



MAXIMIZING YOUR RETIREMENT INCOME

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Retirement is one of the biggest events you will encounter in your lifetime. You want to feel confident that your years of hard work and savings will ensure a stress-free retirement. There are many factors that go into deciding when is best to retire. It is important to note that *everyone's retirement situation is unique*. While no single age or method is appropriate for everyone to claim their benefits, certain strategies can be implemented to help optimize your benefits.

DELAY CLAIMING YOUR BENEFITS

If your financial situation allows, waiting until your Full Retirement Age (FRA) or older to claim your benefits will help maximize your benefit amounts.

- The percentage by which your benefit amount is reduced decreases each year until you reach your FRA.
- Once you reach your FRA, you are entitled to full or unreduced benefits.
- Waiting until after your FRA passes allows you to earn delayed retirement credits that increase your monthly benefit amount each year by 8% until age 70, where you are eligible to receive your maximum benefits.
- Continuing to work full or even just part time while you delay claiming will allow you to boost your total annual retirement income, increasing your benefits even further.

CLAIM SPOUSAL PAYMENTS

If your spouse's earnings are significantly more than yours, you can receive a spousal benefit based on their earnings - which do not affect the amount they receive.

- Social Security Administration (SSA) pays your own benefits first, if you qualify and apply for both your own retirement benefits and for benefits as a spouse.
- If your spousal benefits exceed your own benefits, you will receive a combination of benefits equaling the higher spouse benefit.
- Ex-spouses who have not remarried may also collect benefits based on the higher earner's record if they were married for more than 10 years.
- Widow and widowers may collect 100% of the higher earner's benefits instead of their own.

MAXIMIZE YOUR EARNINGS & WORKING YEARS

Maximizing your earnings and the years you work will provide higher benefit amounts.

- The SSA calculates your monthly benefits by averaging the inflation-adjusted salaries from your 35 highest-earning years. If you work fewer than 35 years, SSA will count some of those years as zero earnings, lowering your monthly benefits.
- The SSA also calculates your benefits owed based on your highest earning years, so boosting your income even if just for a few years will maximize your benefits.

MINIMIZE TAXABLE INCOME WHILE TAKING BENEFITS

Monitoring how much you make if you choose to collect while still working will be beneficial to your income.

- In 2024, individuals below their FRA could earn up to \$22,320 without it impacting their benefits. The government will deduct \$1 from their total benefits for every \$2 earned above that limit.
- Those who have reached their FRA are allowed to earn up to \$59,520 a year in 2024 before their benefits will be reduced. The government will then deduct \$1 from their total benefits for every \$3 earned above that limit.



TRUE OR FALSE?

How well do you know the topic of social security benefits? Test your knowledge - the answers may surprise you!

Q: The maximum social security benefit is \$2,600.

A: False. Your benefits are determined on different factors such as your highest earnings over 35 years and the age at which you file. The maximum benefit usually increase each year, but it may fall too.

Q: You don't have to pay high taxes on benefits.

A: False. If your adjusted gross income not including any social security benefits, non-taxable interest, plus half of your benefits is between \$25,000 and \$34,000 for singles and \$32,000 to \$44,000 for couples filing jointly, you will owe tax on up to 50% of your benefits. If your combined income exceeds the \$34,000 singles or \$44,000 couples limits, you'll owe tax on up to 85% of your benefits.

Q: You won't get back the dollars you contributed to the social security system.

A: True. Whether or not you'll get back more or less than the amount you put into the system depends on many different factors such as, your earnings, the tax you paid in your career, your age when you claim benefits, your marital status, and how long you and you spouse live to collect benefits.

Q: If you don't claim benefits early, you risk not getting your "fair" share.

A: False. If you claim benefits as soon as you are able, you will get a 25%-30% reduction in your benefits compared to receiving at your FRA. Every year you wait after you reach your FRA, until 70, you will receive an 8% boost in benefits.

Sample Case Study

	When Mary is age:	Year	Combined Annual Income	Cumulative Benefits
<u>Scenario 1</u>				
John files for his benefit at age 62 in 2015	70	2025	\$37,301	\$354,183
Mary files for her benefit at age 62 in 2017	75	2030	\$41,184	\$552,182
	80	2035	\$45,470	\$770,790
	85	2040	\$35,437	\$982,908
	90	2045	\$39,125	\$1,117,013
<u>Scenario 2</u>				
John files for his benefit at age 66 in 2019	70	2025	\$49,735	\$302,084
Mary files for her benefit at age 66 in 2021	75	2030	\$54,911	\$566,083
	80	2035	\$60,627	\$857,560
	85	2040	\$47,249	\$1,140,385
	90	2045	\$52,167	\$1,391,190
<u>Scenario 3</u>				
Mary files for her benefit at age 62 in 2017	70	2025	\$60,234	\$263,016
John files for his spousal benefit at age 66 in 2019	75	2030	\$66,503	\$582,744
Mary files for her spousal benefit at age 68 in 2023	80	2035	\$73,425	\$935,749
John files for his benefit at age 70 in 2023	85	2040	\$62,369	\$1,288,467
	90	2045	\$68,861	\$1,619,531

Analysis

John and Mary have several filing options, but must first answer three critical questions: 1) What is our current health? 2) What is the longevity in our family? 3) Do we have the financial resources to bridge the gap between retirement and age 70? If all answers are positive, then they should study the two columns: “Combined Annual Income” vs. “Cumulative Benefits”. Note the amount at Mary’s ages 70, 75 & 80. The earlier you draw, the greater the benefit in the early retirement years. The later you draw, the greater the lifetime benefit.

PLEASE LIST THE NAMES OF 5 CLIENTS THAT COULD BENEFIT FROM THIS PROGRAM:

Name

Phone #

1) _____

2) _____

3) _____

4) _____

5) _____
