



# Understanding Social Security

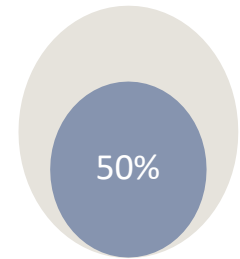
To be eligible for benefits, you must have earned 40 calendar quarters of wages that were subject to Social Security tax. The amount of the benefits you receive at full retirement age (FRA) is based on the average of 35 years of your highest earnings.

## What is full retirement age (FRA)?

Year Born	FRA
1937 or earlier	65
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943-1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67

You may also take Social Security benefits before full retirement age at a reduced monthly amount. For example, if you were expecting \$2,000 in monthly benefits at FRA, you would receive only 75% of your benefits if you chose to take Social Security at age 62. By waiting until age 70, you could receive \$2,640 or 132% of your benefits.

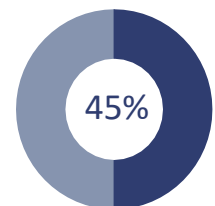
### Total Retirement Income



Social Security accounts for more than 50% of retirement income for many Americans.<sup>1</sup>



10,000 baby boomers will turn 65 each day for the next 17 years.<sup>2</sup>



45% of people claim Social Security benefits at age 62 – before their full retirement age.<sup>3</sup>



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# When Should You Take Social Security?

The answer depends on your individual situation, and effects your Social Security income for the rest of your life.

## Consider these factors

### Do you need Social Security to fill an income gap?

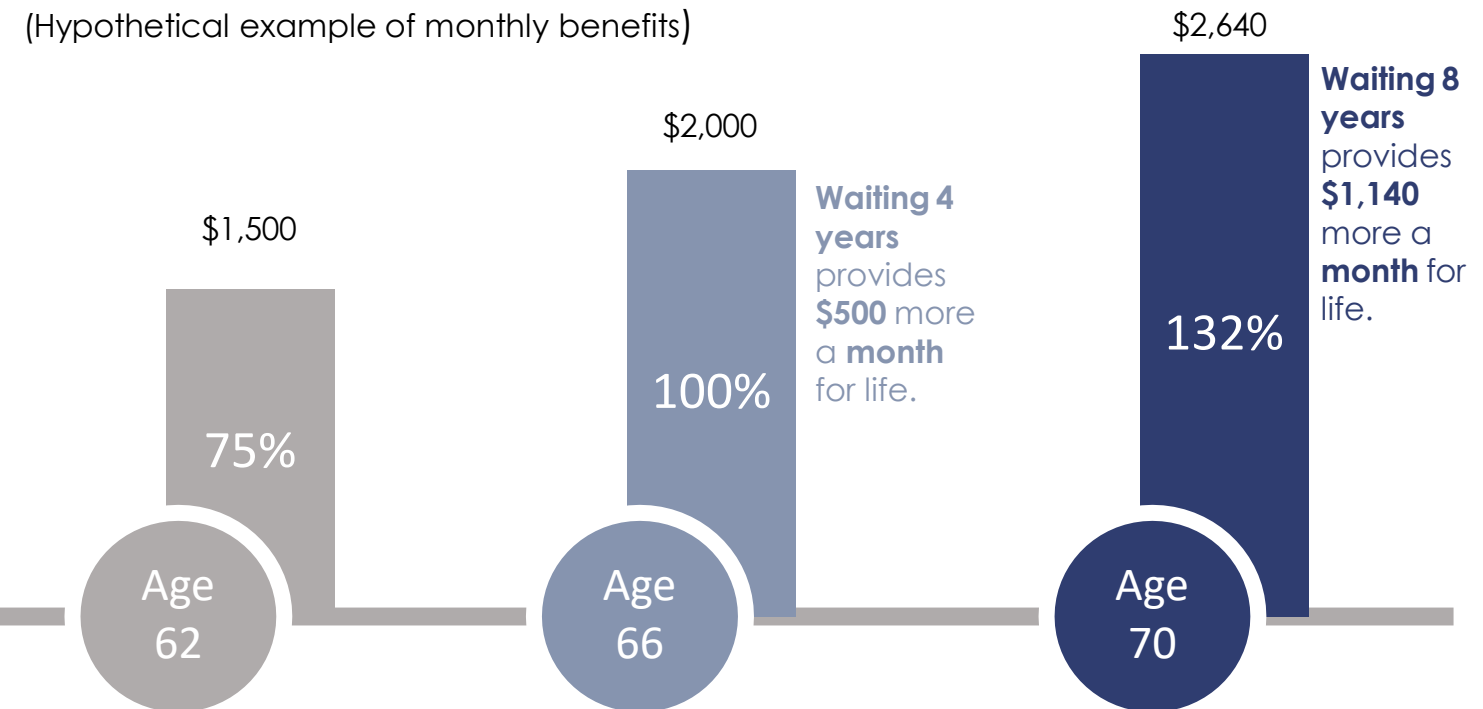
A Fidelity survey of early benefit-takers revealed that only 12% took benefits because they needed the money.<sup>4</sup>

### What's your life expectancy and break-even age?

When you take Social Security early, your benefits are reduced. You need to determine the age you will "break even" and begin to come out ahead if you delay taking Social Security benefits.

