

A Publication of



GOOD DECISIONS

Getting The Most From Social Security



Your Retirement Security

With each passing day ten thousand more Americans turn AGE 65. But while “65” is synonymous with retirement, in terms of claiming Social Security benefits, AGE 65 has little meaning for almost three-quarters of us.

WHY?

BECAUSE ALMOST

75%

CHOOSE TO RECEIVE SOCIAL SECURITY RETIREMENT BENEFITS BEFORE THEIR FULL RETIREMENT AGE.

For some, making the decision to claim retirement benefits early may be right choice. But by claiming benefits early, millions of people could be losing out on tens-of-thousands, or even hundreds of thousands of dollars.

Can you afford to wait? Or, is the appeal of claiming retirement benefits early just too strong?

Knowing how Social Security works, and what you could be sacrificing, is information that can boost your retirement security for decades to come.

Longevity: More Time, More Risk

Have you ever thought about how many years you might spend in retirement?

While we can't know for certain, we should think about how life expectancy has increased in the decades since Social Security began.

In 1935, life expectancy in the U.S. was 61.7 years .

By 2010 it had increased to 78.7 years*.

Consider a married couple age 65. There's a 50% chance that one spouse will live to age 92. And a one-in four chance that one spouse will live to age 97** .

As of December 2010***, 5.8 million Social Security beneficiaries were at least age 85. Some much older.

MARRIED COUPLES AGED 65



* National Center for Health Statistics, National Vital Statistics Reports

** Annuity 20000 Mortality Table, Society of Actuaries

*** Social Security Administration Facts and Figures About Social Security, 2011



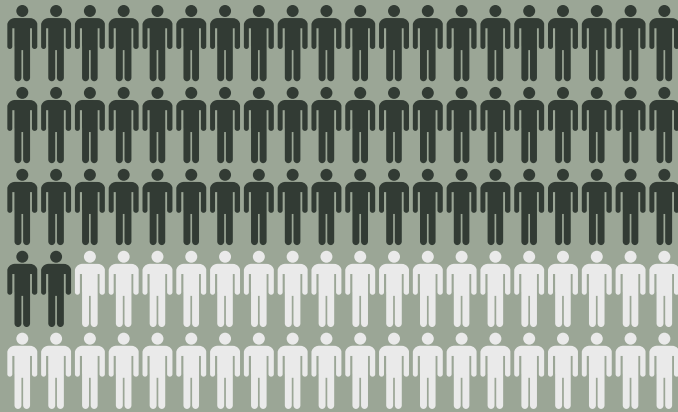
BUT COLLECTING SOCIAL SECURITY BENEFITS WELL INTO OLD AGE IS NOTHING NEW.

The very first person to collect Social Security retirement benefits was named Ida May Fuller. A resident of Vermont, Ida May retired in 1939 after paying into Social Security for just three years. Ida May received her first Social Security payment on January 31, 1940. She then went on to collect from Social Security for thirty-five years. Ida May passed away in 1975... at the age of one hundred.

A Thought Experiment

Here's a thought experiment that illustrates how people can lose-out on a great deal of Social Security income.

Imagine that you lived to age 100...but had decided to claim retirement benefits at age 62.



Social Security reduces your monthly income by 25% at age 62, versus waiting until your full retirement age, say age 66.

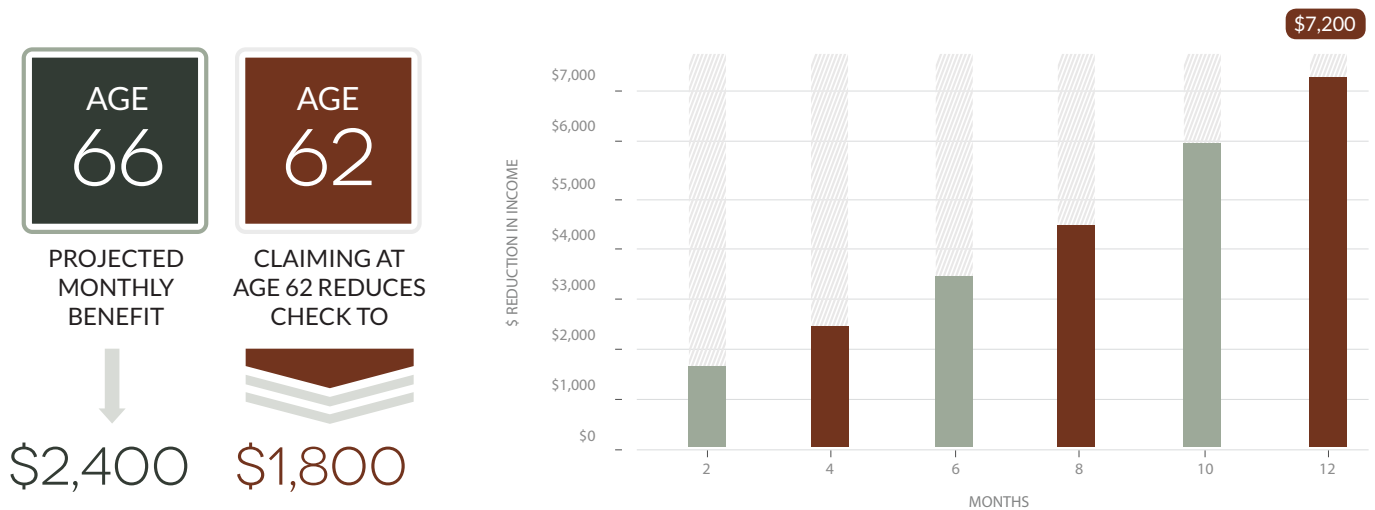
The 25% reduction in payments ISN'T TEMPORARY, it's PERMANENT.



