

UNDERSTANDING YOUR
Social Security Strategy



For Tommy and Debbie Smith

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Important Notes

This report of your Social Security benefits is based on the information you provided. Its purpose is to help you frame your thoughts and become better informed before filing. It shows strategies and age combinations that you might not have considered. This report is not intended to provide an exact analysis, but it will help you determine the filing method and age you want to start your benefits. This report reflects the provisions and restrictions included in the Bipartisan Budget Act of 2015.

This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

A portion of your Social Security benefits may be taxable. Since other sources of retirement income can affect taxation of your benefits, proper income tax planning can only be done as part of a comprehensive retirement income plan. The actual income taxation of Social Security benefits will depend on the facts and circumstances at the time the benefits are received. Any illustration of the potential income taxation of Social Security benefits is an estimate.

If you have questions not covered in this report, your Social Security Administration office and its website (www.ssa.gov) are excellent sources of additional information.

IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

Broker-Dealer disclosure go [here!](#)

Planning for Social Security Retirement Benefits

For some people, choosing the right time to file for Social Security retirement benefits appears to be straightforward. Some choose to take benefits at age 62, as soon as they become available. Some choose to take benefits at the same time they stop working. While others delay claiming benefits just to get a higher benefit payment. Unfortunately, it might not be that simple. Indeed, for many, the decision is more complicated.

Most people should ask, and get answers to, the following questions:

- At what age should I file for benefits?
- At what age should my spouse file for benefits?
- When does it make sense to claim a spousal benefit?
- How do I make sure my spouse gets the largest survivor benefit?
- How do we know which of the common filing methods might be right for us?
- If one of us lives a long life, how does that affect our decision?

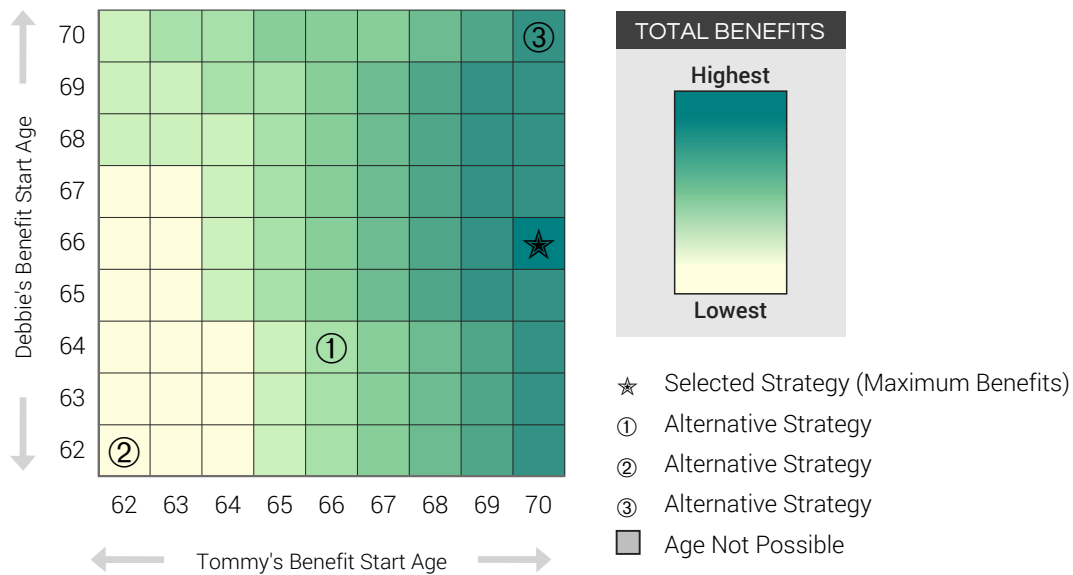
Clearly there can be a lot involved.

This report illustrates one or more Social Security retirement income planning strategies (start ages and filing method) that may help you reach your retirement income goals. Your Social Security benefits are shown before taxes in future dollars, assuming annual cost of living adjustments from today. The report is based on the information you provided below.

	TOMMY	DEBBIE
Date of Birth	2/5/1960	3/5/1963
Full Retirement Age (FRA)	67	67
Monthly benefit at FRA ¹	\$2,400	\$1,950
Assume live to	83	87
Rate of return for future value of benefits		1.5%
Social Security cost of living adjustment		2.5%
Effective income tax rate		25%
Modified Adjusted Gross Income		\$0

¹ This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

Social Security Strategy



What Does This Mean?

The above grid represents the filing age combinations for starting Social Security benefits. Total benefits are calculated for each available age combination. The darker the square, the higher the total value for a given age combination. The star represents the age combination with the highest overall total. If more than one combination results in the same total, the earliest possible age combination is shown. The check shows an alternative start age combination.

The strategy selected and emphasized in this report starts benefits for Tommy at age 70 and Debbie at age 66 (the start ages that will provide maximum benefits over the projected lifetimes). The difference shown below is how much less benefit would be received if an alternative start age combination is selected.

