

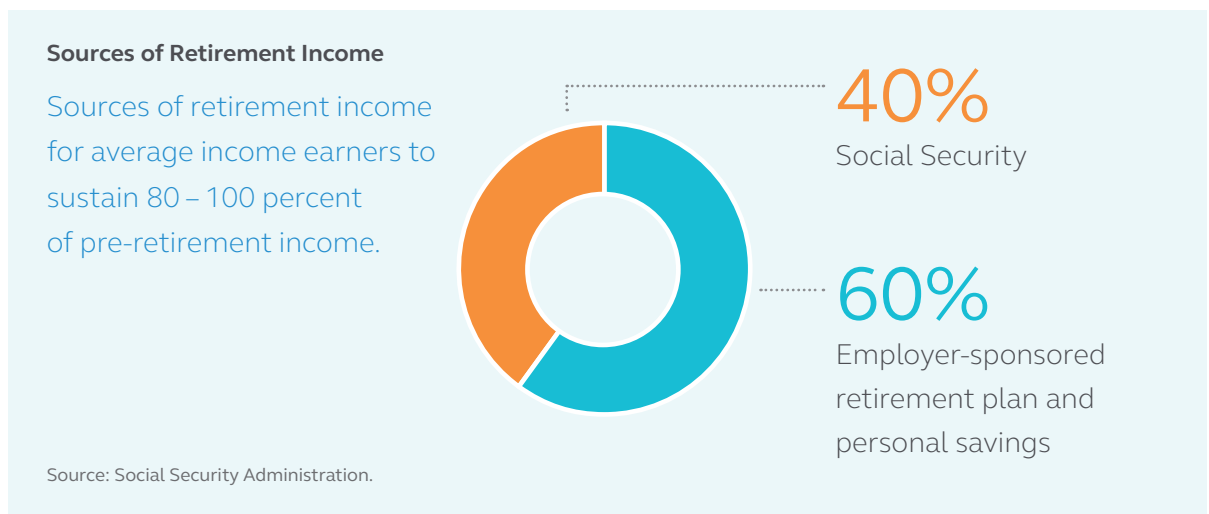
# Get the Most from Social Security

Investor Guide

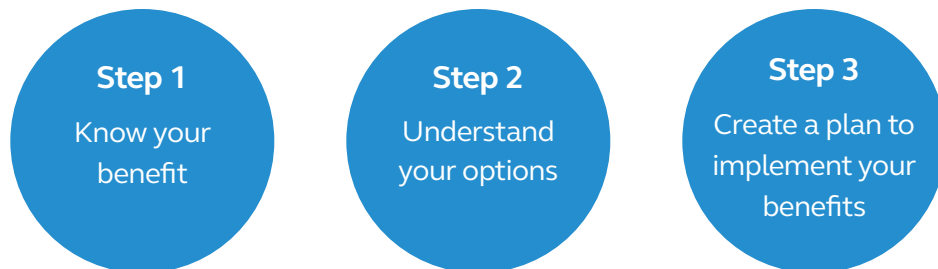


# Expecting to Get Retirement Income from Social Security?

You should be. If you're an average income earner hoping to sustain 80 – 100 percent of your pre-retirement income, you can plan to collect about 40 percent of that income from Social Security.



And the more you know, the greater your benefit may be. Start planning today by following these simple steps. Your financial professional can help.



NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

# Step 1: Know Your Benefit

## Your benefit estimate

Your Social Security retirement benefit is based on your recorded earnings while employed. The Social Security Administration now mails benefit statements to individuals age 60 and over, who are not receiving benefits and don't have a "My Social Security" account online. There are ways you can obtain details about your retirement benefits:



Contact your local **Social Security Administration office.**



Call the **Social Security Administration at 800-772-1213.**



Visit **ssa.gov** and view your personalized information online.



