

SOCIAL SECURITY CLAIMING GUIDE

A guide to one of the **MOST IMPORTANT** financial decisions you'll need to make!



If you're like many Americans, you've worked and contributed to the Social Security system for most of your life, and now it's time to decide when and how to begin collecting your Social Security retirement benefits.

Deciding on how and when to receive your benefits is an important decision that can impact the amount of income you receive throughout retirement. It's a decision that can ultimately affect your lifestyle and the future of a surviving spouse. Therefore, the decision you make should be made only after all the correct information has been taken into consideration, of which there are a number of key factors that we have outlined for you in this guide. Of course, It's also important to seek out the advice of a financial professional. After all, Social Security will likely only serve as one source of income during retirement. A financial professional can help you review your overall circumstances and develop a comprehensive strategy to help integrate your Social Security benefits with all your other sources of retirement income



Answer the "Big Question" - When to start collecting benefits?

Determining your Full Retirement Age

Your **Full Retirement Age (FRA)** is the age when you qualify for 100% of your Social Security benefits (referred to as your "Primary Insurance Amount"). Your FRA is based on your year of birth as indicated below. When you're ready to start collecting benefits, you should apply for Social Security no more than four months prior to the date you want your benefits to start.

If you start collecting Social Security benefits and then change your mind about your choice of decision, you may be able to withdraw your claim and reapply at a future date, provided you do so within 12 months of your original application for benefits. All benefits (including spousal and dependent benefits) must be repaid and... you may only withdraw your application for benefits once in your lifetime.

Year of Birth*	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

* If you were born on January 1, use the prior year for "year of birth."



Source for the chart above: www.socialsecurity.gov,
"Understanding The Benefits", 2013

YOUR THREE MAIN OPTIONS

You generally have three main options when it comes to choosing when to start collecting your benefits - often referred to as your Social Security "Filing Strategy." As you can see below, each options has it's own set of advantages and disadvantages.

1 Start collecting early (prior to Full Retirement Age)	2 Start collecting at Full Retirement Age	3 Start collecting after Full Retirement Age
Start between age 62 and Full Retirement Age and receive benefits reduced by up to 30%, depending on your year of birth and Full Retirement Age	Receive 100% of your benefit (Primary Insurance Amount)	Receive benefits that are increased 8% ¹ annually up to 32% through delayed retirement credits Credits are available each year past Full Retirement Age until age 70
PROS		
Potentially collect income over a longer period of time, depending on longevity	Receive the full Social Security benefit earned	Receive a higher benefit amount than otherwise available at Full Retirement Age
CONS		
Reduced monthly benefit for life	Could receive a larger monthly benefit by waiting	Could receive benefits for a shorter period of time, depending on longevity

Retirement Income IDEA

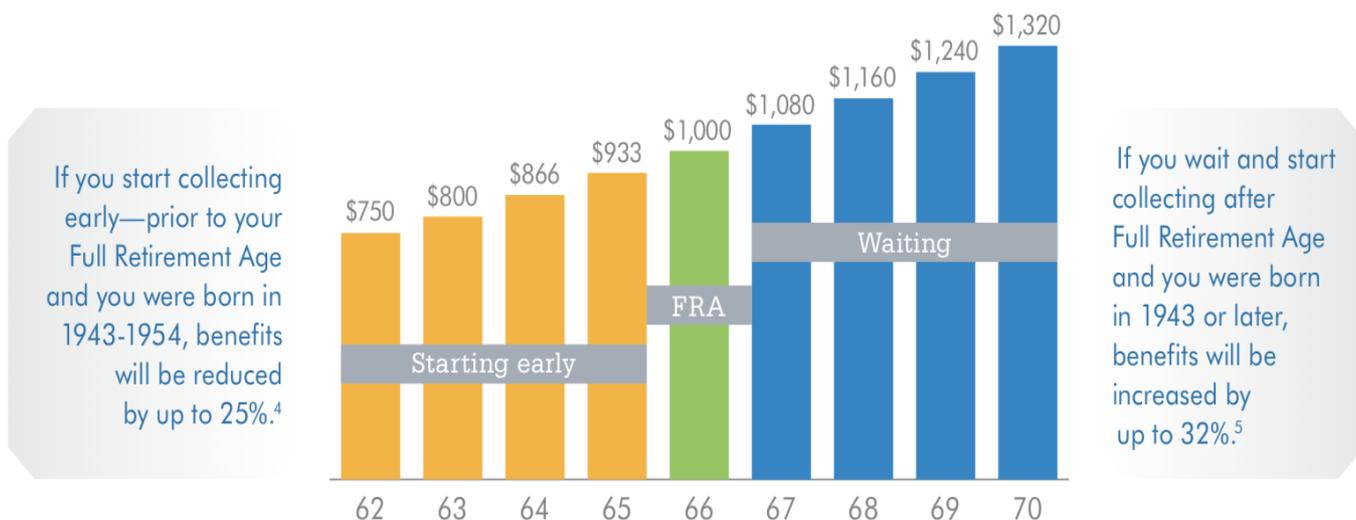
If you are looking for additional guaranteed income -- either to supplement a reduced Social Security benefit or as a means to delay taking Social Security in order to maximize your future benefits-- you may want to consider using an annuity.