### Can you afford to wait?

(Hypothetical example of monthly benefits)



This hypothetical example assumes the person is not working during retirement. Sample benefit amounts are not exact due to rounding. They do not reflect annual cost-of-living adjustments or taxes. Had taxes been taken into account, the amounts shown would be lower. Benefit at full retirement age (66) is assumed to be 2,000 per month.

### Will you work during retirement?

If you still work and take benefits prior to FRA, you may incur an earnings penalty whereby benefits are withheld when earnings exceed a specific amount (\$16,920 in 2017).

### Are you planning with a spouse?

For married couples who take early benefits, benefits are reduced for one of the spouses.

## Timing Is Everything

The inflation adjusted income provided by Social Security makes it one of your most significant retirement assets. A difference of timing could equal the difference of \$120K plus in Social Security benefits.

### Sally's on July 19, 2014

- \$1,350/month FRA
- Live to 100
- 2% COLA
- **\$793,713**

### Sally pulls the trigger 6 months earlier

- \$1,200/month FRA\* Live to 100
- 2% COLA
- **\$671,929**

### **Remember, FRA is full retirement age**

*This hypothetical example is shown for illustrative purposes only and is not guaranteed. The characters in this example are fictional only. Your actual experience will vary.*

You may apply for Social Security benefits at any time between the ages of 62 and 70

However, there are three ages used to show the minimum and maximum amounts for deciding when to file:

1. Apply at age 62 and receive a reduced benefit for life.
2. Apply at full retirement age and receive full benefits for life.
3. Apply at age 70 and receive an additional credit for life.

You've worked hard to secure a future for yourself and your family and you've paid your Social Security Taxes for decades. Make sure you receive the maximum benefit to which you are entitled by speaking with your Financial Advisor and taking a look at all your options before making this important decision.



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## What is Your Break-Even Age?

The traditional way of deciding when to take benefits has been to calculate your break-even age (the age you must live beyond in order for delayed benefits to actually provide a higher lifetime income.) For example, here are break even ages for today's 60-year old, considering benefits in inflation adjusted dollars:

Retirement Ages Considered	Break-Even Age
62 vs. 66	75
62 vs. 70	78
66 vs. 70	80

However, the break-even method leaves out factors such as investment risk, longevity risk, and financial risk due to death of a spouse. Considering these risk, you should maximize your Social Security benefits to the extent possible.

### Create Your Online Social Security Account

By creating your own account with the Social Security Administration online, you are able to review your personal annual statements online.

- From your internet connected device, navigate to [www.ssa.gov](https://www.ssa.gov).
- Select **my Social Security**.
- Select **Sign In or Create an Account**.
- Follow the screen prompts.

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**Retirement Estimator**  
Calculate your benefits based on your actual Social Security earnings record.

**FAQs**  
Get answers to frequently asked questions about Social Security.

# Four Opportunities to Maximize Your Social Security Benefits

There may be opportunities for you to boost your Social Security benefits.

**1** Strategies for couples  
Spouses should evaluate options to determine when to file for benefits.

**2** Restricted application\*  
May work for couples where one spouse has higher earnings.

**3** Survivor benefits  
Works best if one spouse is expected to outlive another.

**4** Former spousal benefits  
Ex-spouses may be eligible for a portion of benefits.

## Do You Have Other Beneficiaries?

**A child may be eligible to collect Social Security benefits. Here are some basic guidelines:**

Unmarried children under age 18 (19 if a full-time student or still in high school) whose parent has filed for retirement or disability benefits or passed away are eligible for 50% of the parent's benefits. Benefits stop after age 18, unless the child become disabled anytime before the age of 22.



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## If You Receive Social Security Benefits, Some Members of Your Family Can Also Receive Benefits

- Spouses age 62 or older.
- Spouses younger than 62 if they are taking care of a child entitled on your earnings record who is younger than 16 or disabled.
- Former spouses, if they are age 62 or older.
- Children up to age 18, (19 if full-time students and have not graduated from high school); and disabled children, even if they are age 18 or older.
- If you become the parent of a child (including an adopted child) after you begin receiving benefits, they may be eligible for benefits. Eligibility is determined based on the individual situation.

### **Note**

Children's benefits are only available to unmarried children.

In some situations, benefits may be paid to a disabled child who marries someone who has also been disabled since childhood.

## Work With Maestro Wealth Advisors to Make Your Plan

- A shift away from employer plans, coupled with rising health care costs, makes retirement income planning more important than ever. Income provided through guaranteed sources such as Social Security and variable annuities<sup>5</sup> can help cover expenses and sustain you throughout retirement.
- Because everyone has different lifestyles, goals, and financial situations, your best strategy to maximize Social Security benefits will be unique to you. |
- If you are still unsure about your Social Security benefits, let us provide your complimentary Social Security Report and schedule a complimentary, no-obligation conversation to discuss the options available to you.

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Contact us today for your complimentary, no-obligation conversation.



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1 Source: AARP Research, 2014 Social Security Quick Facts, 2014.

2 Source: Transamerica Center for Retirement Studies, "13th Annual Transamerica Retirement Survey of Workers," 2013.

3 Source: The Nationwide Retirement Institute, "The Nationwide Retirement Institute Consumer Social Security PR Study," July 2015.

4 Fidelity Advisor 2013 Survey of Investors on Retirement, July 2013. Conducted by Research Now on behalf of Fidelity Investments, this survey included 1,886 investors between the ages of 50 and 75 with investable assets of \$100,000 or more.

5 Guarantees are subject to the claims-paying ability of the insurance company.

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