Why Is It an Important Decision?

- When you take benefits can significantly affect your overall retirement income.
- If you're married, timing can also affect spousal/survivor's income.

What Should You Consider?

- Your full retirement age and benefit calculation.
- Amount of your future benefit and effect of early or delayed retirement.
- How long you expect retirement to last based on life expectancy.
- Whether you plan to continue working.
- Other sources of retirement income.
- Income taxes.
- How spouse might be affected.

What Is Your Full Retirement Age?

<table>
<thead>
<tr>
<th>Year you were born</th>
<th>Full retirement age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>
How Is Your Benefit Calculated?

As you approach retirement age, your highest 35 years of earnings are indexed then averaged, and a formula is applied to determine your benefit at full retirement age.

How Much You'll Receive: Taking Benefits Earlier

- Can start benefits as early as age 62
- Benefit reduction—you'll receive 25% to 30% less at 62 than at full retirement age
- Benefits received for a longer period of time

How Much You'll Receive: Taking Benefits Later

- You receive delayed retirement credits, up until age 70
- Benefit is increased 8% for each year you postpone receiving benefits past full retirement age
Monthly Benefit Comparison: 62, 66, 70

- Benefit at age 70 is 76% more than benefit at age 62
- But cumulative benefits from age 62 to 70 equal $129,600

How Long Will Retirement Last?

According to the SSA, **1 out of 4 retirees will live past age 90 and 1 out of 10 will live past age 95.**

** SSA website, socialsecurity.gov, November, 2016**

Do You Plan to Continue Working?

- **Are you under full retirement age?**
  - Earnings from a job will reduce your Social Security benefit.
- **Have you reached full retirement age?**
  - Earnings from a job will not reduce your Social Security benefit.
How Working Affects Benefits

- Before full retirement age: $1 for every $2 that earnings exceed base level ($54,900 in 2017)
- Year you reach full retirement age: $1 for every $3 that earnings exceed base level
- After full retirement age: Earnings will not affect your benefit

What Retirement Income Will You Have?

- Social Security
- Job Earnings
- Pension Benefits
- Savings and Investments

Will Your Benefit Be Taxable?

- Up to 50% of benefit may be taxable if your combined income* is:
  - $15,000 to $25,000 and you file as single
  - $22,000 to $34,000 and you file as married filing jointly
- Up to 85% of benefit may be taxable if your combined income* is:
  - Over $34,000 and you file as single
  - Over $44,000 and you file as married filing jointly

*Combined income = adjusted gross income + nonbusiness income + 1/3 of Social Security benefit income
How Will Your Decision Affect Your Spouse?

- How can you maximize household income and survivor's income?
- What's the appropriate combination of claiming ages?

Retirement/Spousal Benefits

- Retirement benefits based on your earnings record—at full retirement age 100% of your full retirement benefit
- Spousal benefits based on your earnings record—as much as 50% of your full retirement benefit
- Reduction for filing for spousal benefits early—spouse can't file until retired worker files

Survivor's Benefits

- Surviving spouse generally receives the greater of the retirement benefit the worker was receiving or his or her own benefit
- Survivor's benefits may be payable as early as age 60, subject to reduction
The Power of Delaying Benefits

- Monthly joint income is $2,457 more if both spouses claim benefits at age 70 instead of at age 62.
- Monthly survivor's benefit for spouse 2 also increases.

<table>
<thead>
<tr>
<th></th>
<th>Monthly benefit at age 62</th>
<th>Monthly benefit at age 60</th>
<th>Monthly benefit at age 72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse 1</td>
<td>$1,700</td>
<td>$2,325</td>
<td>$2,354</td>
</tr>
<tr>
<td>Spouse 2</td>
<td>$1,084</td>
<td>$1,532</td>
<td>$2,483</td>
</tr>
<tr>
<td>Total joint monthly income</td>
<td>$2,784</td>
<td>$3,837</td>
<td>$5,831</td>
</tr>
</tbody>
</table>

Restricted Application Strategy

- Potentially available to those who were born on or before January 1, 1954.
- Allows you to collect spousal benefits, then later collect own worker benefit if certain requirements are met.

Restricted Application Example

At age 60, Dan begins collecting retirement benefits based on her own record.

At age 60, Mary files a restricted application for spousal benefit based on Dan's earnings.

At age 70, Mary collects a larger retirement benefit based on her own record due to delayed retirement credit.
The Choice Is Yours
You may decide to take benefits earlier if:
- You need Social Security income right away
- You want to invest your monthly benefit
- You want to delay having to take funds from other retirement vehicles
- Your spouse wants to delay taking benefits

You may decide to take benefits later if:
- You want a higher monthly retirement benefit
- You want to maximize survivor's income
- You plan to work longer
- You're able to file for spousal benefits first, then switch to your own benefit later

Contact the Social Security Administration
✓ Get benefit estimates and a copy of your Social Security Statement from the Social Security website, socialsecurity.gov
✓ Contact the Social Security Administration to discuss your options at least 3 months before you reach age 62
✓ Apply online, by phone, or in person

Questions?
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