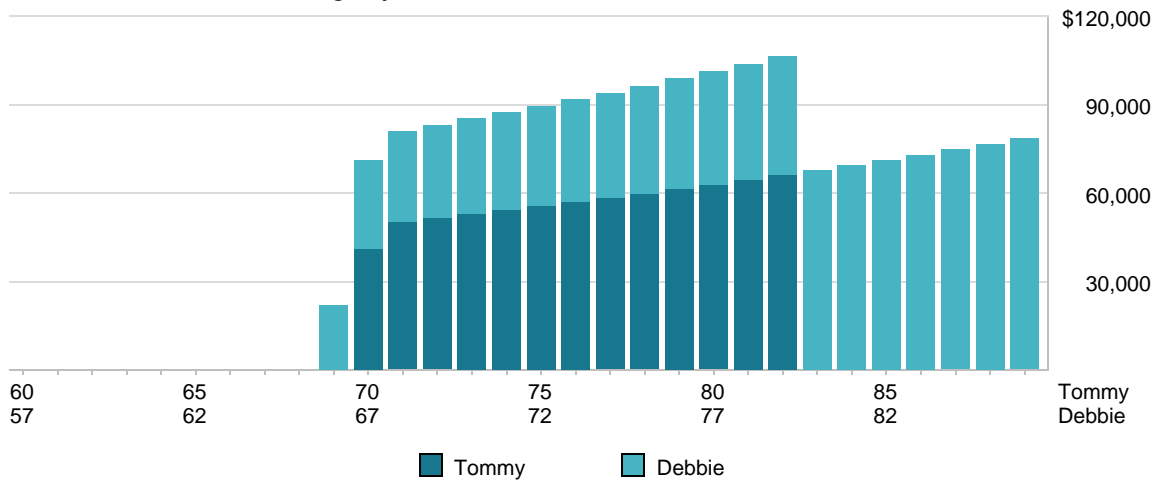
SELECTED START AGES	FUTURE VALUE ¹	
★ Tommy at 70, Debbie at 66	\$2,006,297	
ALTERNATIVE START AGES	FUTURE VALUE ¹	DIFFERENCE FROM SELECTED
① Tommy at 66, Debbie at 64	\$1,830,022	\$176,275 less
② Tommy at 62, Debbie at 62	\$1,695,919	\$310,378 less
③ Tommy at 70, Debbie at 70	\$1,983,240	\$23,057 less

¹ Future value calculated through 2049.

★ Selected Strategy (Maximum Benefits)

	TOMMY	DEBBIE	FUTURE VALUE OF BENEFITS	
Current Age	57	54	<h2 style="margin: 0;">\$2,006,297</h2> <p style="margin: 0;">File for Benefits</p>	
Monthly benefit at FRA ¹	\$2,400	\$1,950		
Assume live to	83	87		
Start benefits at age	70	66		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



DATE	AGE ²	CHANGE FOR	NEW MONTHLY BENEFITS			REASON
			TOMMY	DEBBIE	TOTAL	
Apr 2029	66	Debbie	\$0	\$2,448	\$2,448	Start own retirement benefits
Mar 2030	70	Tommy	\$4,102	\$2,509	\$6,611	Start own retirement benefits
Jan 2043	80	Debbie	\$0	\$5,655	\$5,655	Survivor benefits start

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	TOMMY			DEBBIE				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2020	60	0	0	57	0	0	0	0	0
2021	61	0	0	58	0	0	0	0	0
2022	62	0	0	59	0	0	0	0	0
2023	63	0	0	60	0	0	0	0	0
2024	64	0	0	61	0	0	0	0	0
2025	65	0	0	62	0	0	0	0	0
2026	66	0	0	63	0	0	0	0	0
2027	67	0	0	64	0	0	0	0	0
2028	68	0	0	65	0	0	0	0	0
2029	69	0	0	66	22,032	0	0	22,032	22,032
2030	70	41,020	0	67	30,108	0	0	71,128	93,490
2031	71	50,460	0	68	30,864	0	0	81,324	176,217
2032	72	51,720	0	69	31,632	0	0	83,352	262,212
2033	73	53,016	0	70	32,424	0	0	85,440	351,585
2034	74	54,336	0	71	33,228	0	0	87,564	444,423
2035	75	55,704	0	72	34,068	0	0	89,772	540,861
2036	76	57,096	0	73	34,920	0	0	92,016	640,990
2037	77	58,524	0	74	35,784	0	0	94,308	744,913
2038	78	59,976	0	75	36,684	0	0	96,660	852,747
2039	79	61,476	0	76	37,596	0	0	99,072	964,610
2040	80	63,012	0	77	38,544	0	0	101,556	1,080,635
2041	81	64,596	0	78	39,504	0	0	104,100	1,200,945
2042	82	66,204	0	79	40,488	0	0	106,692	1,325,651
2043				80	41,496	0	26,364	67,860	1,413,396
2044				81	42,540	0	27,024	69,564	1,504,161
2045				82	43,608	0	27,696	71,304	1,598,027
2046				83	44,688	0	28,392	73,080	1,695,077
2047				84	45,804	0	29,100	74,904	1,795,408
2048				85	46,956	0	29,820	76,776	1,899,115
2049				86	48,120	0	30,576	78,696	2,006,297

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ Age at end of year illustrated.

