



Understanding Social Security

Strategies to help you maximize your 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.

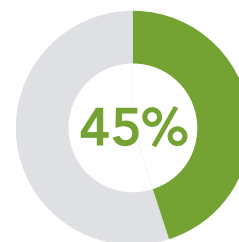
Total Retirement Income



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



10,000 baby boomers will turn 65 each day for the next 15 years.²



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

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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?

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

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

Taking Social Security early reduces benefits, so determine the age you will "break even" and begin to come out ahead if you delay Social Security.

Will you work during retirement?

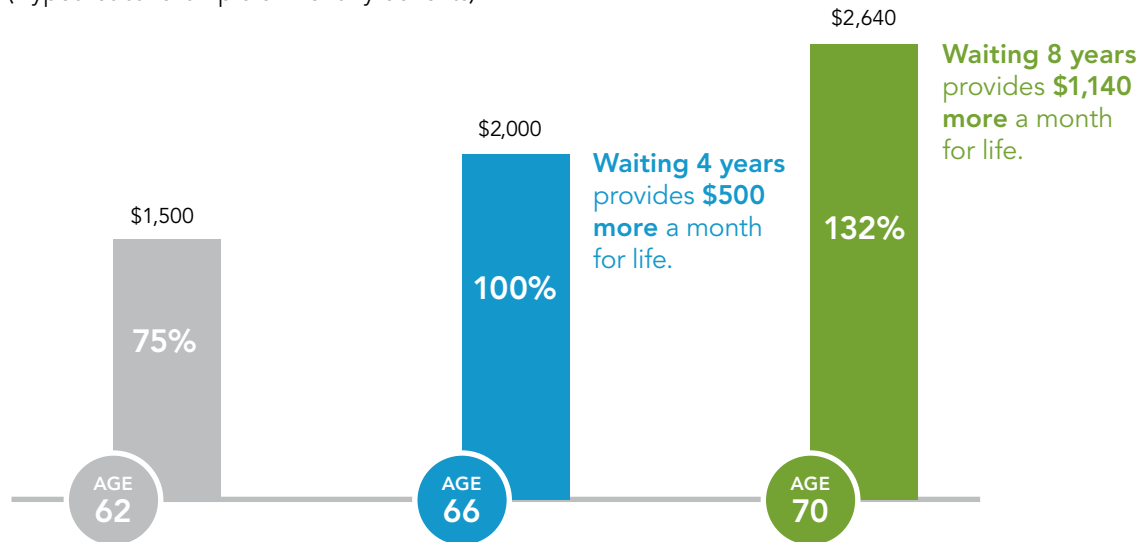
Working individuals who take benefits prior to FRA may incur an earnings penalty whereby benefits are withheld when earnings exceed a specific amount (\$15,720 in 2016).

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.

Five 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

- 5 Windfall elimination provision & government protection offset**
For individuals (or spouses) who are eligible for a pension and did not pay Social Security taxes

* 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 annuities⁵ can help cover expenses and sustain individuals throughout retirement.

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Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

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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