## What you can expect

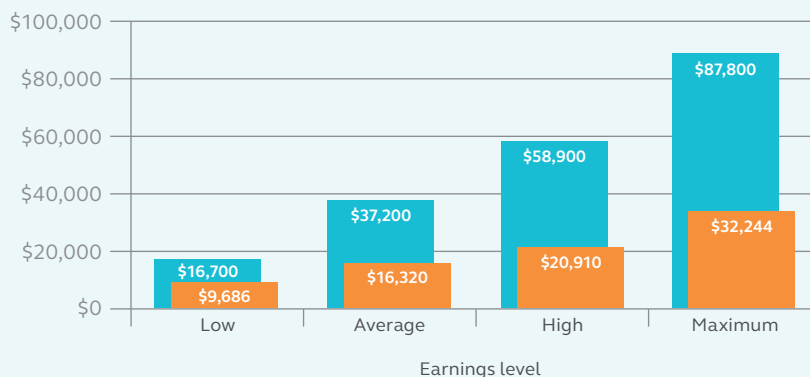
The lower your earnings, the higher percent of earnings you'll receive from Social Security. The following chart provides a sample comparison of past earnings and corresponding Social Security benefit amounts.

### Social Security Benefits

Social Security Benefits compared to past earnings:  
low, average, high, and maximum earner

- Past earnings
- Benefits

Source: Board of Trusts. Low earnings are 45 percent of the average wage, high earnings are 180 percent of the average wage. Retirement age 66. Social Security benefits are subject to change without notice.



# Step 1: Know Your Benefit (continued)

## Your Full Retirement Age

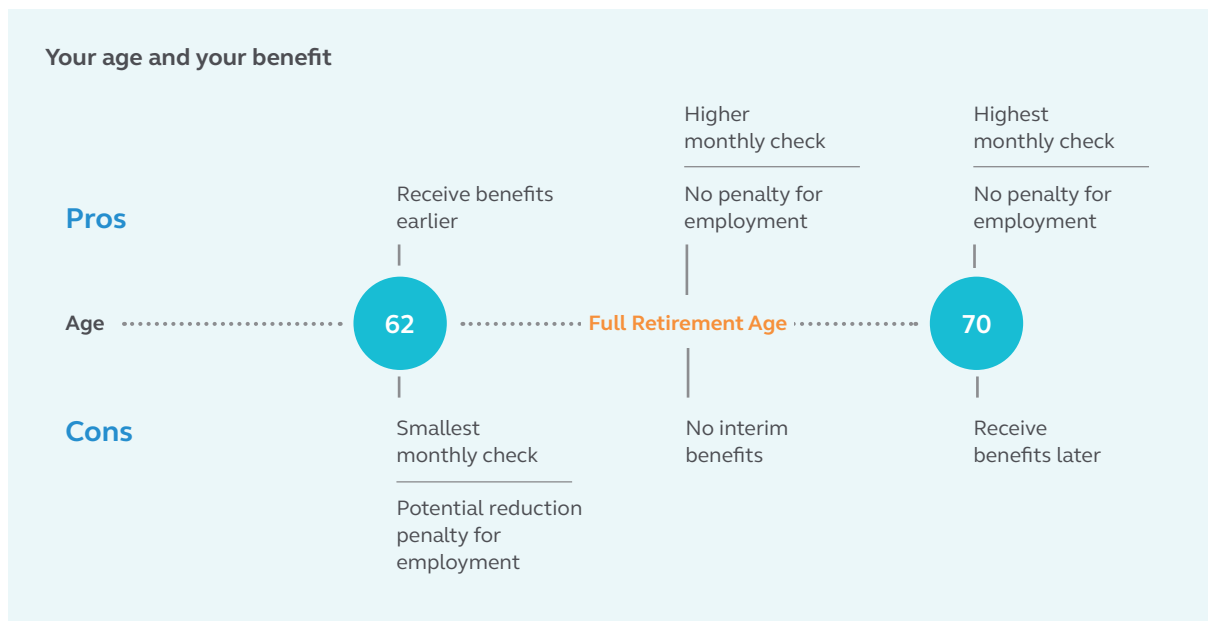
You can begin receiving benefit payments as early as age 62, but you should consider the advantages of electing benefits at or after your Full Retirement Age (FRA). Your Full Retirement Age depends on the year you were born, and determines when you can begin collecting full Social Security benefit payments.

As you decide when to begin receiving your Social Security payments, also consider the timing of other retirement income you plan to receive. The following timeline summarizes how your age aligns with your Social Security benefits, which may impact distribution from different retirement income sources.

## Social Security Full Retirement Age

| Birth year     | Full Retirement Age |
|----------------|---------------------|
| 1943 – 1954    | 66                  |
| 1955           | 66 + 2 months       |
| 1956           | 66 + 4 months       |
| 1957           | 66 + 6 months       |
| 1958           | 66 + 8 months       |
| 1959           | 66 + 10 months      |
| 1960 and later | 67                  |

Source: Social Security Administration.



