

Understanding Social Security

Factors to consider when claiming benefits.

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

What is full retirement age (FRA)?

Year Born	FRA
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

Individuals also have the option of taking 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.*

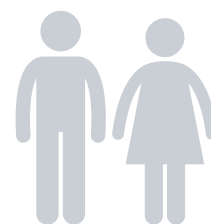
*More information on these hypothetical figures available on page 2.

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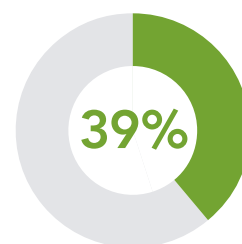
Total Retirement Income



Social Security accounts for more than 50% of retirement income for many Americans.¹



Maximum monthly Social Security benefit: \$2,788 for workers retiring at FRA in 2018.¹



39% of people receiving Social Security report that they and/or their spouse have not personally saved any money for retirement.¹

When Should You Take Social Security?

What seems like a simple question may not have a simple answer. Taking benefits early may result in a substantial reduction in total Social Security benefits over the years.

Consider these factors

Do you need Social Security to fill an income gap?

Keep in mind that Social Security benefits are reduced permanently when you claim them prior to your full retirement age, which could decrease your overall lifetime Social Security benefit amount by up to 24%.

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

Health status, longevity, and retirement lifestyle are three variables that can play a role in your decision on when to claim your Social Security benefits. Estimate your own personal "break-even" age based on these types of variables, which will differ from person to person.

Will you work during retirement?

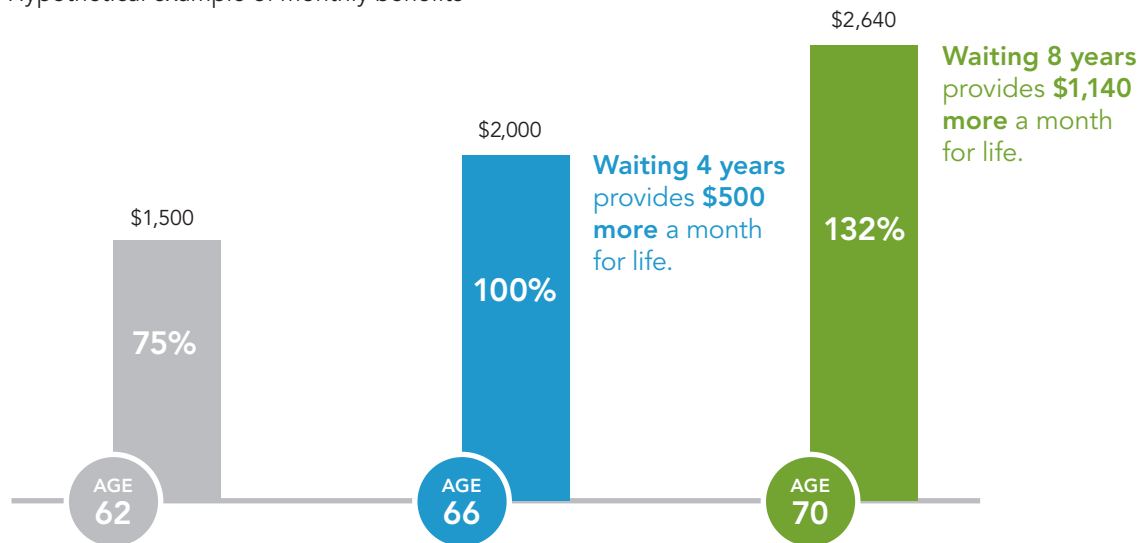
Working individuals who take benefits prior to FRA may incur an earnings penalty whereby benefits are withheld when earnings exceed a specific amount (\$17,040 in 2018).

Are you planning with a spouse?

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

CAN YOU AFFORD TO WAIT?

Hypothetical example of monthly benefits



This hypothetical example assumes that the person is not working in 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 would be lower. Benefit at full retirement age (age 66) is assumed to be \$2,000 per month.

Four Opportunities to Maximize Benefits

There may be opportunities for clients to boost their 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 had 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

* Restricted application is only available to individuals who turned 62 on or before 12/31/15.

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 becomes disabled anytime before the age of 22.

Work with Your Advisor to Make a Plan

- A shift away from employer pension 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 annuities² can help cover expenses and sustain individuals throughout retirement.

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¹ Source: Social Security Administration, Fact Sheet, 2018.

² Guarantees are subject to the claims-paying ability of the insurance company.

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