Hypothetical Income Taxation

This illustration of the potential income taxation of Social Security benefits is an estimate. Social Security benefits are only one source of retirement income. Since other sources of retirement income can affect taxation of these benefits, proper income tax planning can only be done as part of a comprehensive retirement income plan. The actual income taxation of Social Security benefits will depend on the facts and circumstances at the time the benefits are received. Up to 85% of your Social Security benefits may be taxed.¹

Be sure to consider your retirement plan distributions. All distributions from IRAs and employer plans will be included in MAGI. Roth IRA distributions will not be included.

Assumes an effective income tax rate of 25%.

Hypothetical Income Taxes by Modified Adjusted Gross Income (MAGI)

YEAR	ANNUAL BENEFITS	MAGI \$0		MAGI \$25,000		MAGI \$50,000	
		INCOME TAX ON BENEFITS	AFTER-TAX BENEFITS	INCOME TAX ON BENEFITS	AFTER-TAX BENEFITS	INCOME TAX ON BENEFITS	AFTER-TAX BENEFITS
2029	\$22,032	\$0	\$22,032	\$502	\$21,530	\$4,682	\$17,350
2030	\$71,128	\$446	\$70,682	\$5,020	\$66,108	\$10,332	\$60,796
2035	\$89,772	\$1,688	\$88,084	\$7,001	\$82,771	\$12,313	\$77,459
2040	\$101,556	\$2,940	\$98,616	\$8,253	\$93,303	\$13,565	\$87,991
2045	\$71,304	\$457	\$70,847	\$5,039	\$66,265	\$10,351	\$60,953
2049	\$78,696	\$919	\$77,777	\$5,824	\$72,872	\$11,136	\$67,560

¹ ssa.gov Retirement Benefits booklet January 2015. This percentage can be changed by Congress.

Action Plan

For Tommy starting benefits at age 70 and Debbie starting benefits at age 66

✓	WHEN	WHO	ACTION	NOTES
<input type="checkbox"/>	December 2028	Debbie	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<input type="checkbox"/>	November 2029	Tommy	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<input type="checkbox"/>	At death of a spouse		When a spouse dies, the surviving spouse should notify the Social Security Administration of spouse's death.	Social Security provides a one-time payment of \$255 plus potential monthly survivors' benefits.

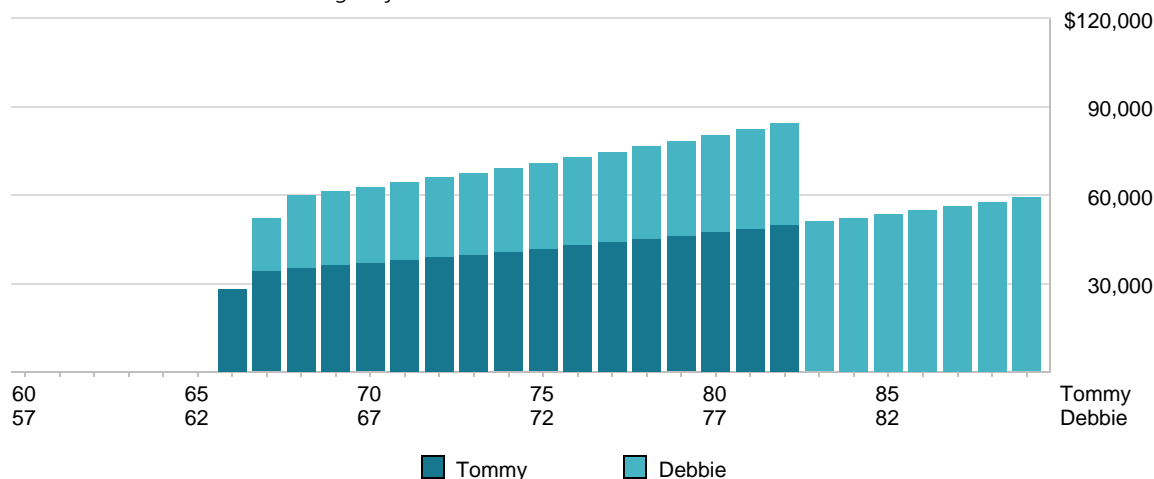
This schedule was prepared on September 25, 2017.

All items should be reviewed regularly and adjusted for any changes in Social Security rules, tax laws, or major life events of either Tommy or Debbie. A review with your financial advisors annually is recommended.

① Alternative Strategy

	TOMMY	DEBBIE	FUTURE VALUE OF BENEFITS	
Current Age	57	54	<h2 style="margin: 0;">\$1,830,022</h2> <p style="margin: 0;">File for Benefits</p>	
Monthly benefit at FRA ¹	\$2,400	\$1,950		
Assume live to	83	87		
Start benefits at age	66	64		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



DATE	AGE ²	CHANGE FOR	NEW MONTHLY BENEFITS			REASON
			TOMMY	DEBBIE	TOTAL	
Mar 2026	66	Tommy	\$2,797	\$0	\$2,797	Start own retirement benefits
Apr 2027	64	Debbie	\$2,867	\$1,997	\$4,864	Start own retirement benefits
Jan 2043	80	Debbie	\$0	\$4,257	\$4,257	Survivor benefits start

