



AGENCY NAME HERE



# MAXIMIZING YOUR BENEFITS

SOCIAL SECURITY OVERVIEW

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Global America Financial Brokerage LLC



# THERE WHEN YOU NEED IT



**Social Security can provide a retirement or survivor income to you and your dependents in a way that virtually no other financial instrument can:**

- **You can't outlive it; and**
- **It provides for automatic cost-of-living adjustments; and**
- **You don't have to be an investment expert.**

## THE STATE OF SOCIAL SECURITY

- Reserves are sufficient to pay full benefits to all retirees through 2033
- Tax income will cover 78% of benefits in 2034, and 74% by 2095, even if nothing is changed

According to the Social Security Administration's 2021 assessment of the program's health, those 55 or older today would not have to worry about changes in benefits until they are at least 67, and even then, there are many ways the program can be adjusted to ensure a lifetime of income without upsetting their carefully made retirement plans.

## INCOME SOURCES OF CURRENT RETIREES

Longevity complicates the retirement funding question, especially since Social Security was never intended to replace 100% of our pre-retirement income. How much largely depends on your earnings level. Fortunately, there are resources to help you plan the best way to supplement your retirement income.

## HOW MUCH OF OUR PRE-RETIREMENT INCOME WILL SOCIAL SECURITY REPLACE?

**78%**

for very low earners

**42%**

for medium earners

**28%**

for high earners



## Social Calculating the Benefits You Have Earned

### GETTING STARTED

The steps we take today can help add up to something momentous tomorrow. By getting a retirement plan in place early on, you can begin building the future you want. As you and your financial professional begin building your plan, you'll want to familiarize yourself with a few simple terms. Think of them as the language of Social Security. For the complete definitions from the Social Security Administration, go to [ssa.gov/agency/glossary](https://ssa.gov/agency/glossary).

### FULL RETIREMENT AGE (FRA)

This is the age when you'll become eligible for full, unreduced retirement benefits. Your FRA is based on your date of birth. There is a table to help you figure out your FRA on page 4.

### PRIMARY INSURANCE AMOUNT (PIA)

The PIA is the Social Security Administration's calculation of your benefits, based on the income you made during your 35 highest-earning years of work. It will determine the

amount of monthly income Social Security would provide to you, if you begin collecting benefits at FRA.

### ELIGIBILITY

Eligibility typically requires about 10 years in the workforce. But remember, the time you spend in the workforce only determines eligibility, not the amount of your monthly benefit.

### ANNUAL STATEMENT

The annual Social Security statement is an excellent resource for estimating what your monthly benefits may be in retirement. The Social Security Administration mails these statements annually to Americans 60 and up who are not receiving benefits and do not have an online account. But, you can view your personalized statement any time by setting up an account at [ssa.gov/myaccount](https://ssa.gov/myaccount).



## Qualifying for Benefits

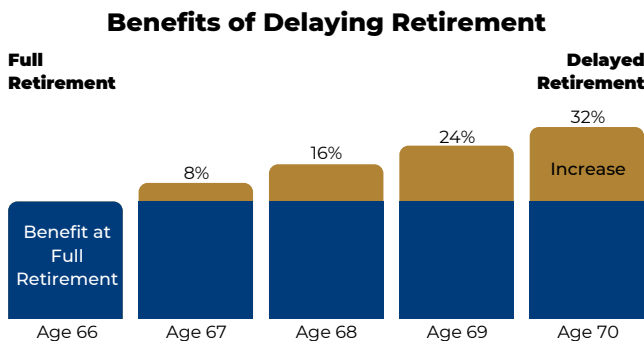
In order to receive Social Security retirement benefits, a worker needs to obtain 40 credits (formerly known as quarters of coverage). The most a worker can earn in a calendar year is four credits. You qualify for four credits as rapidly as you earn it.

Benefits are based on the highest 35 years of indexed earnings. Indexed means that earnings are adjusted for inflation. If you have less than 35 years of earnings, those years will each count as zero, thus lowering your average career earnings and ultimately your benefits.

