

# DEVELOP A SOCIAL SECURITY STRATEGY

Whether retirement is a few years or a decade away, you may wonder when to start receiving Social Security and how much of it to count on in the future. Our wealth advisors can help answer those questions and develop a Social Security strategy designed to fit into your overall retirement plan.

## Social Security Reserves Projected to Shrink

Each year, the Social Security board presents a report to Congress on the recent and future status of funds, which has resulted in recommendations for reform. So far, no new legislation has passed.<sup>1</sup>

While sources vary on the exact year it could happen, without any changes, Social Security's reserves are projected to cover 100 percent of benefits until 2035. After that, it's estimated recipients would receive 75 percent of scheduled benefits.<sup>1</sup> Our wealth advisors can work with you to estimate what percentage of income Social Security could represent during your retirement, as well as evaluate how much of your monthly expenses it could help cover.

## Qualifying for and Determining Your Monthly Payment

You must have earned at least 40 credits to qualify for Social Security. It typically takes at least 10 years of qualifying income to earn 40 credits. You earn one credit for each \$1,360 of earnings with a maximum of up to four credits per year.

Your monthly Social Security amount is calculated based on your top 35 earnings, years. For years when you have no earnings, the value will be zero for each of those years. Social Security then applies a formula to arrive at your basic monthly benefit amount.<sup>2</sup>



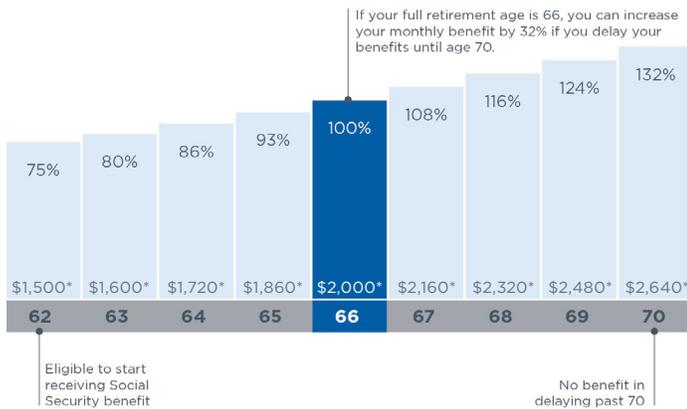
## When You Can Take Social Security?

You can start receiving Social Security as early as age 62, which is the most common age to file for it. If you start taking it then, it's before your full retirement age so your lifetime benefits will be permanently reduced.

If you file for benefits after your full retirement age, you will receive a higher benefit. Take a look at the chart in this article to better understand the level of your monthly benefit when filing as early as age 62 and as late as age 70. If you wait until after age 70, you will not receive any additional benefits for waiting longer.

To receive 100 percent of your benefits, you will need to wait until your full retirement age, which varies according to the year you were born.

## Receiving Social Security Early vs. Later<sup>3</sup>



\*Benefit amount

Source: Social Security Administration

## Spousal and Ex-Spousal Benefits

During your lifetime, even if you haven't earned a salary, you may still be eligible for your spouse's benefit if you are at least age 62 and your spouse receives retirement or disability benefits. Generally, if you will receive benefits and your spouse's benefit is higher, you will receive your benefits first. If your benefits as a spouse are higher than your retirement benefits, you will get a combination of benefits equaling the higher spousal benefit. And, if your spouse dies, your survivor's benefit will be a percentage of his or her basic Social Security benefit.

You may also be eligible to receive Social Security benefits from your ex-spouse.<sup>4</sup>

## Meet with Your Wealth Advisor

It's a good idea to meet with your wealth advisor and review your Social Security statement (see resources) annually. Your advisor can also assist you with when you could begin receiving Social Security based on your unique circumstances. You may receive it earlier if you stop working due to health issues. You may work past your full retirement age and wait to receive benefits. Or you may be in a financial position to wait until age 70 to receive the maximum benefit. Whatever your situation, your advisor can offer guidance on the optimal time for you to start receiving your monthly benefit.

### Resources:

1. Get your annual Social Security statement: <https://www.ssa.gov/myaccount/statement.html>
2. Before filing, review this resource from the Social Security Administration: <https://www.ssa.gov/benefits/retirement/>
3. Review and compare Medicare plans: [www.medicare.gov/find-a-plan](http://www.medicare.gov/find-a-plan)
4. Ask Medicare questions by phone: Call 800-Medicare (800-633-4227)

<sup>1</sup> "The Future Financial Status of the Social Security Program," <https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html>

<sup>2</sup> "Your Retirement Benefit: How It's Figured," <https://www.ssa.gov/pubs/EN-05-10070.pdf>

<sup>3</sup> Please note, the data included in the chart is for informational purposes only and does not take into account any individual personal, financial or tax considerations. It is not intended to be personal legal or investment advice.

<sup>4</sup> "Benefits Planner: Retirement: Benefits for Your Spouse," <https://www.ssa.gov/planners/retire/applying6.html>

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