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	TOMMY			DEBBIE				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2020	60	0	0	57	0	0	0	0	0
2021	61	0	0	58	0	0	0	0	0
2022	62	0	0	59	0	0	0	0	0
2023	63	0	0	60	0	0	0	0	0
2024	64	0	0	61	0	0	0	0	0
2025	65	0	0	62	0	0	0	0	0
2026	66	27,970	0	63	0	0	0	27,970	27,970
2027	67	34,404	0	64	17,973	0	0	52,377	80,767
2028	68	35,268	0	65	24,564	0	0	59,832	141,810
2029	69	36,156	0	66	25,176	0	0	61,332	205,269
2030	70	37,056	0	67	25,800	0	0	62,856	271,204
2031	71	37,980	0	68	26,448	0	0	64,428	339,700
2032	72	38,928	0	69	27,108	0	0	66,036	410,832
2033	73	39,900	0	70	27,792	0	0	67,692	484,686
2034	74	40,896	0	71	28,488	0	0	69,384	561,341
2035	75	41,928	0	72	29,196	0	0	71,124	640,885
2036	76	42,972	0	73	29,928	0	0	72,900	723,398
2037	77	44,052	0	74	30,672	0	0	74,724	808,973
2038	78	45,144	0	75	31,440	0	0	76,584	897,692
2039	79	46,272	0	76	32,232	0	0	78,504	989,661
2040	80	47,436	0	77	33,036	0	0	80,472	1,084,978
2041	81	48,624	0	78	33,864	0	0	82,488	1,183,740
2042	82	49,836	0	79	34,704	0	0	84,540	1,286,037
2043				80	35,580	0	15,504	51,084	1,356,411
2044				81	36,456	0	15,900	52,356	1,429,113
2045				82	37,368	0	16,296	53,664	1,504,214
2046				83	38,304	0	16,704	55,008	1,581,785
2047				84	39,276	0	17,112	56,388	1,661,900
2048				85	40,248	0	17,544	57,792	1,744,620
2049				86	41,244	0	17,988	59,232	1,830,022

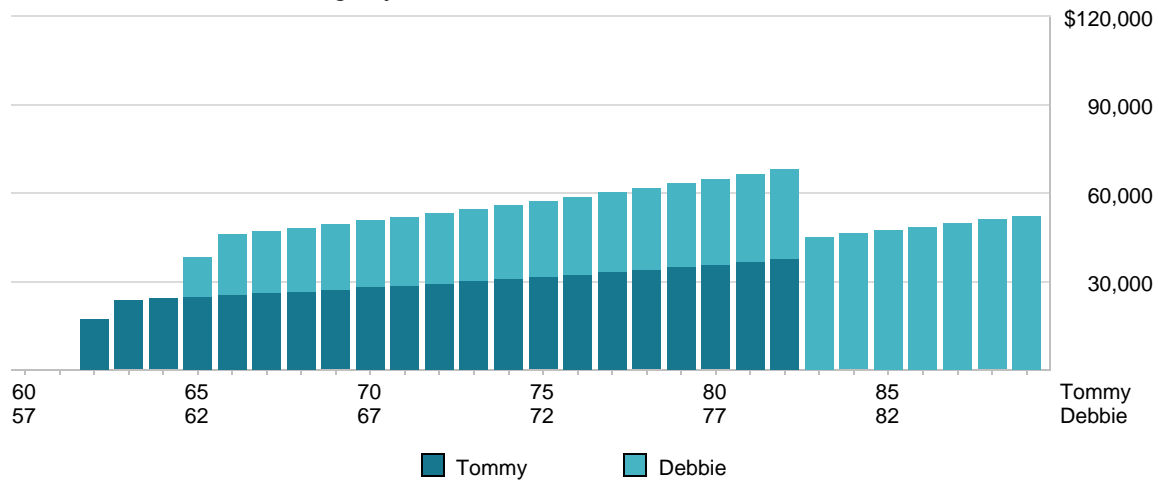
¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ Age at end of year illustrated.

② Alternative Strategy

	TOMMY	DEBBIE	FUTURE VALUE OF BENEFITS	
Current Age	57	54	<h1>\$1,695,919</h1> <p>File for Benefits</p>	
Monthly benefit at FRA ¹	\$2,400	\$1,950		
Assume live to	83	87		
Start benefits at age	62	62		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



DATE	AGE ²	CHANGE FOR	NEW MONTHLY BENEFITS			REASON
			TOMMY	DEBBIE	TOTAL	
Apr 2022	62	Tommy	\$1,912	\$0	\$1,912	Start own retirement benefits
May 2025	62	Debbie	\$2,059	\$1,673	\$3,732	Start own retirement benefits
Jan 2043	80	Debbie	\$0	\$3,763	\$3,763	Survivor benefits start

