

# DAWSON WEALTH MANAGEMENT LLC

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## MAXIMIZING YOUR SOCIAL SECURITY RETIREMENT BENEFITS



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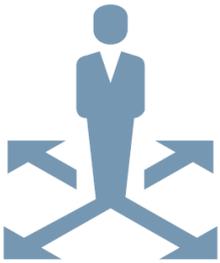
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## WHEN TO START COLLECTING BENEFITS?

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**An important decision with lifetime consequences**



**Social Security is a complex and evolving program**

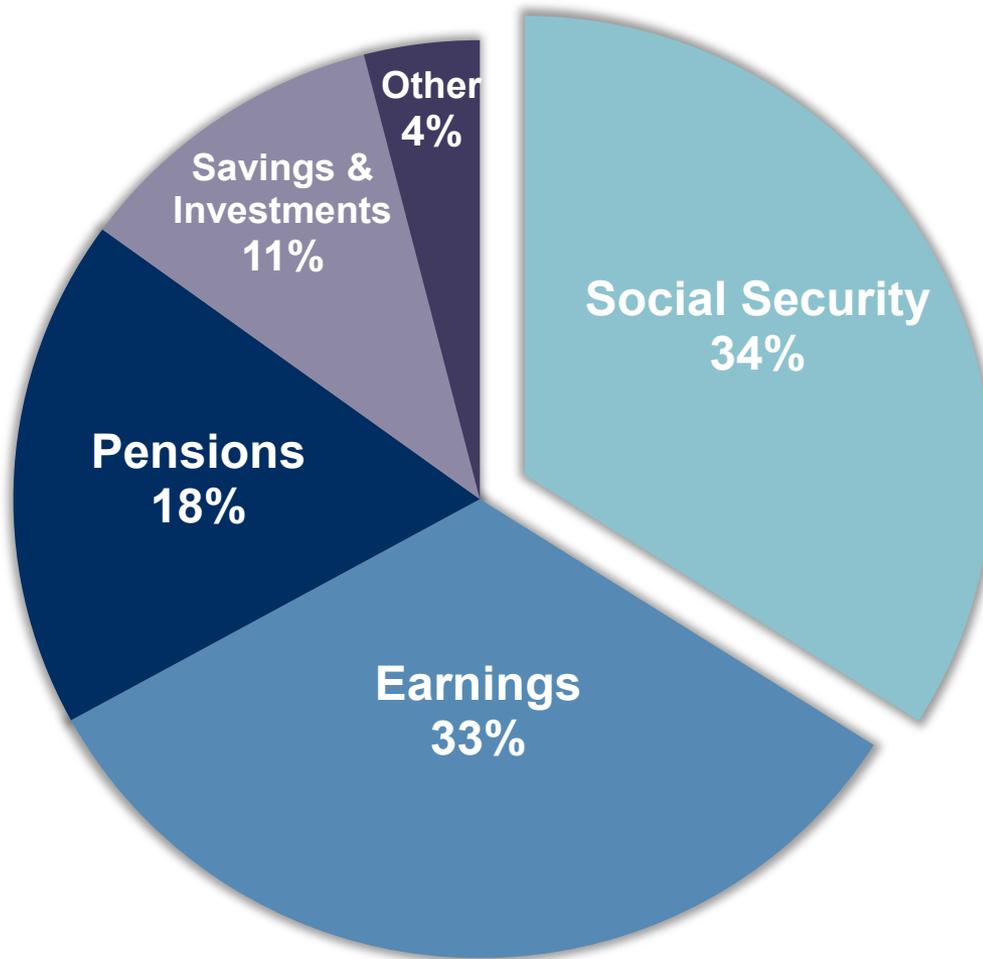


**Be informed and make a prudent decision**

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## RETIREMENT INCOME SOURCES

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Source: Fast Facts & Figures about Social Security, 2015