## Step 2: Understand Your Options

Work with your financial professional to become aware of your options. You may be able to increase your benefit through strategic choices related to:



### Eligibility

Determining if you qualify



### Timing

Electing benefit early vs. late



### Working

Continuing to work while collecting your benefits



### Taxes

Examining the tax impact of your benefit as part of your total income



### Spousal benefit

Determining if you're eligible for a Spousal benefit



### Do-over option

Changing your previous claiming decision

### Eligibility

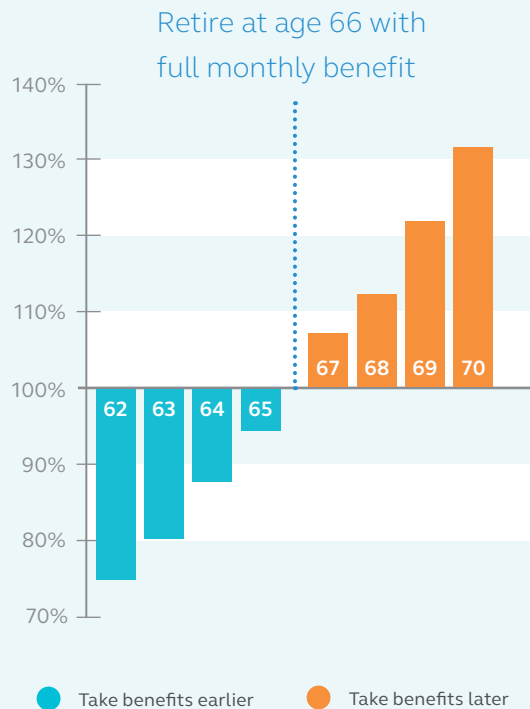
Your earnings throughout your working years determine your monthly Social Security payment, and the Social Security credits you've earned impact your eligibility to receive your benefit. No benefit can be paid until you've earned the required credits, and extra credits don't increase your benefit amount.

### Timing

Sixty-two is the magical age that you can begin receiving your Social Security payment—but there may be advantages to delaying your benefit election until your Full Retirement close space between Age and ... or even later.

The earlier your benefit payments begin, the more they are reduced. The longer you wait to collect your benefit, the greater your benefit payments become. For each year beyond Full Retirement Age that you delay receiving benefit payments, your benefit increases as much as 8 percent. At age 70, there's no longer a benefit associated with delaying.

### Early vs. late Social Security benefit election



Assuming Full Retirement Age at 66.  
Source: Social Security Administration.

## Step 2: Understand Your Options (continued)

Your unique circumstances determine the advantages or disadvantages of electing benefits early or late.

### Consider electing benefits early if you:

- Need the payments to cover expenses right away.
- Are experiencing health concerns or are expecting not to make it to the average life expectancy.
- Would rather take payments early and invest them or prefer to preserve other assets or investments.
- Are the lower-earning spouse, while the higher earner continues to remain employed.

### Consider electing benefits late if you:

- Have other sources of income to cover existing expenses.
- Plan to continue working and want full benefits later.
- Are in good health and expect to exceed the average life expectancy.
- Are the higher-earning spouse and want to surpass the Full Retirement Age to ensure surviving spouse receives the highest benefit amount.

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### Working

You can begin receiving your Social Security benefit while you're still working. Doing this before you reach Full Retirement Age may result in a reduced monthly benefit amount, depending upon the income you earn between age 62 and your Full Retirement Age. At Full Retirement Age, you can work with no reduction to your benefit.

| Age                        | Employment Income 2017 Limits | Considerations  |
|----------------------------|-------------------------------|---|
| Under FRA                  | \$16,920                      | For every \$2 over the limit, \$1 is withheld from benefits   |
| In the year FRA is reached | \$44,880                      | For every \$3 over the limit, \$1 is withheld from benefits until the month in which FRA is reached |
| At FRA or older*           | No limits on earnings         | None  |

\*At FRA your benefit amount is adjusted upward to accommodate for the earlier reduction.