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

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² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	TOMMY			DEBBIE				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2020	60	0	0	57	0	0	0	0	0
2021	61	0	0	58	0	0	0	0	0
2022	62	17,208	0	59	0	0	0	17,208	17,208
2023	63	23,520	0	60	0	0	0	23,520	40,986
2024	64	24,108	0	61	0	0	0	24,108	65,709
2025	65	24,708	0	62	13,384	0	0	38,092	104,787
2026	66	25,332	0	63	20,580	0	0	45,912	152,270
2027	67	25,956	0	64	21,096	0	0	47,052	201,606
2028	68	26,604	0	65	21,624	0	0	48,228	252,858
2029	69	27,276	0	66	22,164	0	0	49,440	306,091
2030	70	27,960	0	67	22,716	0	0	50,676	361,359
2031	71	28,656	0	68	23,280	0	0	51,936	418,715
2032	72	29,376	0	69	23,868	0	0	53,244	478,240
2033	73	30,108	0	70	24,456	0	0	54,564	539,977
2034	74	30,864	0	71	25,068	0	0	55,932	604,009
2035	75	31,632	0	72	25,704	0	0	57,336	670,405
2036	76	32,424	0	73	26,340	0	0	58,764	739,225
2037	77	33,228	0	74	27,000	0	0	60,228	810,542
2038	78	34,056	0	75	27,672	0	0	61,728	884,428
2039	79	34,908	0	76	28,368	0	0	63,276	960,970
2040	80	35,784	0	77	29,076	0	0	64,860	1,040,245
2041	81	36,684	0	78	29,808	0	0	66,492	1,122,340
2042	82	37,596	0	79	30,552	0	0	68,148	1,207,324
2043				80	31,320	0	13,836	45,156	1,270,589
2044				81	32,100	0	14,184	46,284	1,335,932
2045				82	32,892	0	14,544	47,436	1,403,407
2046				83	33,720	0	14,904	48,624	1,473,082
2047				84	34,560	0	15,276	49,836	1,545,015
2048				85	35,424	0	15,660	51,084	1,619,274
2049				86	36,312	0	16,044	52,356	1,695,919

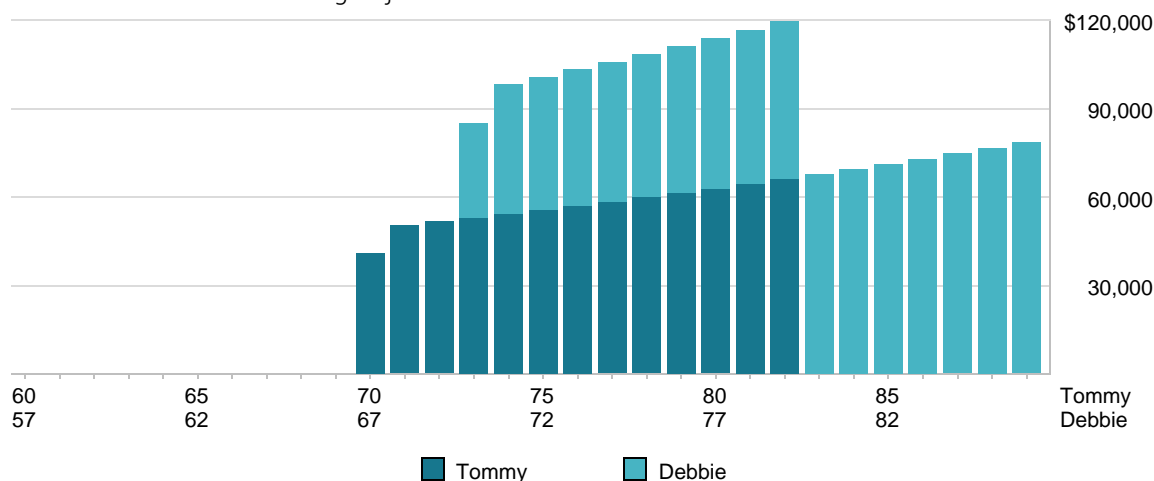
¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ Age at end of year illustrated.

③ Alternative Strategy

	TOMMY	DEBBIE	FUTURE VALUE OF BENEFITS	
Current Age	57	54	<h1>\$1,983,240</h1> <p>File for Benefits</p>	
Monthly benefit at FRA ¹	\$2,400	\$1,950		
Assume live to	83	87		
Start benefits at age	70	70		

ANNUAL BENEFITS BY YEAR
Assumes 2.5% Cost of Living Adjustments



DATE	AGE ²	CHANGE FOR	NEW MONTHLY BENEFITS			REASON
			TOMMY	DEBBIE	TOTAL	
Mar 2030	70	Tommy	\$4,102	\$0	\$4,102	Start own retirement benefits
Apr 2033	70	Debbie	\$4,418	\$3,590	\$8,008	Start own retirement benefits
Jan 2043	80	Debbie	\$0	\$5,655	\$5,655	Survivor benefits start