# ADVANTAGES OF SOCIAL SECURITY



Lifetime income & Longevity insurance



Government backed



Annual Inflation Adjustments



Preferential Tax Treatment



Survivor Benefits

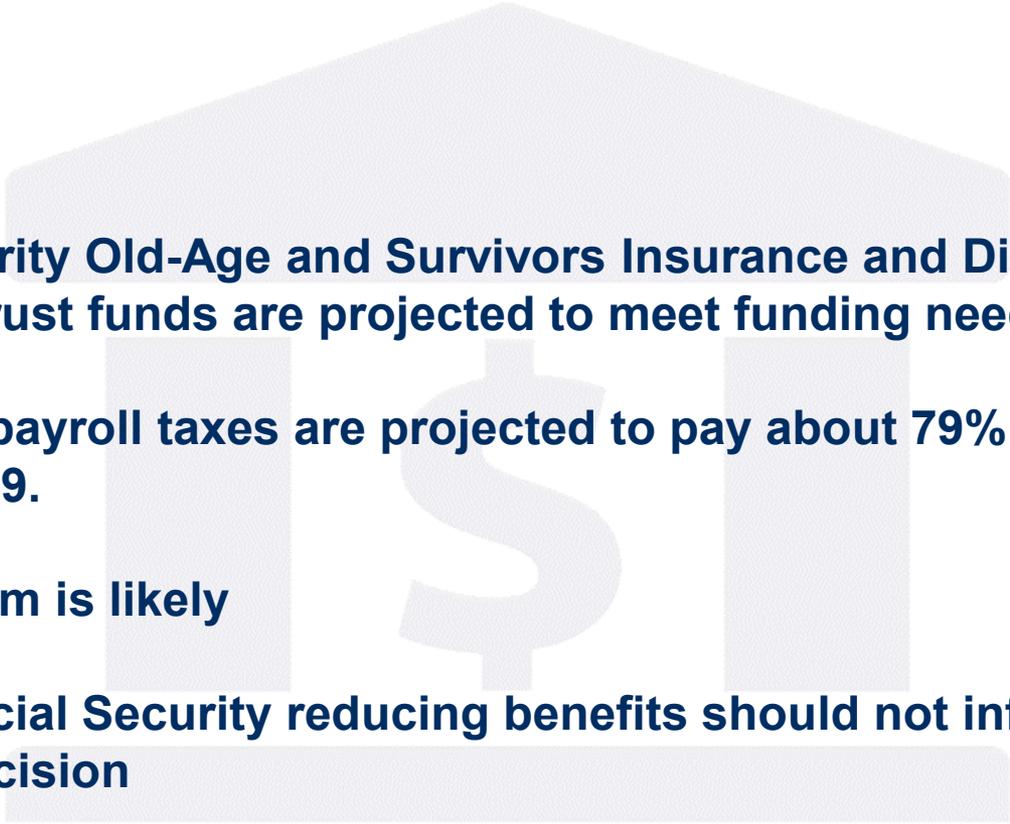


Steady stream of monthly income

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# SOCIAL SECURITY SOLVENCY

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- **Social Security Old-Age and Survivors Insurance and Disability Insurance trust funds are projected to meet funding needs through 2034.**
  - **After 2034, payroll taxes are projected to pay about 79% of benefits through 2089.**
  - **Future reform is likely**
  - **Fears of Social Security reducing benefits should not influence your claiming decision**

Source: Fast Facts & Figures about Social Security, 2015

# YOUR SOCIAL SECURITY 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 only create an account using your own personal information and for your own exclusive use.