## Taxes

A portion of your Social Security benefit may be taxed depending on your income. You can estimate the impact of taxes using your provisional income, which is calculated by adding your adjusted gross income, your tax exempt income, and 50 percent of your Social Security benefit. If you anticipate a reduced income later in retirement, electing your Social Security benefit later may result in less of your benefit being taxed. Your financial professional can help you consider the potential tax implications based on your income amount and sources.

### Filing single

| Provisional income  | Benefits subject to tax |
|---------------------|-------------------------|
| Under \$25,000      | 0%                      |
| \$25,000 – \$34,000 | Up to 50%               |
| Over \$34,000       | Up to 85%               |

### Married filing jointly

| Provisional income  | Benefits subject to tax |
|---------------------|-------------------------|
| Under \$32,000      | 0%                      |
| \$32,000 – \$44,000 | Up to 50%               |
| Over \$44,000       | Up to 85%               |

Note: State and local taxes may differ.  
Source: Social Security Administration.

## Spousal benefit

If you're married you have additional benefit options available to help you maximize your household Social Security benefit. Consider the following options and examples as you plan how you will elect your benefit.

| Your age                  | Your spouse's filing status | Benefit options   |
|---------------------------|-----------------------------|---|
| 62 to FRA <sup>2</sup>    | Not filed                   | Own benefit <sup>3</sup>  |
| 62 to FRA <sup>2</sup>    | Filed                       | Own benefit increased to half of spouse's FRA benefit, <sup>3</sup> if greater                      |
| FRA <sup>2</sup> or older | Not filed                   | Own benefit (adjusted for delayed credits) <sup>4</sup>   |
| FRA <sup>2</sup> or older | Filed                       | Own benefit (adjusted for delayed credits) <sup>4</sup> or half of spouse's FRA benefit, if greater |

A lower-earning spouse may be eligible for up to 50 percent of the higher-earning spouse's benefit.<sup>1</sup>

<sup>1</sup> The higher earning spouse must file for benefits.

<sup>2</sup> FRA – Full Retirement Age (66 for individuals born between 1943 and 1954). See page 4 for more details.

<sup>3</sup> Benefits are reduced if taken prior to FRA.

<sup>4</sup> Delayed credits – an increase in benefit for deferring the start of benefits after FRA to age 70.

## Step 2: Understand Your Options (continued)

### Spousal benefit (continued)

Be sure to work with your financial professional to evaluate both you and your spouse's ages and benefit amounts before making elections. The following example of a married couple—Sam and Ann—demonstrates that at age 66, Ann can claim a higher benefit by receiving a higher spousal benefit (\$1,035) as long as her husband Sam has filed and receives a benefit.\*

Married couples may also benefit from staggering the time that each individual begins taking their benefit. Staggering can allow you to increase one monthly benefit amount. This can positively impact your longevity risk by potentially increasing your Social Security benefit later and thus reducing the amount of income necessary from your personal savings.

### Social Security benefits if started at age 62

#### Sam and Ann : Full Retirement Age or older with a spouse having filed and receiving benefits

Eligible for your own benefit or half a spouse's FRA benefit if greater, if born on January 2, 1954 or before. Also eligible for restricted application—under spouse's filing status if not filed or filed and receiving benefit.

| Name            | Age 62  | Age 66   | Age 70  |
|-----------------|---------|----------|---------|
| Ann             | \$675   | \$900    | \$1,180 |
| Sam             | \$1,562 | \$2,071  | \$2,733 |
| Spousal Benefit | \$724   | \$1,035* | \$1,035 |

\*This option was eliminated for those who didn't turn 62 by the end of 2015.

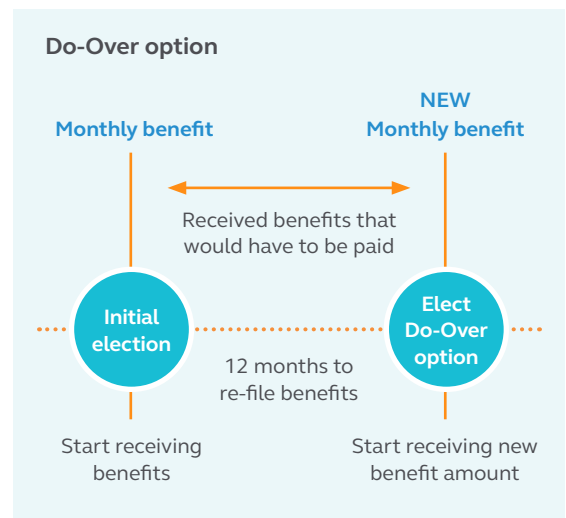
### Do-Over option

You have an option to increase Social Security payments, even after you have elected to receive benefits. This little-known provision enables you to halt your current benefits, pay back all you have collected interest-free, and restart your benefits at a new, higher rate based on your current age.