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

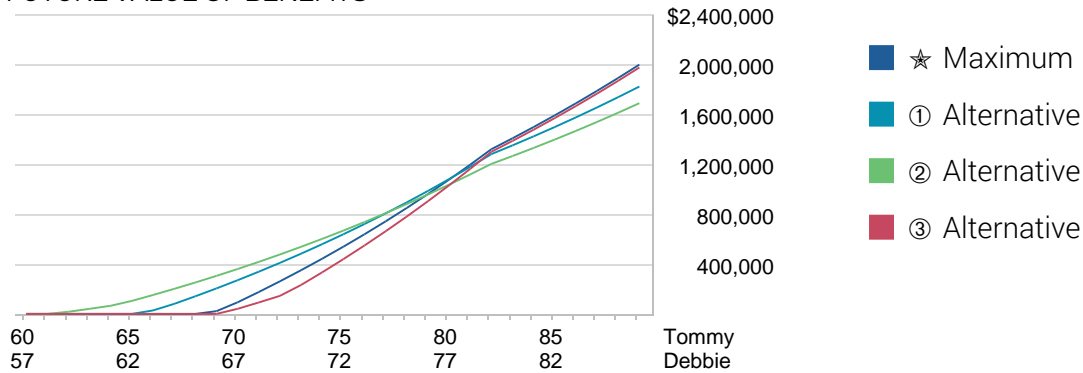
Year	TOMMY			DEBBIE				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Future Value
2020	60	0	0	57	0	0	0	0	0
2021	61	0	0	58	0	0	0	0	0
2022	62	0	0	59	0	0	0	0	0
2023	63	0	0	60	0	0	0	0	0
2024	64	0	0	61	0	0	0	0	0
2025	65	0	0	62	0	0	0	0	0
2026	66	0	0	63	0	0	0	0	0
2027	67	0	0	64	0	0	0	0	0
2028	68	0	0	65	0	0	0	0	0
2029	69	0	0	66	0	0	0	0	0
2030	70	41,020	0	67	0	0	0	41,020	41,020
2031	71	50,460	0	68	0	0	0	50,460	92,095
2032	72	51,720	0	69	0	0	0	51,720	145,197
2033	73	53,016	0	70	32,310	0	0	85,326	232,701
2034	74	54,336	0	71	44,148	0	0	98,484	334,675
2035	75	55,704	0	72	45,252	0	0	100,956	440,651
2036	76	57,096	0	73	46,392	0	0	103,488	550,749
2037	77	58,524	0	74	47,544	0	0	106,068	665,078
2038	78	59,976	0	75	48,732	0	0	108,708	783,762
2039	79	61,476	0	76	49,956	0	0	111,432	906,951
2040	80	63,012	0	77	51,204	0	0	114,216	1,034,771
2041	81	64,596	0	78	52,476	0	0	117,072	1,167,365
2042	82	66,204	0	79	53,796	0	0	120,000	1,304,875
2043				80	55,140	0	12,720	67,860	1,392,308
2044				81	56,520	0	13,044	69,564	1,482,757
2045				82	57,936	0	13,368	71,304	1,576,302
2046				83	59,376	0	13,704	73,080	1,673,027
2047				84	60,864	0	14,040	74,904	1,773,026
2048				85	62,376	0	14,400	76,776	1,876,398
2049				86	63,936	0	14,760	78,696	1,983,240

¹ Future values assume a rate of return of 1.5% to evaluate Social Security income received.

¹ Age at end of year illustrated.

Comparison of Strategies

FUTURE VALUE OF BENEFITS



Year	Ages	ANNUAL BENEFIT				FUTURE VALUE ¹			
		★ Maximum	① Alternative	② Alternative	③ Alternative	★ Maximum	① Alternative	② Alternative	③ Alternative
2020	60/57	0	0	0	0	0	0	0	0
2021	61/58	0	0	0	0	0	0	0	0
2022	62/59	0	0	17,208	0	0	0	17,208	0
2023	63/60	0	0	23,520	0	0	0	40,986	0
2024	64/61	0	0	24,108	0	0	0	65,709	0
2025	65/62	0	0	38,092	0	0	0	104,787	0
2026	66/63	0	27,970	45,912	0	0	27,970	152,270	0
2027	67/64	0	52,377	47,052	0	0	80,767	201,606	0
2028	68/65	0	59,832	48,228	0	0	141,810	252,858	0
2029	69/66	22,032	61,332	49,440	0	22,032	205,269	306,091	0
2030	70/67	71,128	62,856	50,676	41,020	93,490	271,204	361,359	41,020
2031	71/68	81,324	64,428	51,936	50,460	176,217	339,700	418,715	92,095
2032	72/69	83,352	66,036	53,244	51,720	262,212	410,832	478,240	145,197
2033	73/70	85,440	67,692	54,564	85,326	351,585	484,686	539,977	232,701
2034	74/71	87,564	69,384	55,932	98,484	444,423	561,341	604,009	334,675
2035	75/72	89,772	71,124	57,336	100,956	540,861	640,885	670,405	440,651
2036	76/73	92,016	72,900	58,764	103,488	640,990	723,398	739,225	550,749
2037	77/74	94,308	74,724	60,228	106,068	744,913	808,973	810,542	665,078
2038	78/75	96,660	76,584	61,728	108,708	852,747	897,692	884,428	783,762
2039	79/76	99,072	78,504	63,276	111,432	964,610	989,661	960,970	906,951
2040	80/77	101,556	80,472	64,860	114,216	1,080,635	1,084,978	1,040,245	1,034,771
2041	81/78	104,100	82,488	66,492	117,072	1,200,945	1,183,740	1,122,340	1,167,365
2042	82/79	106,692	84,540	68,148	120,000	1,325,651	1,286,037	1,207,324	1,304,875
2043	80	67,860	51,084	45,156	67,860	1,413,396	1,356,411	1,270,589	1,392,308
2044	81	69,564	52,356	46,284	69,564	1,504,161	1,429,113	1,335,932	1,482,757
2045	82	71,304	53,664	47,436	71,304	1,598,027	1,504,214	1,403,407	1,576,302
2046	83	73,080	55,008	48,624	73,080	1,695,077	1,581,785	1,473,082	1,673,027
2047	84	74,904	56,388	49,836	74,904	1,795,408	1,661,900	1,545,015	1,773,026
2048	85	76,776	57,792	51,084	76,776	1,899,115	1,744,620	1,619,274	1,876,398
2049	86	78,696	59,232	52,356	78,696	2,006,297	1,830,022	1,695,919	1,983,240

