Allianz Life Insurance Company of North America Allianz Life Insurance Company of New York

Social Security:
Seven keys to
enhancing benefits

[Name, title, company]







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Social Security provides options

- Many believe it is cut and dried
- It is a retirement income source with some control
- Managing your Social Security benefit is part of your retirement income process





Agenda

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Benefit basics

05

Tax implications

02

Income benefits

06

Spousal and survivor benefits

03

When to start benefits

07

Medicare basics

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Working in retirement

As we discuss this material, please be aware that you should seek guidance from the Social Security Administration regarding your particular situation.





Social Security

Key 1: Benefit basics



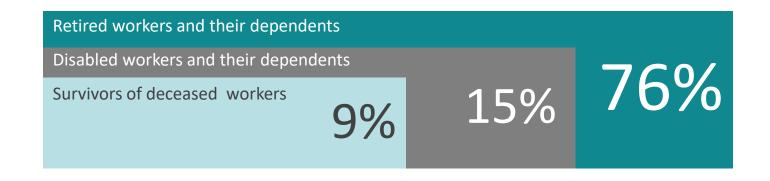


Social Security is more than just retirement

June 2021

65 million Americans

\$1 trillion dollars in benefits





Average monthly amount:	
Retired workers	\$1,555
Aged widow(ers)/parents	\$1,462
Disabled workers	\$1,280

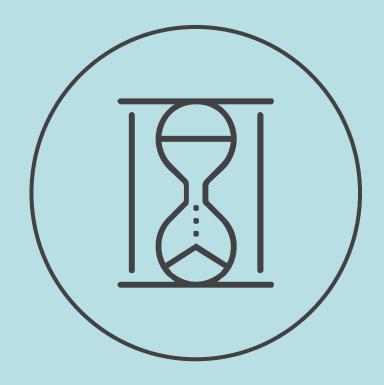


Will it be there?

OASI (old age and survivor income)
DI (disability income)

OASI and DI trust fund expected to be depleted in 2034.

Enough revenue coming in to pay about 78% of scheduled benefits.



Will it be there when I retire?

"THE 2020 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS," August 31, 2021.





OMB No. 0960-0789 Paperwork Reduction Act

Sign In or Create an Account

New Users

You must be able to verify some information about yourself and:

- Have a valid E-mail address.
- Have a Social Security number,
- · Have a U.S. mailing address, and
- Be at least 18 years of age.



You can create an account only to gain access to your own personal information. You cannot use this online service to access the records of a person:

- With whom you have a business relationship;
- For whom you are a representative payee; or
- For whom you are an appointed representative.

Unauthorized use of this service may subject you to criminal or c penalties, or both.

Create An Account



Are you now, or have you ever been a victim of domestic violer

You can block electronic access to your information at any time

Prevent identity theft protect your Social Security number Your Social Security Statement

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Statements online

https://secure.ssa.gov/RIL/SiView.do





Social Security

Key 2: Income benefits





How to qualify for benefits

Must be fully insured (earned required number of Social Security credits to qualify)



Since 1978 you earn credits on the basis of your annual earnings **up to four credits** in any year.

Prior to 1978 you earned one credit for each calendar quarter in which you had wages or salary of at least \$50 in covered employment.

One credit recorded for every \$1,510 earned in a year with four credits if you earn \$6,040 or more.

Social Security Administration, 2022 Social Security Changes, Fact Sheet.



How are benefits calculated?



full retirement age (FRA)



