

Dear Clients, Family and Friends:

We hope that everyone is enjoying the first days of spring.

Market Update:

As the first quarter of 2018 comes to a close, there is no shortage of topics for discussion, especially in the financial markets. After several years of little volatility in the markets, we have seen a resurgence of market stress across several industries. This has caused some undulations in the stock markets. Some of the strongest performers in 2017, specifically in the technology space, have endured challenges due to data security issues that have contributed to rising market volatility.

However, overall economic data continues to show strong returns. The 2017 GDP revised estimates came in at 2.9%, as compared to 1.5% for the previous calendar year. The Federal Reserve recently raised interest rates and will continue to do so if we experience sustained economic growth. Due to tax reform, it is expected that many large, United States-based companies will continue to bring capital back into the United States. We will likely see those dollars spent on building new infrastructure and/or expanding light manufacturing capabilities. Additionally, what was initially viewed as a potentially negative move on tariffs has resulted in strategic trade partners coming to the table to renegotiate antiquated trade agreements. The outcome of these trade discussions will be a significant driver for how the markets will trend this year.

In our continued efforts to provide ongoing education for our clients, we have enclosed the following market updates:

- [March Market Review and First Quarter Recap](#)
- [2018 2nd Quarter Outlook](#)

Monthly Educational Topic – Social Security:

This month's educational topic regarding Social Security highlights the most recent updates made to the program. Whether you are planning to apply for Social Security or are already receiving it, Social Security remains a critical aspect of the Investment and Retirement Planning process. Our firm spends a significant amount of time researching the benefits of the Social Security program and how these various options will impact your planning efforts.

Each year, the Social Security Administration publishes a fact sheet detailing changes to the Social Security program and how those changes will impact both working and retired Americans. Below is an outline of those updates for 2018:

1. Full retirement age goes up - Americans who will turn 62 in 2018 (born in 1956) will need to wait until age 66 and four months to claim their full Social Security retirement benefit. That's two months longer than those who turned 66 in 2017 and four months longer than older baby boomers born between 1943 and 1954

who have a full retirement age of 66. The full retirement age will continue to increase in two-month increments each year until it hits 67 for everyone born in 1960 or later.¹

2. Cost-of-living adjustment is highest in six years - The SSA announced a 2% cost-of-living adjustment (COLA) for beneficiaries, starting with the December 2017 payment. While this is the highest COLA in six years, it's still historically low. Social Security COLAs have averaged roughly 3.8% since the current method was implemented in 1975.²

3. Higher payments for beneficiaries - The SSA estimates that the average retired worker will get a \$27 a month raise to \$1,404, and that the average couple receiving benefits will see their combined monthly payments rise by \$46 to \$2,340. However, for many retirees, this year's increase could be consumed by rising Medicare Part B premiums. The highest possible benefit payable to a worker retiring at their full retirement age also rose by more than \$100 to \$2,788 per month in 2018.³

4. Taxable earnings cap rises - A maximum amount of wage income is subject to Social Security tax each year. For 2018, the maximum taxable earnings amount rose by \$1,500 to \$128,700, meaning that higher-income individuals may end up paying more in Social Security tax than they did in 2017.²

5. Disability thresholds rise - There are maximum amounts of income that people can still earn while collecting Social Security Disability Income (SSDI) benefits. These monthly thresholds rose slightly in 2018 and payments increased to \$1,180 for eligible recipients and \$1,970 for those who are legally blind.²

6. SSI payments increase - Monthly maximum amounts for Supplemental Security Income (SSI) payments increased 2% in 2018 to \$750 for an eligible individual and \$1,125 for an eligible individual with an eligible spouse.²

7. Earnings test exempt amounts go up - For beneficiaries who work while collecting Social Security, those younger than full retirement age can earn up to \$17,040 in 2018 without being penalized. Above that level, you'll lose \$1 in benefits for every \$2 earned. The earnings limit is \$45,360 for those who will hit their full retirement age in 2018.⁴ It's important to note that any benefits withheld while you continue to work are not "lost." Once you reach full retirement age, your monthly benefit will be increased permanently to account for the months in which benefits were withheld.⁵

8. Social Security "credits" represent more earnings - To be eligible for Social Security retirement benefits you need to earn 40 Social Security credits, up to a maximum of four per year. In 2018, each credit represents \$1,320 in earnings, so you'll need to earn at least \$5,280 to earn the four possible credits for the year.⁶

Additionally, we have enclosed two educational pieces that will provide a more in-depth look into the Social Security program for 2018:

- [2018 Social Security and Medicare Update](#)

- [Unlocking Social Security](#)

Should you have any questions regarding these updates or the Social Security program as it relates to your Investment and Retirement Planning efforts, please do not hesitate to contact us to schedule a time to speak with one our advisors.

Firm Updates:

With tax deadlines approaching, we wanted to remind you that the last day to submit your 2017 tax related inquiries will be Tuesday, April 10th. This ensures that we will be able provide you with the requested information in a timely manner before the Tuesday, April 17th tax filing deadline.

Closing:

If you have any questions regarding your Investment and Retirement Planning efforts, please contact us or click on the following link to schedule a review using our new online scheduling system: [Schedule Review Today](#).

It has been, and continues to be, an absolute honor and privilege to serve as your Investment and Retirement Planning advisors.

Again, we wish you and your families abundant good health, peace and prosperity.

Thank you,

Costanzo Financial Group (CFG)

¹ <https://money.usnews.com/money/retirement/social-security/articles/2018-02-12/the-social-security-retirement-age-increases-in-2018>

² <https://www.ssa.gov/news/press/factsheets/colafacts2018.pdf>

³ <https://www.fool.com/retirement/2017/12/31/8-changes-to-social-security-in-2018.aspx>

⁴ <https://www.aarp.org/retirement/social-security/info-2017/2018-social-security-changes-photo.html>

⁵ <https://www.ssa.gov/oact/cola/rtea.html>

⁶ <https://www.ssa.gov/pubs/EN-05-10072.pdf>