THE COBBLESTONE PLANNER

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COBBLESTONE CAPITAL ADVISORS, LLC

Significant Changes to Social Security Filing Rules

The Bipartisan Budget Act of 2015
The Bipartisan Budget Act of 2015 signed into law by President Obama on November 2nd makes significant changes to the Social Security filing rules.

The new legislation phases out the ability for spouses to utilize "Claim and Suspend" or "Restricted Applications" to leverage each other's Social Security record to increase their benefits. It sets an April 30, 2016 deadline for individuals wishing to lock in a suspension under the old rules; and it provides a longer four year grace period for spouses who wish to file a Restricted Application for spousal benefits.

Claim and Suspend Strategy
Previously, individuals who had reached full retirement age could claim their Social Security benefits, but request that such benefits not be paid. By claiming, the spousal benefit could then be obtained by the individual's spouse, at the same time the suspended benefit accrued an 8% per year delayed retirement credit.

Restricted Application
A Restricted Application allows an individual at full retirement age to elect to receive only their spousal Social Security benefit, not their own retirement benefit. This strategy allows your own personal benefit to continue to grow until age 70. Once you turn 70, you would activate your own, higher benefit.

Impact of New Law
The new legislation prevents couples from taking advantage of these perceived filing strategy "loop holes" to boost their lifetime retirement income.

Claim and Suspend
Individuals will continue to have the ability to suspend their benefits, but their spouse (or other eligible family member) will no longer be allowed to submit a claim for benefits based on the earnings record of the individual who suspended.

The new law does provide a grace period, however: it is not effective until April 30, 2016. ***As a result, individuals who will be 66 or older by April 30, 2016 may want to consider filing for and immediately suspending their benefit.*** By filing and suspending, individuals will not only receive delayed retirement credits, but also provide a spouse, who is 62 or older by the end of this year, the option of filing a Restricted Application at full retirement age to receive their spousal benefit. This allows both spouses the opportunity to delay claiming on their own record and receive their respective delayed credits.

Unmarried individuals who are full retirement age may also want to Claim and Suspend by April 30, 2016 to lock in the additional flexibility the old rules provide: the ability to retroactively "undo" their decision to delay their benefit. This could be advantageous if there is a change in health or other circumstances.

Restricted Application
Individuals who are 62 or older by the end of 2015 will still have the ability to file a Restricted Application for spousal benefits starting at age 66. Widow and widower's benefits won't be impacted by the changes in the law, and individuals who are already taking advantage of the Claim and Suspend and Restricted Applications will continue to benefit from these strategies.

Please consult the table on the next page to see how the changes may impact you and determine whether you should consider taking action by April 30, 2016. In addition, if you have any questions please contact your Cobblestone advisor.

2016 Inflation Factors

The IRS has recently announced numerous inflation adjustments with regard to retirement plan savings and estate and gift tax exemptions. Some of the more popular limitations/exemptions for 2016 are as follows:

1. $18,000 maximum salary deferral to a 401(k) or 403(b) plan (same as 2015);
2. $6,000 catch-up contributions to 401(k) plans or 403(b) plans for individuals age 50 and older (same as 2015);
3. $12,500 maximum salary deferral to a SIMPLE plan (same as 2015);
4. $53,000 maximum contributions to SEP IRA accounts and Solo 401(k) accounts (same as 2015);
5. $5,500 maximum contributions to IRA accounts and $1,000 catch-up contributions for individuals age 50 and older (same as 2015);
6. $5,450,000 federal estate tax exemption (up from $5,430,000);
7. $14,000 annual gift tax exclusion (same as 2015).
8. 0% cost of living adjustment for social security benefits

Impact of New Legislation on Claim & Suspend and Restricted Application Strategies

Status	Strategy	Under age 62 in 2015	Age 62 or older in 2015, but not 66 by April 30, 2016	Age 66 or older by April 30, 2016
Currently Married	Claim & Suspend	No Longer Eligible	No Longer Eligible	Available, but must file and suspend by 4/30/16.
Currently Married	Restricted App.	No Longer Eligible	Continues to be available at Full Retirement Age (66 for those born 1954 or earlier) if otherwise eligible for spousal benefit.	
Unmarried Divorced Spouse (Previously Married for Ten or More Years)	Claim & Suspend	No Longer Eligible	No Longer Eligible	Available, but must file and suspend by 4/30/16.
Unmarried Divorced Spouse (Previously Married for Ten or More Years)	Restricted App.	No Longer Eligible	Continues to be available at Full Retirement Age (66 for those born 1954 or earlier) if former spouse is also older than 62.	
Surviving spouse	Claim & Suspend or Restricted App.	Continues to be able to elect timing of when to begin survivor and individual retirement benefits.		
Individual	Claim & Suspend	No Longer Eligible	No Longer Eligible	Available, but must file and suspend by 4/30/16 to be eligible for future reinstatement.

Green	: Still able to take advantage of strategy.
Yellow	: Able to take advantage of strategy, but must act before 4/30/16.
Red	: No longer able take advantage of the strategy.

YEAR-END TAX PLANNING CHECKLIST

As 2015 comes to a close the following items should be reviewed to ensure you are taking advantage of potential planning opportunities where applicable:

1. Accelerate Deductions and/or Defer Income - Consider these opportunities to reduce tax liability.
2. IRA or other retirement accounts - Have you funded your retirement accounts for 2015?
3. Health Savings Accounts - Have you maximized your 2015 contributions?
4. Required Minimum Distribution (“RMD”) - Have you taken your RMD for 2015?
5. Review Capital Gains - Review year-to-date capital gains and losses and consider loss carryovers, if any.
6. Charitable Giving -If making year-end gifts to charities, consider utilizing appreciated securities that you have owned for more than a year.
7. Consider AMT - Consider the impact of the Alternative Minimum Tax on your tax situation.
8. Annual Gifting - Have you utilized your $14,000 per donee annual exclusion amount including contributions to 529 Plans?
9. Review retirement elections and consider rebalancing investment assets when appropriate.