average indexed monthly earnings

Born after 1929, uses highest **35 years** to calculate **indexed** benefits



Benefit is **reduced** if taken prior to FRA



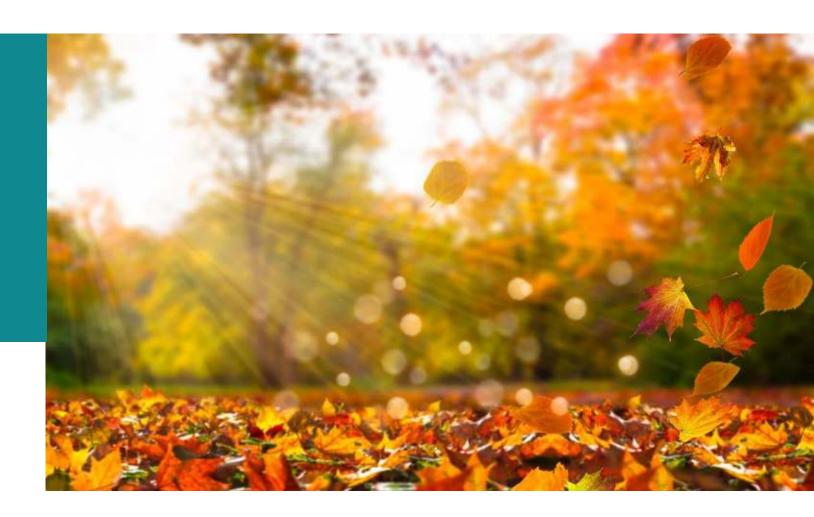
Benefit is **adjusted up** if your start is delayed





Social Security

Key 3: When to start benefits





Starting benefits

Can start benefits:

- Early at age 62
- Full retirement age
- Delay until age 70

Delaying past FRA results in delayed retirement credits (DRCs).

Year of birth	Full retirement age (FRA)	Age 62 benefit reduction
1943 - 1954	66	25.00%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and later	67	30.00%



Enhancing benefits by delaying start date

Start benefits at various ages and living to various ages. The following is for an individual born 1960 or later:

		Accumulated benefits age				
		70	75	80	85	90
Start age	62	\$134,400	\$218,400	\$302,400	\$386,400	\$470,400
	64	\$115,200	\$211,200	\$307,200	\$403,200	\$499,200
	66	\$89,568	\$201,528	\$313,488	\$425,448	\$537,408
Delaying past FRA	68	\$51,840	\$181,440	\$311,040	\$440,640	\$570,240
results in DRCs	70	\$0	\$148,800	\$297,600	\$446,400	\$595,200

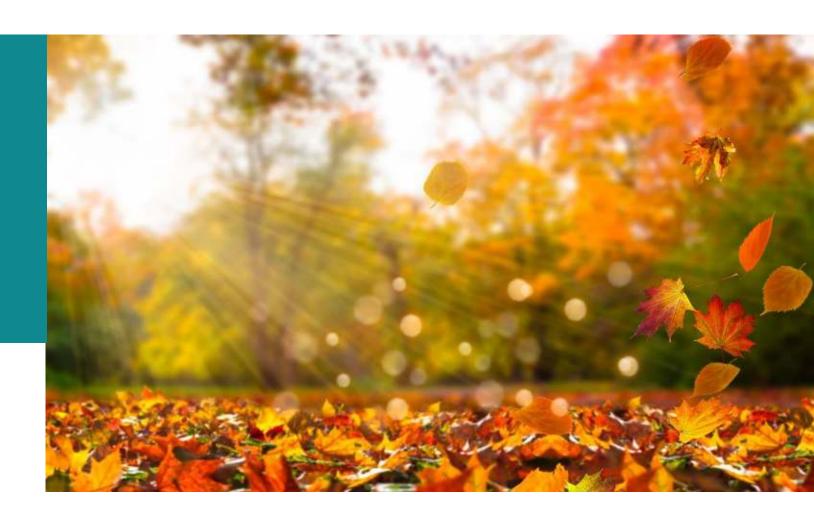
Full retirement age of 67, full retirement benefit \$2,000/month, no cost-of-living adjustment (COLA), no discounting. Social Security benefits are first received the month following the month they are due. However, this table reflects 12 monthly payments in the first year and all subsequent years. For illustration purposes only, not an actual client.





Social Security

Key 4: Working in retirement





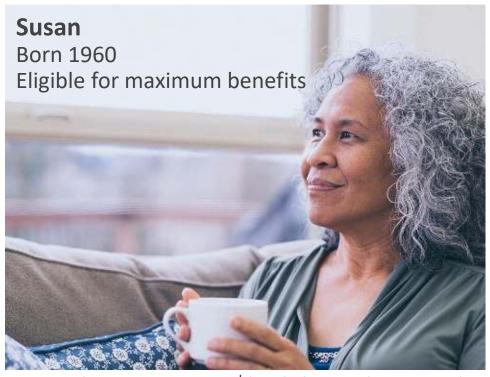
If you work in retirement

Any reduction in Social Security income in early retirement (due to working) will result in positive adjustment to your monthly benefit when you reach your full retirement age.