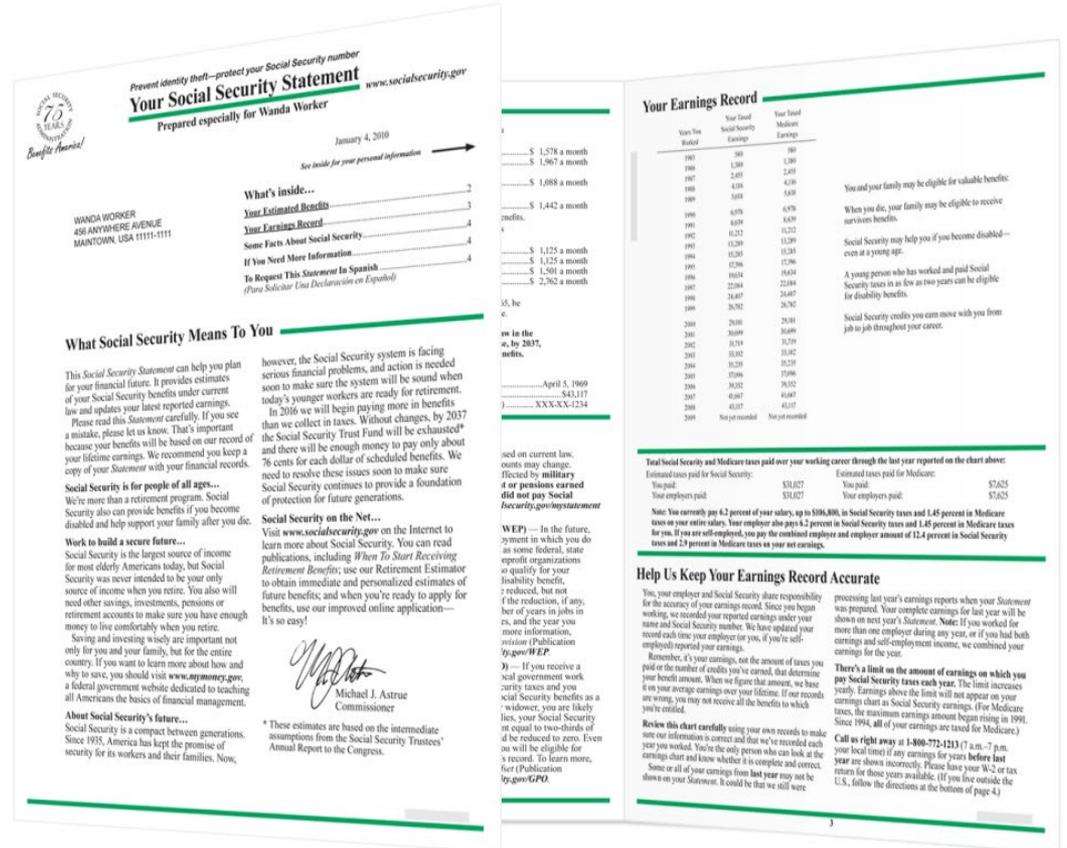
You cannot create an account on behalf of another person or using another person's information or identity, even if you have that person's written permission.

For example, you cannot create an account for another 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 civil penalties, or both.

[Create An Account](#) [Learn More](#)