- **Retirement benefits** are payable to a worker as early as the worker's age 62. Your spouse can also receive benefits based on your work history as early as the spouse's age 62. This is known as a spousal benefit.
- **Survivor benefits** are payable to a surviving spouse as early as age 60 of your spouse. This is known as a widow/widower's benefit.
- Benefits are based on **Full Retirement Age**. For those born from 1943 through 1954, FRA is 66 years and 0 months. Starting benefits at any time other than from FRA results in a decrease or increase in monthly benefits. Bottom line is that filing for benefits later means a larger benefit.

## Retirement Benefits

Retirement benefits can begin as early as age 62. Although this may be enticing, filing for benefits at this age means a permanent reduction in benefits from what you would



## Year of Birth Full Retirement Age

1943 - 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 & later	67

have received at your full retirement age. It also could mean that your surviving spouse might receive a lower survivor benefit.

If you are concerned about having a sufficient income for yourself and/or your spouse, consider filing for Social Security *later rather than sooner*. Your benefit will be larger and your spouse could receive a larger benefit either as a spousal retirement benefit or as a widow/widower benefit. Remember that cost-of-living adjustments are applied at the same percentage for all retirees/survivors.

**Bottom line: a greater base benefit results in a greater increase.**

If a reduction in benefits occurs from age 62 to age 66, what happens if a worker files for benefits after age 66? Great news! Benefits increase. In fact benefits will increase for each month of deferral until age 70 (benefits do not increase after this age except for cost-of-living adjustments).

The increase is 8% per year, meaning a worker who waits until age 70 to collect benefits will enjoy a 32% increase over starting benefits at full retirement age of 66 and a 76% increase over starting benefits at age 62!

**Finding another source of income until age 70 or at least past full retirement age could be a prudent move.**



# You Decide When to Start Collecting Benefits



Deciding when to begin collecting benefits is a personal decision that you'll make with your financial professional. Everybody's situation is different because there are so many factors involved.

Don't forget to take a long view. Americans are living longer than ever. It's estimated we've added nearly 30 years to the average life expectancy in a single century, and now the Social Security Administration expects a man who's currently age 65 to live to be 84, while a woman the same age today can expect to live past 86. But, about one out of three adults who are 65 today will live past 90, and one in seven will live past 95.



## YOU CAN WORK AND STILL RECEIVE BENEFITS

You are welcome to continue working while you receive benefits, but there are some considerations. If you choose to receive benefits before your FRA, you'll encounter some earned income limits, and exceeding these limits will result in a reduction of benefits.

Earned income is any wages you earn from working, both in a job or from a business that you operate. If you're paid for doing something, that's earned income.

Note the "special rule" for the first year you retire. If you retire in mid-year and have already earned more than your annual earnings limit (see table below), you can still receive a full Social Security check for every whole month you're retired.

## Working in Retirement (2022 Earned Income Limits)

Under FRA – \$1 of benefits withheld for every \$2 in earnings above the limit for years prior to reaching FRA	\$19,560 per year
Individual reaches FRA in 2022 – \$1 of benefits withheld for every \$3 in earnings above the limit for months prior to reaching FRA	\$51,960 per year
Month individuals reached FRA and beyond – Reduction no longer applies	Unlimited





## Sources of Income ages 65+

Among all households with a householder age 65 or over, Social Security accounts for just over half of total income. Earnings income is the second-largest source at 19.3% of total income, followed by pension and retirement account income at 17.2% of total income.

## Spousal Benefits

**What about a spouse?** How much will a spouse receive under a spousal benefit? (*Important note: if the spouse has his/her own work record, thus benefits, he or she will receive the greater of their own benefit or their spousal benefit, but not both.*)

A spouse can receive up to 50% of the worker's full retirement age benefit, reduced if the spouse is less than full retirement age. To emphasize, the spouse's benefit is based on the worker's full retirement age benefit not necessarily what the worker is receiving. This applies even if the spouse never had earned income.