WHEN TO START COLLECTING BENEFITS - Weighing the trade-offs

Start collecting early or wait?

Below is a hypothetical example that shows just how monthly benefit amounts can differ based on the age you start collecting your benefits.¹

This example assumes that a benefit of \$1,000 is available at Full Retirement Age (FRA) of...



You can use the table below to help weigh the trade-offs of starting early or delaying your benefits based on your year of birth and your Full Retirement Age.

Year of Birth*	FRA	Benefit, as a percentage of your Primary Insurance Amount, if you start collecting benefits at age									
		62	63	64	65	66	67	68	69	70	
1943-54	66	75	80	86 $\frac{2}{3}$	93 $\frac{1}{3}$	100	108	116	124	132	
1955	66, 2 mo.	74 $\frac{1}{2}$	79 $\frac{1}{2}$	85 $\frac{5}{9}$	92 $\frac{2}{9}$	98 $\frac{8}{9}$	106 $\frac{2}{3}$	114 $\frac{2}{3}$	122 $\frac{2}{3}$	130 $\frac{2}{3}$	
1956	66, 4 mo.	73 $\frac{1}{3}$	78 $\frac{1}{3}$	84 $\frac{4}{9}$	91 $\frac{1}{9}$	97 $\frac{7}{9}$	105 $\frac{1}{3}$	113 $\frac{1}{3}$	121 $\frac{1}{3}$	129 $\frac{1}{3}$	
1957	66, 6 mo.	72 $\frac{1}{2}$	77 $\frac{1}{2}$	83 $\frac{1}{3}$	90	96 $\frac{2}{3}$	104	112	120	128	
1958	66, 8 mo.	71 $\frac{2}{3}$	76 $\frac{2}{3}$	82 $\frac{2}{9}$	88 $\frac{8}{9}$	95 $\frac{5}{9}$	102 $\frac{2}{3}$	110 $\frac{2}{3}$	118 $\frac{2}{3}$	126 $\frac{2}{3}$	
1959	66, 10 mo.	70 $\frac{5}{9}$	75 $\frac{5}{9}$	81 $\frac{1}{9}$	87 $\frac{7}{9}$	94 $\frac{4}{9}$	101 $\frac{1}{3}$	109 $\frac{1}{3}$	117 $\frac{1}{3}$	125 $\frac{1}{3}$	
1960 and later	67	70	75	80	86 $\frac{2}{3}$	93 $\frac{1}{3}$	100	108	116	124	

* If you were born on January 1, use the prior year for "year of birth."

³ Amounts shown do not reflect any cost-of-living adjustments.

⁴ Percentage reduction varies depending on your year of birth and Full Retirement Age. See table above for details. The reduction is 5/9 of one percent for each month before your Full Retirement Age, up to 36 months. If the number of months exceeds 36, then the benefit is reduced 5/12 of one percent per month in excess of 36.

⁵ If you were born in 1943 or later, the delayed retirement credit is 8% each year.

Sources: www.socialsecurity.gov, "When To Start Receiving Retirement Benefits", 2013, and "Early or Late Retirement?", 2013

OTHER POINTS FOR CONSIDERATION...

