if applicable), mother's maiden name, Social Security Number, Date of Birth, and Place of Birth (usually only the state or territory). Click on the bottom right block containing "Continue". The next page provides an opportunity to check page to be sure you entered everything correctly. If everything looks alright, click on the "Continue" in the lower right corner.

The next page asks for last year's income number. This is your income earned in 2011 subject to Social Security tax. For example, if you had a job with W-2 income and a pension, only the W-2 income would qualify for this block. Click on "Create Estimate" in the lower right corner.

Finally, you get to the estimate for the various ages mentioned earlier. If you'd like to create alternate scenarios, click on the "Create Additional Scenarios" block near the bottom of the page.

Social Security should be a part of your retirement income planning. Make a point of checking out your estimated benefits at least annually so you know how much to expect -- and how much you'll need to provide from your own savings.

Also, remember that Social Security benefits don't automatically increase every year. In 2011, benefits stayed the same as the previous year. For 2012, benefits rose by 3.6% to reflect an increase in inflation.

"Nothing in life is certain except death and taxes."

Benjamin Franklin (1706-1790)