¹ Future value calculated through 2049.

Summary

SELECTED START AGES	FUTURE VALUE ¹
★ Tommy at 70, Debbie at 66	\$2,006,297

ALTERNATIVE START AGES	FUTURE VALUE ¹	DIFFERENCE FROM SELECTED
① Tommy at 66, Debbie at 64	\$1,830,022	\$176,275 less
② Tommy at 62, Debbie at 62	\$1,695,919	\$310,378 less
③ Tommy at 70, Debbie at 70	\$1,983,240	\$23,057 less

¹ Future value calculated through 2049.

Definitions and Additional Information

Full retirement age

Full retirement age (FRA) is the age at which a person may first become entitled to full or unreduced Social Security benefits. If your birthday is on January 1, the previous year's FRA will determine your full retirement age.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943 through 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 and later	67

Reductions for retirement before full retirement age

You may start Social Security retirement benefits as early as age 62; however, each month prior to FRA will result in a reduction in your benefits. This reduction ranges from 25% for those with a FRA of 66 to 30% for FRA of 67. The formula is 5/9 of 1% per month up to 36 months, plus 5/12 of 1% per month exceeding 36.

Delayed retirement credits for retirement after full retirement age

If you choose to delay starting Social Security benefits, you will receive an increase in your benefit amount of 8% per year up to age 70. After age 70 there are no further credits for delaying benefits. The credit is 2/3 of 1% for each month beyond FRA.

Monthly benefit at full retirement age

You can find your monthly benefit at full retirement age on your annual Social Security statement or from the on-line statement. The amount used in this report is the monthly value in today's dollars. This report automatically applies cost of living adjustments for you. This monthly benefit amount is also known as Primary Insurance Amount or PIA.

Spousal and family benefits

If you are receiving Social Security retirement benefits, your spouse and children may also qualify to receive benefits on your record. Your spouse or child may receive a monthly payment of up to one-half of your full retirement benefit amount, subject to a family maximum of approximately 150-180% of your full retirement payment. These payments will not reduce your retirement benefit. If there is more than one beneficiary, the payments are prorated among your family members eligible for benefits. However, if you suspend your benefits, all benefits based on your earnings will also be suspended. Individuals age 62 or younger in 2016 do not have this option.

Survivor benefits

Social Security provides survivor benefits for your family. If you die and your children are under 18, they are eligible for survivor benefits. In addition, your spouse qualifies for survivor benefits if age 60 or greater or caring for your children under age 16. Your spouse's survivor benefits when not caring for children under 16 will be reduced if benefits start prior to your spouse's full retirement age.

Family benefits

This report does not consider Social Security survivor or retirement payments available for children, which may increase the total benefits your family may receive.

Disability benefits

This report does not consider disability payments that you or your family may be eligible to receive.

Pensions based on earnings not covered by Social Security

If you receive a pension for work not covered by Social Security, your monthly retirement or survivors' benefit may be reduced.

Government Pension Offset (GPO)

This provision affects only individuals who have earned a pension from work not covered by Social Security. Two-thirds of the monthly non-covered pension amount may reduce any spousal benefits you are otherwise entitled. GPO does not reduce any benefits based on your work record covered by Social Security.

Windfall Elimination Provision (WEP)

Your Social Security benefits may be reduced if you are entitled to a monthly pension from work not covered by Social Security and also qualify for Social Security retirement benefits. The years and earnings covered by Social Security determine the reduction, if any.

Each year worked up to starting retirement may affect benefits. The Social Security Administration does not include this reduction on your annual statement. It is calculated when you file for benefits. For 2017, this reduction is limited to the lesser of \$442 or one-half of your non-covered monthly pension.

Marital status

Married: Currently married under federal definition of marriage. Applicable spousal benefits and survivor benefits have been included.

Widowed: Currently not married under federal definition of marriage. Survivor benefits have been considered throughout the tool.

Divorced: If you were married for at least 10 years before divorce. You may receive spousal benefits based on an ex-spouse's benefit. It does not have to be the most recent ex-spouse, but your marriage must have lasted ten years. Claiming this benefit will in no way affect your ex-spouse's benefits. Anyone younger than age 62 as of January 1, 2016 will be deemed to file for both their benefits and any spousal benefits at the same time and receive the higher of the two amounts. They will no longer be able to claim spousal benefits only.