1. Longevity

Longevity plays a key role in determining which Social Security filing strategy may be most advantageous for you. Depending on how long you live, you could potentially receive more in lifetime benefits by waiting to start. Reports suggest that the average life expectancy is now 78.7 for a male and 81.1 for female.⁶

Below is a hypothetical example that shows the total benefits paid through age 85 assuming three common starting ages. The example assumes a \$1,000 monthly benefit is available at the Full Retirement Age of 66. These amounts shown do not reflect any cost-of-living adjustment.⁷

Total Benefits Paid			
Age	Start at age 62 Monthly Benefit \$750		Delayed retirement credits are not available after age 70
62	\$9,000		
63	18,000		
64	27,000		
65	36,000		
66	45,000	Start at age 66 Monthly Benefit \$1,000	
67	54,000	\$12,000	
68	63,000	24,000	
69	72,000	36,000	
70	81,000	48,000	Start at age 70 Monthly Benefit \$1,320
71	90,000	60,000	\$15,840
72	99,000	72,000	31,680
73	108,000	84,000	47,520
74	117,000	96,000	63,360
75	126,000	108,000	79,200
76	135,000	120,000	95,040
77	144,000	132,000	110,880
78	153,000	144,000	126,720
79	162,000	156,000	142,560
80	171,000	168,000	158,400
81	180,000	180,000	174,240
82	189,000	192,000	190,080
83	198,000	204,000	205,920
84	207,000	216,000	221,760
85	\$216,000	\$240,000	253,440

Starting benefits at age 66 will generate more total income beginning at age 78

Starting benefits at age 70 will generate more total income beginning at age 82



⁶ Source for life expectancy data: National Vital Statistics System, Mortality.
⁷ Note: Social Security benefits are adjusted each year to reflect the increase, if any, in the cost of living as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)

Other things to consider...

2. Spousal Benefits

If you are married, you are generally eligible to claim the greater of:

- ✔ **Your Own Benefit** based on our individual earnings record, if applicable, or
- ✔ **The Spousal benefit:** Up to 50% of your spouse's full benefit.

The spousal benefit is based on your spouse's Primary Insurance Amount at his or her Full Retirement Age. If your spouse waits to start collecting benefits in order to receive delayed retirement credits, these credits will not increase the amount of your spousal benefits. In addition, you cannot collect on your spouse's record until your spouse files for benefits.

Collecting Prior to Full Retirement Age (FRA)

If you start collecting the spousal benefits prior to your own Full Retirement Age, the Spousal Benefit is reduced by up to 35%. Here's an example that shows the impact of collecting early (at age 62). It assumes your spouse's monthly benefit at Full Retirement Age is \$1,000 and you are not entitled to any Social Security benefits based on your own earnings record. Note: The reduction (calculation) will differ if you are also entitled to benefits based on our earnings record.

Year of Birth*	Full Retirement Age (FRA)	Spousal benefit if collected at FRA (Monthly)	Spousal Benefit if collected at age 62 (Monthly)
1943 - 1954	66	\$500	\$350
1955	66, 2mo.	\$500	\$345
1956	66, 4mo	\$500	\$341
1957	66, 6mo	\$500	\$337
1958	66, 8mo	\$500	\$333
1959	66, 10mo	\$500	\$329
1960 or later	67	\$500	\$325

* If you were born on January 1, use the prior year for "year of birth"

There are a number of different filing strategies you can use to help maximize retirement benefits.

⁸ An individual who files for benefits prior to FRA is considered to be filing for all Social Security benefits to which they are entitled.

⁹ A spousal benefit is reduced 25/36 of one percent for each month before Full Retirement Age, up to 36 months. If the number of months exceeds 36, then the benefit is reduced 5/12 of one percent per month in excess of 36.

Source: www.socialsecurity.gov, "Social Security Benefits – Benefit Reduction for Early Retirement", 2013. Example based on a \$1,000 primary insurance amount.



3. Continuing to Work

If you plan to continue working after you start collecting your Social Security benefits, you should know that some of your benefits may be withheld. If you have family members, such as a spouse, who receives benefits based on your record, your earnings from work may also reduce the benefits they receive. Please check with the Social Security Administration for complete details.

What is Considered Work (earned income)?

