A Foundation for Planning Your Future

- **Social Security**
- **Pension**
- **Savings & Investments**
- **Other Income**
The Social Security Statement

- The Statement provides you with benefit estimates and allows you to check your earnings history for accuracy.

- While mailings have resumed on a limited basis, you can also request a Statement anytime at: www.SocialSecurity.gov/myaccount/
Use the Retirement Estimator

- Convenient, secure, and quick financial planning tool
- Immediate and accurate benefit estimates
- Lets you create “What if” scenarios based on different ages and earnings

www.socialsecurity.gov/estimator
How Do You Qualify for Retirement Benefits?

- You need to work to earn Social Security “credits”
- Each $1,320 in earnings gives you one credit
- You can earn a maximum of 4 credits per year

Example: To earn 4 credits in 2018, you must earn at least $5,280. Earning 40 credits (10 years of work) throughout your working life will qualify you for a retirement benefit.
### Full Retirement Age

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or earlier</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 &amp; 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 &amp; 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 &amp; 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 &amp; 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 &amp; 10 months</td>
</tr>
<tr>
<td>1943 – 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 &amp; 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 &amp; 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 &amp; 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 &amp; 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 &amp; 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>
Your Age At The Time You Elect Retirement Benefits Affects the Amount

If You’re a Worker and Retire:

- At your FRA, you get your full benefit amount.

- Before your Full Retirement Age (FRA), you get a reduced monthly payment. 62 is the earliest age at which you can begin to collect benefits.

- Past your FRA, you get an even higher monthly payment. However, you can only earn these Delayed Retirement Credits (DRCs) until age 70.
Your Age At The Time You Elect Retirement Benefits Affects the Amount

For example, if you were born from 1943 through 1954:

- **Age 62**  75% of benefit
- **Age 66**  100% of benefit
- **Age 70**  132% of benefit
How Social Security Determines Your Benefit

Social Security benefits are based on earnings

- **Step 1** - Your wages are adjusted for changes in wage levels over time
- **Step 2** - Find the monthly average of your 35 highest earnings years
- **Step 3** - Result is “average indexed monthly earnings”
What You Can Expect at Full Retirement Age

Preretirement % of Earnings

- Low Earner: 55%
- Average Earner: 41%
- High Earner: 34%
You Can Work & Still Receive Benefits

<table>
<thead>
<tr>
<th>If You Are</th>
<th>You Can Make Up To</th>
<th>If You Make More, Some Benefits Will Be Withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Full Retirement Age</td>
<td>$17,040/yr. ($1,420/mo.)</td>
<td>$1 for every $2</td>
</tr>
<tr>
<td>The Year Full Retirement Age is Reached</td>
<td>$45,360/yr. ($3,780/mo.)</td>
<td>$1 for every $3</td>
</tr>
<tr>
<td>Month of Full Retirement Age and Above</td>
<td>No Limit</td>
<td>No Limit</td>
</tr>
</tbody>
</table>

Note: If some of your retirement benefits are withheld because of your earnings, your benefits will be increased starting at your full retirement age to take into account those months in which benefits were withheld.
Spouse’s Benefit Computation

- Benefit is 50% of worker’s FRA amount. DRCs have no impact.
- Does not lower payment to worker.
- Benefit amount is reduced if spouse is under FRA.
- If spouse’s own benefit is less than 50% of the worker’s, the benefits are combined.
Widow or Widower Benefit Computation

- At full retirement age, 100% of deceased worker’s benefit
- At age 60, 71.5% of deceased worker’s benefit
- Can collect Reduced benefits on one record at age 60, and then reduced or unreduced benefits on other record at age 62 or older
In Addition to the Retiree, Who Else Can Get Benefits?

Your Ex-Spouse

- Marriage lasted at least 10 years

- Ex-spouse is 62 or older and unmarried
  (you can be married)

- If you have been divorced at least two years, and you and your ex-spouse are at least 62, he or she can get benefits even if you are not yet retired

- Ex-spouse’s benefit amount has no effect on the amount you or your current spouse can get
Social Security “Strategies”

- “File and Suspend”
- “Claim Some Now; Claim More Later”
- “No Can Do Over”
Social Security “Strategies”

File and Suspend—OLD LAW

- One member of the couple must have been at or over Full Retirement Age;
- Applied for own retirement benefits and immediately asked that payments be “suspended;”
  - Worker earns DRCs since no payments being made
- Spouse could begin to collect up to 50% of worker’s FRA amount;
  - Spouse must be at least age 62
  - Eligible children can begin to collect, as well
- Could also request lump sum repayment of any and all benefits that had been withheld.
File and Suspend—NEW LAW

- Old rules applied until April 29, 2016;
- Since that date, if someone asks to have payments suspended, SSA will also suspend the benefits of everyone eligible to collect on that record;
- Someone who asks to have payments suspended after April 29, 2016 will no longer be able to receive a lump sum repayment of benefits that have been withheld.
  - Resumption of payments will be effective with the month after the month the request has been received.
Social Security “Strategies”

Claim Some Now; Claim More Later—OLD LAW

- One member of the couple must have been at least age 62 and must have applied for own retirement benefits;
- Spouse “restricted the scope of the application” and filed ONLY for a spouse’s benefit;
  - Spouse began to collect up to 50% of other worker’s FRA amount, while earning DRCs on own
- Spouse must have been at or over Full Retirement Age;
  - Prior to FRA, spouse cannot restrict scope of application and is “deemed” to be applying for own benefit first
Social Security “Strategies”

Claim Some Now; Claim More Later—NEW LAW

- Anyone born January 1, 1954 or earlier, i.e. was age 62 or older by the end of 2015, will operate under old rules and will still be able to file a “restricted application” at or after FRA;
- Anyone born after that date will be subject to “deemed filing” rule, even at FRA;
- Extension of “deemed filing” rule does not apply to survivor benefits;
  - Widow(er) will still be able “pick and choose.”
Social Security “Strategies”

The Social Security “Do Over”

- No change as a result of Budget Bill;
- An individual may still withdraw an application, repay any benefits received, and then reapply at a later date, but only within 12 months of the first month of entitlement;
- Also limited to only one withdrawal in a lifetime;
- Since December, 2010, more properly called “The No Can Do Over;”
- At or after FRA, can still request to have benefits suspended in order to earn DRCs.
Your Benefits Can Be Taxable

- Applies to those with a Modified Adjusted Gross Income (MAGI) above $25,000 (individual) or $32,000 (couple filing jointly).

- Up to 85% of benefits received could be treated as ordinary income for federal tax purposes.

- At the end of each year, people receive a Social Security Benefit Statement (Form SSA-1099).

- About half of people who get Social Security pay income taxes on their benefits.
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