

09/02/2024 SIPS software update

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On 09/02/2024 the following updates were released in SIPS:

What was updated:

- The Social Security payout estimates were updated to align with the payout values published https://www.ssa.gov/oact/ProgData/ar_drc.html
- SIPS now includes COLA adjustments to the estimated Social Security amounts during years of income deferment after a client turns 62 to more accurately estimate social security benefits that are modeled to be deferred and paid in the future.

Background:

Social Security Payout Values:

- The amount of Social Security a client receives (benefit amount or "primary insurance amount") is modified based on their normal retirement age (aka "full retirement age") and the year they begin Social Security.
- A person can start Social Security as early as 62 years old. Their primary insurance amount is reduced for every month they start Social Security before their normal retirement age.
- For every year after normal retirement age that a client waits to begin Social Security, they receive a credit to their primary insurance amount. This credit caps at age 70.
- Info about payout values can be found at https://www.ssa.gov/oact/ProgData/ar_drc.html

Social Security Cost of Living Adjustments (COLA):

- The Social Security Administration applies a COLA to the primary insurance amount when calculating a person's benefit amount. More information can be found at <https://www.ssa.gov/OACT/COLA/colaapplic.html>
- For every year the benefit is delayed after age 62, SIPS will apply a COLA to the Primary Insurance Amount or "PIA", and then any factors for early or delayed retirement are applied.
- Historical cost of living adjustments are recorded here <https://www.ssa.gov/OACT/COLA/colaseries.html>

How the updates impact existing plans in SIPS prior to the release on 09/02/2024:

- Plans in SIPS prior to the release will not automatically receive these updates. If a user views plans and does not edit ClientDashboard->Incomes or click "Manage" under a Social Security Income on a Structured Income Planning screen for a scenario while in "Edit" mode, these updates will not be applied to existing plans.
- To Apply these updates, a SIPS user should first update the Social Security Income estimates by going to the Client Dashboard->Incomes and click the "Edit" and then "Save" buttons. Then the user should open the Structured Income Planning screen, select a scenario, click the "Edit" button, then click the "Manage" button for a Social Security Income, then the "Save" button.

How the updates impact new plans created in SIPS after the release on 09/02/2024:

- Any Social Security Income will use new factors
 - COLA will apply to any Social Security Income during the years of income deferral
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