Hypothetical example of Susan



Retired in 2022 on 62nd birthday and returned to work less than one year later

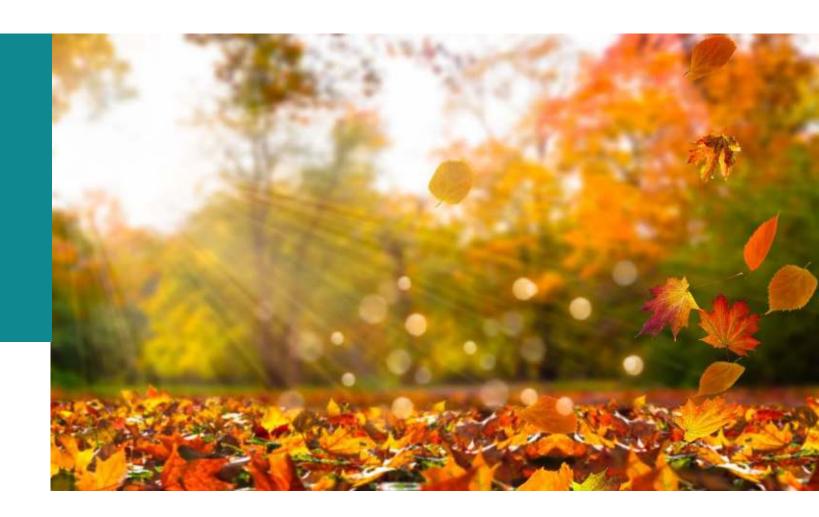
My Social Security	
Annual Social Security benefit	\$18,660
(70% of FRA benefits)	\$13,062
Current year earnings	\$40,000
Social Security 2022 earnings limit	\$19,560
Excess earnings	\$20,440
Working reduction in benefits	\$10,220
Net Social Security benefits	\$ 2,842





Social Security

Key 5: Tax implications





Benefits are subject to income tax

adjusted gross income
 + nontaxable interest
 + ½ of your Social Security benefit
 = Your combined income

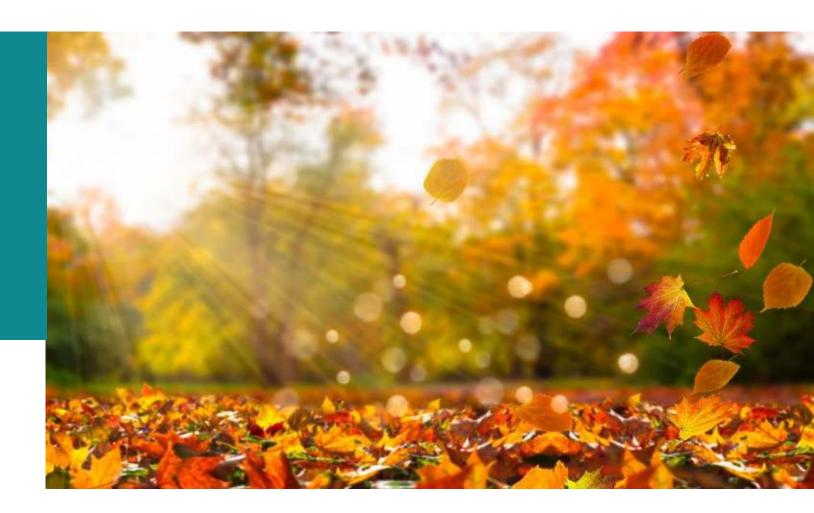


% amount of Social Security benefit included in income (not the tax rate on the Social Security benefit)



Social Security

Key 6: Spousal and survivor benefits





When one spouse does not qualify on own record

Nonqualified spouse can collect on the record of the spouse who is qualified to receive benefits