This strategy can have the greatest benefit if you are a high-net-worth retiree, or are the recipient of an inheritance, have sold a business, or are experiencing some other financial windfall.

Consult with your financial professional before you consider utilizing this strategy. The Social Security Administration made two significant changes to this provision in December 2010.

You may elect a withdrawal (Do-Over) decision, but it must be made within 12 months of the original election, and you're only granted one withdrawal per lifetime.





## Step 3: Create a Plan to Implement Your Social Security Benefit

### Maximize your benefit

Timing your payments to maximize the impact of Social Security can be worth tens of thousands of dollars over your lifetime—and can sometimes alter your quality of life in retirement. Consider additional factors such as your work status, taxes, and the Do-Over option to help you maximize your benefit.

Think of Social Security as an integral, income-producing, inflation-protected component of your income-generating portfolio.

The key to success is to plan carefully. Your financial professional can provide guidance to help you:

- Evaluate what you expect to receive from Social Security.
- Determine when to start taking benefits.
- Apply for benefits.

### Get started

Let's work together to maximize your Social Security benefit. Complete the information on the following page, and I'll contact you to set up a meeting.

Please bring these items to our appointment:

- An estimate of your Social Security benefits.
- Most recent tax return.
- Most recent pay statement from employer.
- Latest statement from IRA, 401(k), and other retirement plan(s).
- Latest statement from mutual funds.
- Life and disability insurance policies.
- Annuity contracts.
- Wills and trust document(s).

Understand your options.

**73 percent** of those receiving retirement benefits today are collecting a reduced amount.

Source: Social Security Administration, 2013.

# Social Security Planning Worksheet

## Your contact information

Name: \_\_\_\_\_

Email: \_\_\_\_\_ Phone number: \_\_\_\_\_

## Social Security information

1. Your current age \_\_\_\_\_
2. Your spouse's current age \_\_\_\_\_
3. Will you work until your Full Retirement Age? .....  Yes  No  Not sure
4. Are you considering delaying claiming your benefits past Full Retirement Age? .....  Yes  No  Not sure
5. Will you continue working after Full Retirement Age? .....  Yes  No  Not sure
6. Do you have adequate resources outside of Social Security to meet your income needs? .....  Yes  No  Not sure
7. Are you planning for survivor benefits? .....  Yes  No  Not sure
8. Do you have any health concerns or concerns about a shorter life expectancy? .....  Yes  No

## Other financial information

Do you/your spouse have:

|  | You |    | Your spouse |    |
|--|-----|----|-------------|----|
|  | Yes | No | Yes         | No |
| A 401(k) plan with current or previous employer? |     |    |             |    |
| Assets in IRA accounts?                          |     |    |             |    |
| FDIC-insured certificates of deposit?            |     |    |             |    |
| Any fixed or variable annuities?                 |     |    |             |    |
| Mutual funds or other investments?               |     |    |             |    |

# Create Your Retirement Action Plan

- Confirm your retirement date: \_\_\_\_\_
- Apply for Social Security benefits online at [ssa.gov](http://ssa.gov) or by phone at 800-772-1213 (allow three months prior to income need).
- Determine if you need or want to work in retirement.
- Verify all income sources in retirement (i.e., pension, Social Security, individual retirement account (IRA), income annuity, trust, etc.).
- Evaluate retirement funds and expenses to create monthly budget.
- Ensure your retirement income sources and savings will allow you to retire on your target retirement date.
- Consult with your financial professional to create a plan to convert your retirement savings into a sufficient stream of income (your “retirement paycheck”)—consider planning for 30 years of retirement income.

## Social Security planning for your family or friends

I know others who would also benefit from Social Security planning:

Name: \_\_\_\_\_

Phone number: \_\_\_\_\_

Name: \_\_\_\_\_

Phone number: \_\_\_\_\_

Name: \_\_\_\_\_

Phone number: \_\_\_\_\_

Name: \_\_\_\_\_

Phone number: \_\_\_\_\_

## Notes

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