Single: Currently not married under federal definition of marriage (or were married for less than 10 years before divorce). Benefits will only consider your earning record.

File for benefits

You file for all eligible benefits. You must file for all benefits to which you may be eligible, including your own benefit as well as any spousal benefit if one exists. Benefits will be reduced for each month prior to FRA.

File and suspend

Once you have reached FRA, you file your application for benefits and immediately suspend payments until a later date. This allows you to delay benefits up to age 70 to earn delayed retirement credits to increase monthly payments. If you suspend after April 29, 2016, any benefits based on your earnings will also be suspended.

File a restricted application

For individuals age 62 or older by January 1, 2016, once you have reached FRA, you file a restricted application for spousal benefits. This allows you to begin spousal benefits while earning delayed retirement credits. Your spouse must have filed for benefits for you to receive spousal benefits. You apply for your own benefits at a later date and receive increased monthly payments.

Options to change your selection

Within 12 months of starting benefits if you change your mind, you may withdraw your claim and reapply. If approved, you must repay all benefits paid. This is only allowed once.

If you are already receiving benefits, you may suspend current or future payments up to age 70. The suspended payments will automatically resume at age 70, unless you request them sooner.

Voluntary Reinstatement of Benefits

Due to the 2015 Budget Bill Act, retroactive (lump sum) benefits are no longer payable. Reinstating a suspended benefit will only pay an adjusted monthly benefit (including delayed retirement credits).

Precaution if benefits are suspended

If you are enrolled in Medicare Part B, premiums cannot be deducted from suspended payments. You will need to pay them directly or have them automatically paid by your bank.

Cost of living adjustment

Historically prices have risen over time. Social Security Administration reviews the cost of living each year and adjusts benefits accordingly. The 30-year average annual adjustment is 2.5%.

Social Security Administration determines if a cost of living adjustment is made, and if so, how much. Typically, benefits have increased by 2.5% to 3.0% in the past. Using 0% will show basic benefits without any adjustments for inflation. More information can be found at www.socialsecurity.gov/cola.

Break-even

Break-even is the age when total Social Security income from two different filing strategies is the same. Break-even analysis is one way to decide which of two strategies maybe be the best choice for an individual or a couple. In addition, rate of return, income tax rates and cost of living increases may affect the break-even age.

What if you work during retirement?

You may work while receiving Social Security benefits and working may mean higher future benefits. However, while working your benefits may be reduced until you reach full retirement age. After full retirement age, the Social Security Administration will recalculate your benefits considering months when benefits were reduced or withheld due to excess earnings. In any year when earnings are higher than a prior year in your earnings record, the higher year will be used to recalculate your PIA and your payment amount.

The excess earnings limit in 2017 is \$16,920. A formula determines the amount benefits will be reduced based on your age. If you are under full retirement age for the entire year, benefits will be reduced \$1 for every \$2 earned above the limit. In the year you attain full retirement age, the deduction will be \$1 for every \$3 over \$44,880 (2017). Starting with the month you reach full retirement age, there is no longer a reduction in benefits or a limit to the amount you may earn.

If Social Security Administration is notified in advance of your anticipated monthly earnings, they will adjust your payments accordingly. If Social Security Administration learns of the excess earnings later, they withhold all future payments until excess benefits are recovered.

Modified adjusted gross income

Modified adjusted gross income (MAGI) is generally defined as all of your taxable income, plus certain net foreign income, minus allowed deductions. MAGI may include income such as taxable pensions, wages, interest, dividends, and other taxable income plus tax-exempt interest income (such as interest on municipal bonds) and any exclusion from income, such as interest from US savings bonds. See Internal Revenue Code Section 86b(2) or Internal Revenue Service Publication 915 for more information.

Be sure to consider your retirement plan distributions. Generally, all distributions from IRAs and employer plans will be included in MAGI. Roth IRA distributions will not be included.

Effective tax rate

The effective income tax rate is the average rate at which income is taxed. It takes into account the deductions and credits used to compute income taxes. It is total income taxes divided by total income, and is less than the "tax bracket" or marginal rate.

How are Social Security benefits taxed?

About one out of three people who get Social Security have to pay income taxes on their benefits. Combined income is the sum of your modified adjusted gross income plus nontaxable interest plus half of your Social Security benefits.

- If you are married and file a joint return, up to 50% of your benefits may be taxable if you and your spouse have a combined income that is between \$32,000 and \$44,000. If your combined income is more than \$44,000, up to 85% of your Social Security benefits is subject to income tax.
- If you are married and file a separate return, you will most likely pay taxes on your benefits.
- If you are single and your combined income is between \$25,000 and \$34,000, you may have to pay taxes on up to 50% of your Social Security benefits. If your combined income is more than \$34,000, up to 85% of your Social Security benefits is subject to income tax.
- No more than 85% of your total benefits is taxable.¹

For more information

Your Social Security Administration office is an excellent source for questions about your benefits. The website (www.ssa.gov) is extremely helpful. This report should help you frame your thoughts before filing. It shows strategies that you may not have considered. It eliminates guessing or rules-of-thumb by calculating almost all possible combinations and illustrating the largest benefit.

¹ ssa.gov Retirement Benefits booklet January 2015

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