- Must have been married at least one year to the qualifying spouse or be the parent of their child
- If at FRA or later, receives an amount equal to 50% of the PIA of the qualifying spouse (not necessarily their benefit amount)
- If age 62, they may receive permanently reduced benefits

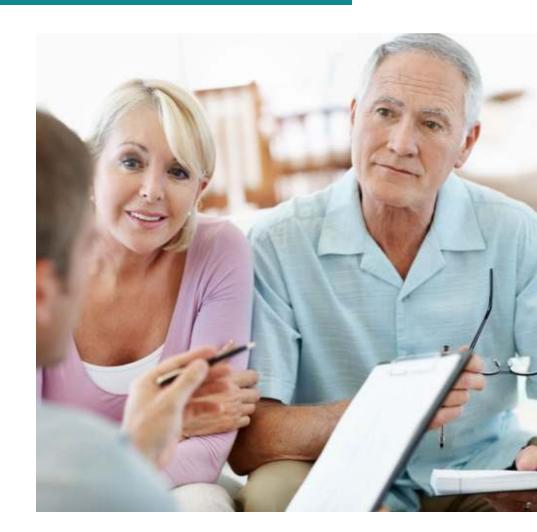




When both spouses qualify on their own records

Generally, the spouse with the lower benefits would:

- Take benefits generated by own earnings history
 OR
- 2. Take half of the other spouse's retirement benefit if greater (made up of personal benefit plus the difference to make up half of the primary wage earner's benefit)





When both spouses qualify on their own records

ADVANCED OPTION



Spouse A who was age 62 or older in 2015

At FRA, spouse A could delay receiving their own retirement benefit and start a spousal benefit which is half of spouse B's benefit.

Either spouse B is receiving own benefits

OR

Spouse B filed and suspended prior to April 30, 2016

If spouse A's retirement benefits are delayed, a higher benefit may be received at a later date based on the effect of delayed retirement credits.



Benefits for survivors

Earliest a widow(er) can start receiving Social Security benefits is **age 60** If you receive survivor benefits early:

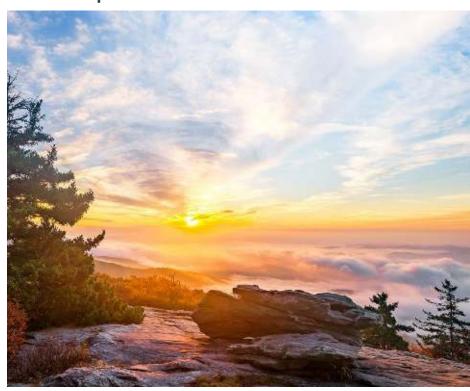
- Benefits based on your age can begin any time between age 60 and your FRA.
- Starting early, however, your survivor benefits are reduced a fraction of a percentage for each month before your FRA
- If you receive benefits AND you qualify for retirement benefits that are more than your survivor benefits you can switch to your own benefit as early as age 62



Benefits for divorced spouse

Ex-spouse can receive Social Security benefits based on other ex-spouse's record

- Were married at least 10 years
- Ex-spouse receiving benefits must be age 62
 or older and unmarried
- Own work record is **less than benefit** based on the divorce
- Amount of benefit has no effect on other ex-spouse or their current spouse
- Divorced at least two years and if both spouses are at least age 62, divorced spouse can get benefits even if the other spouse is not retired (has not started Social Security benefits)