- ☑ Wages you make from your job
- ☑ Your net profit if you are self-employed
- ☑ Bonuses
- ☑ Commissions
- ☑ Vacation pay

Unearned income, such as that from annuities, investments, interest, or pension (government or private), will not impact your benefits the same as those directly from employment. If you are working and:

Younger than Full Retirement Age	In the year you reach Full Retirement Age	Older than Full Retirement Age
<p style="text-align: center;">You can earn up to \$18,960 year / \$1,580 month</p>	<p style="text-align: center;">You can earn up to \$50,250 year / \$4,210 month</p>	<p style="text-align: center;">No earning limits</p>
<p style="text-align: center;">After this point, your benefits will be reduced by \$1 for every \$2 you earn over the limit</p>	<p style="text-align: center;">After this point, your benefits will be reduced by \$1 for every \$3 you earn over the limit¹⁰</p>	<p style="text-align: center;">No reduction in benefits</p>

Keep in mind, if some of your benefits are withheld because you are working prior to FRA, your benefits will be increased when you reach your Full Retirement Age to take into account those months in which benefits were withheld.

You should also know that continuing to work while receiving benefits may result in a larger benefit amount in the future. If your latest year of earnings turns out to be one of your highest years, Social Security automatically recalculates your benefits and pays you any increases due.

¹⁰ Applies only to earnings before the month you reach your Full Retirement Age.
Sources: www.socialsecurity.gov, "Retirement Planner: Getting Benefits While Working", 2013 and "Social Security: How Work Affects Your Benefits," 2013

UNDERSTANDING HOW YOUR BENEFITS MAY BE TAXED



Depending on how much you earn in wages and other income, you could pay tax on up to 85% of your Social Security benefits.

The tax on your Social Security benefits is based on your "provisional income," which is defined as:

- ⊕ Adjusted gross income (AGI) +
- ⊕ Nontaxable interest +
- ⊕ One half of your Social Security benefits.

Tax filing status	Provisional income	Percentage of your benefits that may be taxable
Single or Head of Household	less than \$25,000	None
Single or Head of Household	Between \$25,000 and \$34,000	up to 50%
Single or Head of Household	more than \$34,000	up to 85%
Married Filing Jointly	less than \$32,000	None
Married Filing Jointly	between \$32,000 and \$44,000	up to 50%
Married Filing Jointly	more than \$44,000	up to 85%

Retirement Income IDEA

By allocating a portion of your assets into a tax-deferred annuity, you may be able to decrease your taxable income--potentially allowing you to keep more of your Social Security benefits.

Under current tax law, deferred earnings from an annuity do NOT count toward your provisional income as long as they are not withdrawn. Upon withdrawal, annuity earnings) or any portion of a withdrawal considered earnings) are taxed as ordinary income and will be included in your Social Security benefit tax calculations, It is similar to income from tax-free and taxable investments.

If you use an annuity to fund a tax-qualified plan (such as an IRA), it automatically receives the benefit of tax deferral. An annuity provides no additional tax-deferred benefit beyond that provided by the plan itself.

Source: www.socialsecurity.gov, "Benefits Planner: Income Taxes and Your Social Security Benefits", 2020.

"Social Security benefits were only designated to replace a portion of a retiree's pre-retirement income."

Social Security Benefits were never intended to be the only source of income when people retired. According to the most recent research from Boston College, The National Retirement Risk Index (NPRI) 50% of retirees are "at risk" of not having enough to maintain their living standards.

Social Security Income 2020:

More than 85% of people 65 and older receive Social Security. Among elderly Social Security beneficiaries, 50% of married couples and 70% of an unmarried person receives 50% or more of their income from Social Security. The Average Monthly benefit is \$1,523 this is a little more than the federal minimum wage of \$15,080, and about half of what retirees need to maintain their living standards in retirement.

Average Retirement Income from Assets 2020:

According to the 19th Annual Transamerica Annual Retirement Survey, 39% of baby boomers expect their primary source of retirement income to come from retirement accounts such as 401(k)s, 403(b)s, and IRAs or other savings. And, the Pension Rights Center reports similar estimates.

However, they have also discovered that most older adults have very little in savings. Only 66 percent receive income from financial assets and half of those receive less than \$1,754 a year. Even more disconcerting is the fact that the poverty rate among older adults in the U.S. is the fifth highest among major industrialized countries.

Average Retirement Income from Pensions:

A mere 31 percent of today's retirees have retirement income from a pension, a 6% drop over recent years and this number is trending further downward. If you have an income from a pension, you should consider yourself lucky! The median annual pension benefit ranges between \$9,262 for private pensions to \$22,172 for a federal government pension and \$24,592 for a railroad pension.