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**What about a divorced spouse?** Can that person receive Social Security from your work record? Yes, a divorced spouse who meets the criteria can receive benefits based on his/her

ex's work record. The marriage must have lasted at least ten years. Also, the divorced spouse must not have remarried and be at least age 62. Finally, the worker must be at least age 62 as well. Retirement benefits paid to a divorced spouse have no impact on the benefits a current spouse receives.

**Did you know that a divorced spouse can receive a retirement benefit without his/her ex-spouse filing for benefits, while a current spouse must wait until the worker files?**



This may strike you as odd but the reason is that Social Security is concerned that some workers would never file just to keep their ex from getting benefits. On the other hand, it is felt that a current spouse shares in the worker's earnings.

If you are a worker and file for early retirement benefits, your full retirement age benefit will be reduced by 5/9 of 1% each month for the first 36 months plus 5/12 of 1% for each month in excess of 36 months. This equates to a maximum reduction of 25% (20 + 5).

If you are a spouse of a worker and file for spousal retirement benefits, the reduction factors are slightly different. The reduction is 25/36 of 1% for the first 36 months plus 5/12 of 1% for the excess. A spouse retiring at age 62 would receive 35% of the worker's full retirement benefit (not 50%).





## Survivor Benefits

In order to qualify for survivor benefits, a worker must have a minimum number of credits as of the date of death. Unlike the retirement qualification of 40 credits, the survivor requirement is 40 credits for those age 62 or older. The requirement decreases by one each year to a minimum of six credits needed if age 28 or younger.

Survivor benefits can be paid as early as age 60 of the surviving spouse (when not caring for an eligible child). Similar to retirement benefits, a reduction occurs if benefits are received prior to full retirement age. A surviving spouse will not receive survivor benefits if he/she remarries prior to age 60. Remarriage at age 60 or later will not disqualify the surviving spouse from survivor benefits. A divorced spouse can also receive survivor benefits. The marriage must have lasted at least ten years and the surviving divorced spouse cannot be remarried prior to age 60. Benefits to a surviving divorced spouse do not impact the surviving spouse's benefits.

The amount of benefit payable is 100% of the deceased worker's full retirement benefit if death occurs on or before full retirement age and the surviving spouse is at least full retirement age. If the deceased had earned delayed retirement credits, the spouse's benefit will be based on the higher amount.

Where the surviving spouse is younger than full retirement age, a reduced benefit is payable. At age 60 of the surviving spouse, the minimum benefit would be 71.5% of the full retirement age benefit.

A worker does not need to be drawing Social Security in order for survivors to be eligible for benefits.

## Loss of Benefits

If a person is receiving Social Security, some or all of the benefits can be lost if that person has earned income. *Earned income* is income from working (salary, wages, commissions, etc.).

Interest earnings, capital gains, pension and annuity income are considered *unearned sources* of income for these purposes and will not cause a loss of benefits.

For those under full retirement age, one dollar in benefits will be lost for every two dollars in excess of an annual threshold. (Thresholds are subject to cost-of-living adjustments.) For the year in which a person reaches full retirement age, one dollar in benefits will be lost for every three dollars in excess of a higher threshold. Once a person reaches the month of full retirement age and beyond, an unlimited amount can be earned. Benefits at that point will not be reduced.

**Literature often refers to loss of Social Security benefits due to the excess earnings of the recipient. It is important to understand that loss is really a temporary loss.**

When that person reaches full retirement age, Social Security will recalculate monthly benefits, factoring in those lost earnings. The result is a higher benefit amount than if the "lost" benefits were truly lost forever.

## Taxation of Benefits

Social Security retirement and survivor benefits may be subject to income tax. Depending on income levels and tax filing status, most (85%), some (50%) or none of the Social Security benefits will be includible in income.



## Strategies to Maximize Benefits

There are a number of strategies which can be utilized to maximize Social Security benefits.