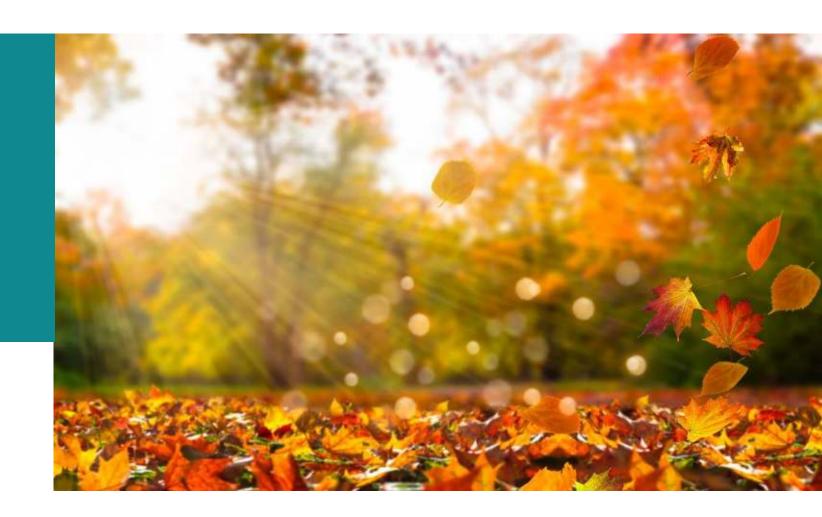






Social Security

Key 7: Medicare





Medicare eligibility

- Regardless of retirement age, Medicare benefits start at age 65.
- Eligible the first day of the month you turn age 65.
- If you are already receiving Social Security benefits in the month you attain age 65, you are **automatically enrolled** in Medicare.
- If you are not currently receiving Social Security benefits, you must enroll to receive Medicare benefits. You should apply **three months** before reaching age 65.
- There are four parts to Medicare.



Medicare parts

Part A

Hospital insurance

Part B

Medical insurance

Part C

Medicare Advantage Plans

Part D

Prescription drug coverage

Pays for some of the costs for hospitalization, hospice care, and home health services.

Usually premium free, but there are copays and deductibles.

Primarily covers physicians' services, most outpatient hospital services, and certain related services.

Long-term nursing home care is currently not covered.

There is a premium.

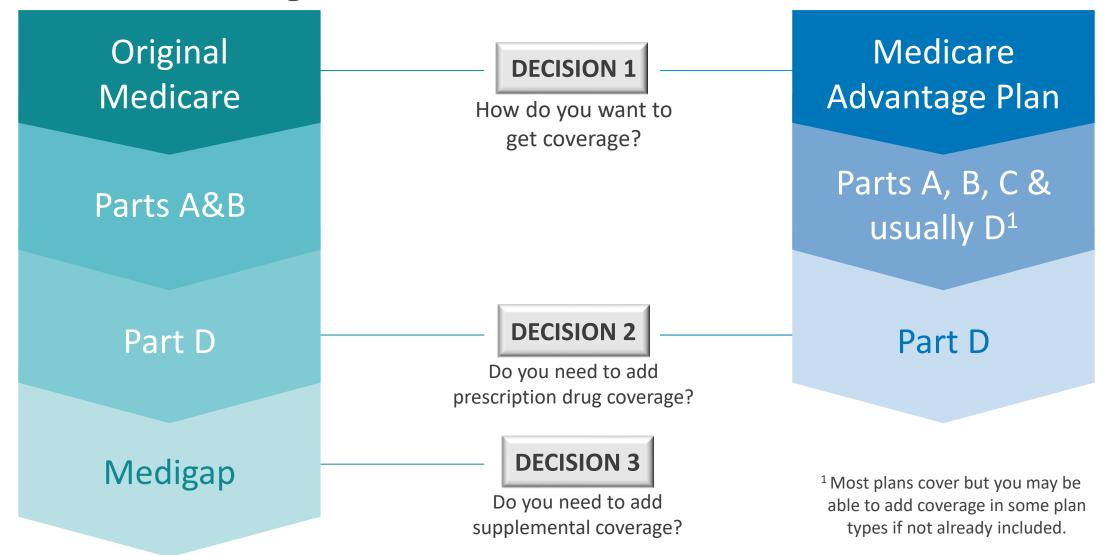
Includes managed care plans, private fee-for-service plans, and medical savings accounts.

May offer extra coverage such as vision, dental, and/or health and wellness programs.

Voluntary prescription drug coverage.



Medicare coverage decisions





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Remember, you should seek guidance from the Social Security Administration regarding your particular situation.



Next steps



- Understand all filing options available to you to enhance your Social Security benefit.
- Evaluate whether your essential income needs in retirement are likely to be covered by your retirement income sources.
- Consider annuities to add to your retirement income strategies.
- Let's meet to review your specific situation.



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