Average Retirement Income from Work:

Working after retirement is becoming an important part of retirement income. Many workers expect to retire after age 64 or never retire. According to the Bureau of Labor Statistics:

- ➔ Among 65 to 74 year old's, labor force participation is predicted to hit 32 percent by 2022, up from 20 percent in 2002.
- ➔ At age 75 and up, the rate will jump from 5 percent in 2002 to 11 percent in 2022

Fifty-five percent of workers plan to work during retirement, either part-time (41percent) or full-time (14 percent). Twenty-eight percent do not plan to work in retirement and 17 percent are "not sure". And, 81% of those boomers cite a financial reason - the need for retirement income - for continuing to work.

Public Assistance and Veternal's Benefits::

According to the PRC, about 7 percent of retirees are receiving assistance from the government. And, for these retirees getting public assistance, the median benefit ranges between \$5,866 to \$6,542 (depending on their exact age)

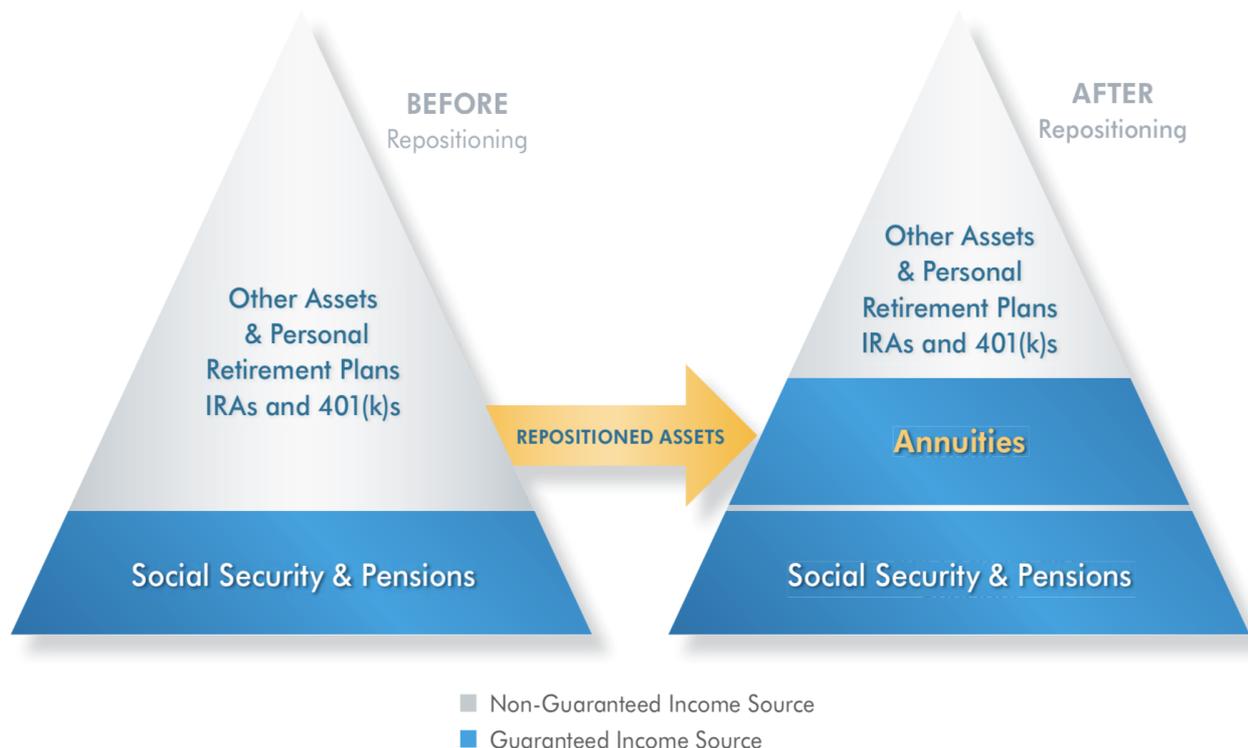


Increasing your Guaranteed income beyond Social Security

Social Security and employer pension plans have traditionally been a source of guaranteed lifetime income that retirees could rely on to help cover their expenses for basic necessities such as housing, food, and healthcare.

If you find that your income from these guaranteed income sources is insufficient to cover your essential expenses, you may want to consider using an annuity for an additional source of guaranteed income. An annuity is a contract with an insurance company that offers you the opportunity to create a guaranteed lifetime income for either yourself only, or for the life of you and your spouse. It is like creating your own "personal pension" for a guaranteed lifetime income.