- **Early:** For those in less than optimum health or with shorter family life expectancies, it may be advantageous to start Social Security as early as age 62. Having an income could be more important than maximizing benefits.
- **Delay:** As simple as this sounds, holding off taking Social Security to full retirement age or beyond could mean significantly more income, as much as 76% more. This could provide a surviving spouse with a greater benefit as well. Social Security benefits are maximized at age 70.
- **Suspend:** If a worker filed before FRA but continues to work after FRA, it may be advantageous to suspend benefits. Suspending allows the worker to earn additional benefits up to age 70 based on the amount of the suspending benefit.
- **Working Couples:** In some situations it may be advantageous for a lesser earning spouse who retires early to start Social Security at age 62, while the higher earner continues to work to age 70. The early retiree may find it advantageous to switch to a spousal benefit, thus increasing monthly benefits.
- **Other:** Since each family's potential benefits differ from one another, it is important to make certain that Social Security fits the objectives of that family for retirement and survivorship. Understanding your particular retirement benefits, spousal benefits and widow/widower benefits is vital in assuring that you receive the benefits that are best for you.

## Will Social Security Be Sufficient?

Social Security can provide a solid base for retirement and survivorship purposes. For most families, however, it won't be enough. Other resources will be necessary.

Pensions, savings, retirement plans, and work will likely be needed. After factoring in these possibilities, many families will still face a shortfall of income. A prudent step would be to consider ways to close the gap. Consider IRAs and nonqualified annuities, both deferred and immediate, for lifetime needs and life insurance to enhance survivorship well-being.

## Filing

Social Security does not provide benefits automatically. In order to get benefits, you must file with Social Security. For retirement, file three months before you want benefits to start. For eligible survivors, file in the month of death — or if ineligible, three months before turning age 60 at the earliest.

To learn more contact Social Security directly or visit their website at [www.SocialSecurity.gov](http://www.SocialSecurity.gov).

## Plan Ahead

- Check your Social Security statement for accuracy.
- Discuss filing options with a financial planner.

## Plan Ahead

- 2022 Social Security and Medicare Facts
- 2022 Guide to Social Security
- [www.ssa.gov](http://www.ssa.gov)



## FAQ

### WILL SOCIAL SECURITY STILL BE THERE WHEN I RETIRE?

Some information claims Social Security is going bankrupt, and most agree there are legitimate concerns about the program's sustainability. However, there are some misconceptions. Reserves are projected to pay full benefits until 2034, at which time OASI income would be sufficient to pay 78% of scheduled benefits. Of course, changes to the Social Security program through legislative action are always a possibility.

### WHAT CHANGES SHOULD I EXPECT TO THE SYSTEM?

There has been much debate over how to make Social Security more solvent, and concrete solutions are yet to be implemented. However, changes that have been discussed include an increase in Social Security tax rates, a higher maximum earnings amount subject to Social Security taxes, an increase in FRA, a decrease in future retirement benefits, and a reduction in the COLAs. A list of some changes proposed over the years is online at [ssa.gov/OACT/solvency](https://ssa.gov/OACT/solvency).

### WHEN SHOULD I FILE FOR BENEFITS?

The answer to this question is different for everybody, but it's important to know your benefit amount will change depending on when you file. You may receive reduced benefits as early as the first month you reach 62, you may receive full benefits at FRA, or you can receive a higher benefit amount if you delay receiving them beyond FRA (up to age 70).

### CAN I WORK AND STILL RECEIVE BENEFITS?

Yes. However, there are limits to how much you can earn before your benefits will be reduced. If you begin receiving benefits before FRA, you may earn up to \$19,560 per year. If you earn more, \$1 of benefits will be withheld for every \$2 you earn above the limit. If you begin receiving benefits in the year you reach FRA, you may earn up to \$51,960 per year, with \$1 of earnings being withheld for every \$3 you earn above the limit. There is no limit to the amount you can earn if you start receiving benefits at or after FRA.