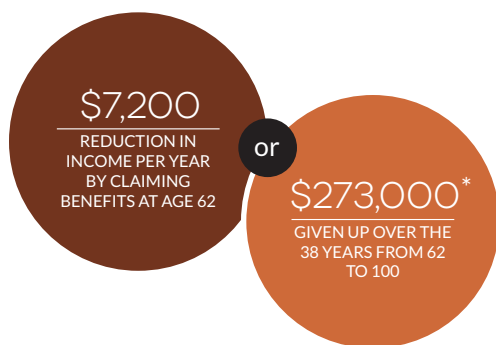
An Example

Let's assume that your age 66 projected monthly retirement benefit is \$2,400. Claiming benefits at age 62 reduces the monthly check from \$2,400, to \$1,800. That's a reduction of \$7,200 per year. Again, that reduction is not for a year, or a few years.

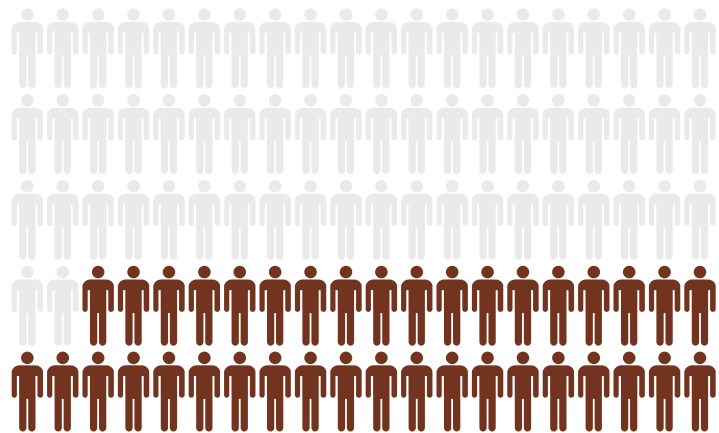
It's PERMANENT.



Over the 38 years from age 62 until age 100, this means giving up two-hundred-seventy-three-thousand dollars.



* Assumes average COLA of 2.3%



Now, you may feel that living to age 100 is unrealistic.

If so, then back that up by 20 years. If you were to live to age 80, the loss in retirement income is still \$29,000.



THE LESSON

*DON'T THINK
AUTOMATICALLY
THAT CLAIMING
SOCIAL SECURITY
BENEFITS EARLY
IS YOUR BEST
DECISION.*

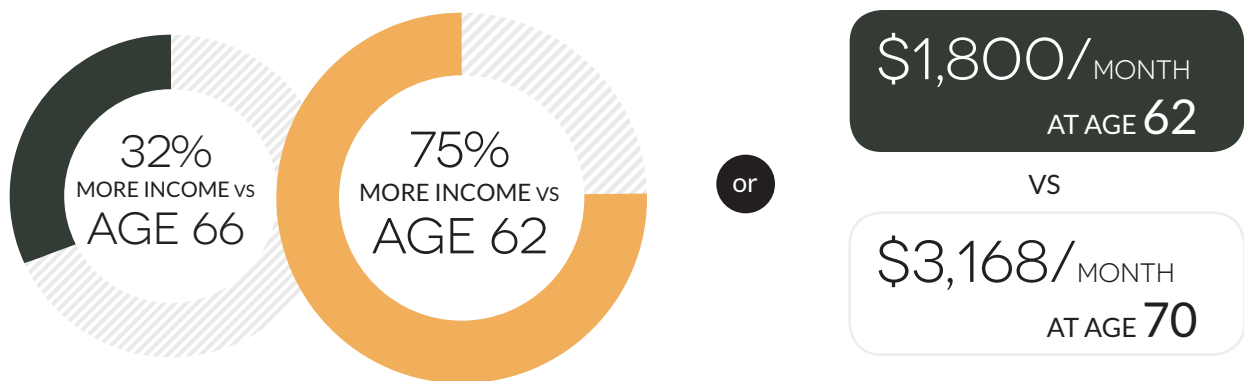
It may have been the right choice for your parents, but it could be the wrong choice for you.

In fact, if you feel that you are likely to live to age 80, or, 85, you should think carefully about delaying benefits until even after your full retirement age. This is because for every year that you wait beyond full retirement age, your monthly check will be increased by an additional 8%.

Waiting until age 70 means receiving 32% more retirement income versus age 66, and 75% more income compared to age 62. That's \$1,800 per month at age 62, versus \$3,168 at age 70.



WAITING UNTIL AGE 70 MEANS



Although the difference in these two numbers is dramatic, it's only one factor in choosing the Social Security claiming strategy that's best for you.

The opportunity to receive a higher monthly income helps explain why proper retirement income planning is important. It also points out why a well-designed retirement income plan shouldn't overlook how to maximize Social Security benefits.

Proper Claiming Strategies Maximize Retirement Benefits

Getting the most from Social Security is more than a casual decision, and more than simply guessing how long you'll live.

Making a decision based upon a simplistic analysis could cost you a great deal of money. To maximize Social Security benefits you should craft a claiming strategy based upon your unique life circumstances.

For example, did you know that divorced people who were married for at least ten years may claim Social Security benefits on an ex-spouse? Or that a married person may claim on his or her own work record, or, as early as age 66, file a claim for spousal benefits. You may do this and still maintain the right to claim maximum retirement benefits at age 70.

So, there's a lot to think about- and a lot at stake- when it comes to Social Security.

You may benefit from seeking the advice of an advisor that specializes in retirement income planning, who can incorporate your Social Security claiming options into an overall retirement income plan.



Seek the advice of an advisor that specializes in retirement income planning.

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