Annuities can provide you with additional guaranteed lifetime income



Annuities offer guaranteed income payments for life at no additional cost through annuitization. Alternatively, some annuities offer lifetime income through optional living benefit riders available for an additional fee. Annuity guarantees are always backed by the claims-paying ability of the issuing insurance company.

Is an annuity right for you?

The Answer is "It Depends!"

No matter where you are in your plan for retirement, there is only one way to truly determine if an annuity is right for you, and it begins with a personal evaluation.

Take our free quiz 60 seconds to find out if an annuity is right for you!

Financial 411

Ends in... 01 days 23 hours 59 minutes 32 seconds **START QUIZ**

— Planning for a secure retirement

Is An Annuity Right For You?

Take this 60 second quiz to find out what your annuity score is.

START QUIZ

*This information will remain private and confidential. It will only be used by Financial 411 to determine if an annuity is right for you.

Depending on your needs, your goals, and your circumstances, annuities can be a powerful addition to our overall retirement strategy.



Forbes



CNN



Start Quiz
Now!

MAKING SMART DECISIONS

If you are Divorced-

If you are divorced, you can generally claim the greater of:

- ▶ **Your own retirement benefit** based on your individual earnings records, or
- ▶ **The spousal benefit:** Up to 50% of your former spouse's full benefit, provided that certain requirements are met--even if your former spouse has remarried.

Qualifying Requirements

In order to qualify for spousal benefits based on your former spouse's earnings record, there are a number of requirements that need to be met:

- ▶ You must be 62 or older and not currently married
- ▶ Your marriage must have lasted for 10 years or longer
- ▶ Your former spouse may qualify for Social Security benefits
- ▶ Your Social Security benefits based on your own earnings record must be less than the spousal benefit available under your former spouse's earnings records
- ▶ If your former spouse hasn't applied for benefits but is age 62 or older, you can receive benefits based on his/her earnings record if you have been divorced for at least two years.

NOTE: If you have remarried, you are ineligible to collect spousal benefits based on your former spouse's earnings record. However, if your subsequent marriage ends due to death, divorce, or annulment, your eligibility to receive benefits based on your former spouse's earnings record is restored. If you have had multiple spouses, you can only receive benefits based on one former spouse's earnings record at any given time.



Survivors Benefits

If your former spouse is deceased, at age 60 (50, if disabled) you may be entitled to survivors' benefits. The benefit amount is based on your former spouse's Social Security benefit and your age. For example:

- ▶ If you are at full retirement age or older, you would receive 100 percent of our deceased former spouse's benefit amount.
- ▶ If you are age 60 to Full Retirement Age, you would receive a percentage (ranging from 71 1/2 to 99 percent) of your deceased former spouse's benefit amount.

Keep in mind, the Full Retirement Age used to calculate survivors' benefits may not be the same as the Full Retirement Age used to calculate retirement benefits.

NOTE: If you remarry after you reach age 60 (50 if disabled) your remarriage will not affect your eligibility for survivors benefits, however, if your current spouse is receiving Social Security benefits, you may want to apply for the spousal benefits based on his or her record if it is higher than your survivor's benefits.

When it comes to preparing your future...

There's no time like the present.

Maintaining your preferred lifestyle is an important part of your retirement strategy. What lifestyle do you expect to enjoy in retirement? Will you want to visit family contribute to a grandchild's education, spend more time on hobbies, or travel to the faraway places you've dreamed about?

An objective examination of your anticipated retirement income and basic needs can help you and your financial professional address gaps in your retirement strategy.



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THANK YOU

Making smart decisions about your income isn't always easy, but with Financial 411 "you have a friend in the Business."

When you work with us we will assess your income needs and assist you in determining a Social Security Strategy meets your goals.

"Hoping to make the right decision is never a good strategy."

To Speak with A professional:

PHONE: 1-877-529-6543 - FAX 1-805-299-4553

Email: Financial411@Att.Net Website: www.Financial411.Net



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The logo features the word "Financial" in a red, cursive script font, with "411" in a bold, red, sans-serif font below it. To the right of the text are several concentric red curved lines, resembling a signal or broadcast icon. The background of the entire page is a photograph of a desk with a calculator, a pen, a clipboard, and a pair of glasses.