### CAN I ESTIMATE WHAT MY BENEFITS WILL BE?

Yes. Doing so is a crucial aspect of retirement planning. Your estimated benefit is included as part of your annual Social Security statement. You can find this statement online by visiting [ssa.gov/myaccount](https://ssa.gov/myaccount). To create an account, you must create a username and password and provide personal information to verify your identity.

### WHAT IS THE MAXIMUM AVAILABLE BENEFIT?

The maximum benefit for 2022 is \$3,345 at FRA per month. However, most retirees don't receive anything close to that amount. The average in 2022 is expected to be \$1,657 monthly.

### ARE SOCIAL SECURITY BENEFITS SUBJECT TO TAXATION?

Yes, in some cases, you'll have to pay federal income taxes on your Social Security benefits. Generally speaking, you're required to pay taxes if you have other income in addition to your Social Security benefits. Be sure to consult a tax professional for guidance.



## WHEN CAN I COLLECT A SPOUSAL BENEFIT?

In most cases, you must be age 62 or older to qualify for spousal benefits. You must wait until your spouse files on his or her own record (unless divorced). If you file for spousal benefits at FRA, your benefit will be equal to 50% of your spouse's PIA. The amount is reduced if taken prior to FRA, but it will not increase if delayed past FRA.

## HOW LONG DO I HAVE TO BE MARRIED TO COLLECT SPOUSAL BENEFITS?

You must be married to the primary worker for at least one continuous year before applying for benefits. To collect benefits from a divorced spouse, the marriage needs to have lasted at least 10 years.

## CAN I SWITCH MY INDIVIDUAL BENEFIT TO MY SPOUSAL BENEFIT?

Yes. You can claim your own benefit as early as 62. Once your spouse files for benefits, you'll be eligible for a spousal adjustment to your benefit.

## WHAT IF I'M DIVORCED?

Many who divorced long ago do not realize they're entitled to a spousal benefit if the marriage lasted more than 10 years. Typically, the beneficiary spouse must be currently unmarried. Divorced spouses don't have to wait for their former spouse to file before collecting benefits on his/her record, but the former spouse would have to be eligible to collect their own benefit.

## AM I ENTITLED TO BENEFITS WHEN MY SPOUSE DIES?

Yes. If you're age 60 or older (50 or older if disabled), you're eligible. If taken at FRA, you're eligible for 100% of your spouse's benefit amount at the time of death. If taken early, the benefit will be reduced to no more than 71.5% if your spouse's benefit amount. Family earned income limits apply.

## CAN I CLAIM A SURVIVOR BENEFIT FROM MY SPOUSE IF I REMARRY?

If you remarry at age 60 or later, you may be eligible for survivor benefits based on your previous spouse's record. If you remarry before age 60 (50 if disabled), you're not entitled to benefits based on your previous spouse's record. However, if the remarriage ends, you may once again become entitled to survivor benefits based on your first spouse's record.

## ARE MY CHILDREN ENTITLED TO MY BENEFITS?

Children under age 18 (19 if in high school full time) may be eligible for up to 50% of your retirement benefits (75% upon your death). If a child is permanently disabled before age 22, he or she can collect these benefits at any age. In either case, the child must be unmarried. Family earnings limits apply.

## WILL I AUTOMATICALLY BE ENROLLED IN MEDICARE WHEN I COLLECT BENEFITS?

Enrollment in Medicare Part A and Part B is automatic for those 65 and older who receive Social Security benefits. However, those who aren't receiving Social Security benefits must apply on their own. Late enrollment may result in delayed coverage or costly penalties. Visit [medicare.gov](http://medicare.gov) to learn more.





# It's Your Retirement

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**Congratulations on taking this first step toward reaching your long-term basic retirement income needs, dreams, and aspirations. With a thoughtful, comprehensive written retirement plan created with your Financial Professional, you can feel confident about the steps you need to take to design your retirement to potentially be both financially sound and personally rewarding.**

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