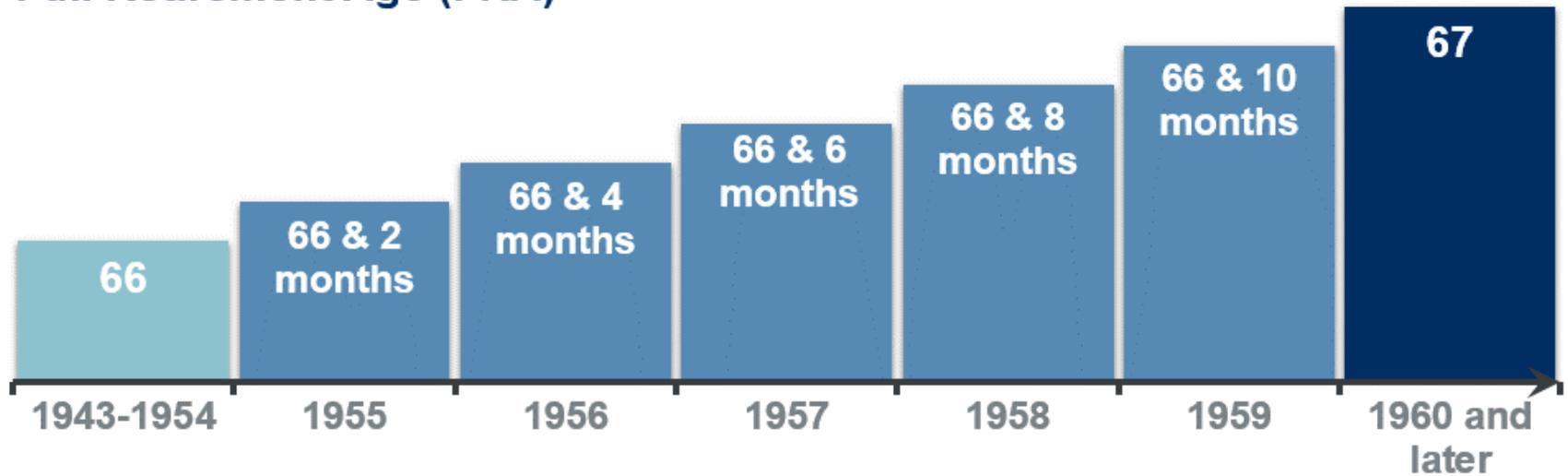


## TERMS TO KNOW

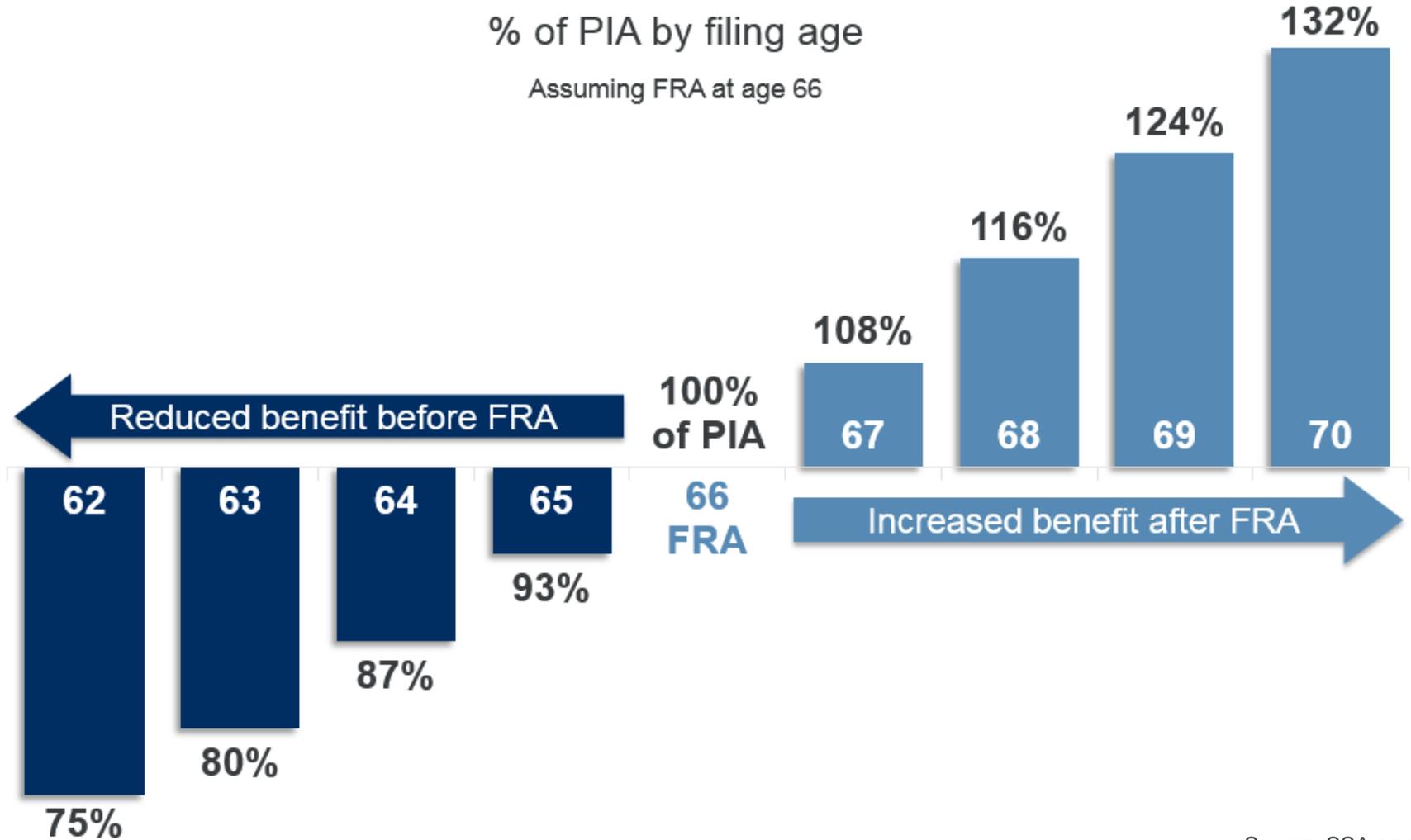
### Primary Insurance Amount (PIA)

- Monthly benefit you are eligible to collect at your full retirement age (FRA)
- Determined by your 35 highest earning years
- 2016 Max PIA = \$2,787.80 per month or \$33,453.60 per year

### Full Retirement Age (FRA)



# EARLY VS. DELAYED FILING



Source: SSA.gov

# YOUR BENEFITS INFORMATION

## Your Estimated Benefits

**\*Retirement** You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...

your full retirement age (67 years), your payment would be about.....	\$ 1,680 a month
age 70, your payment would be about .....	\$ 2,094 a month
age 62, your payment would be about .....	\$ 1,159 a month

### Retirement

You have earned enough credits to qualify for retirement benefits. At your current earnings rate, your estimated payment would be:

At full retirement age (67):	<b>\$1,959 a month</b>
At age 70:	<b>\$2,454 a month</b>
At early retirement age (62):	<b>\$1,327 a month</b>

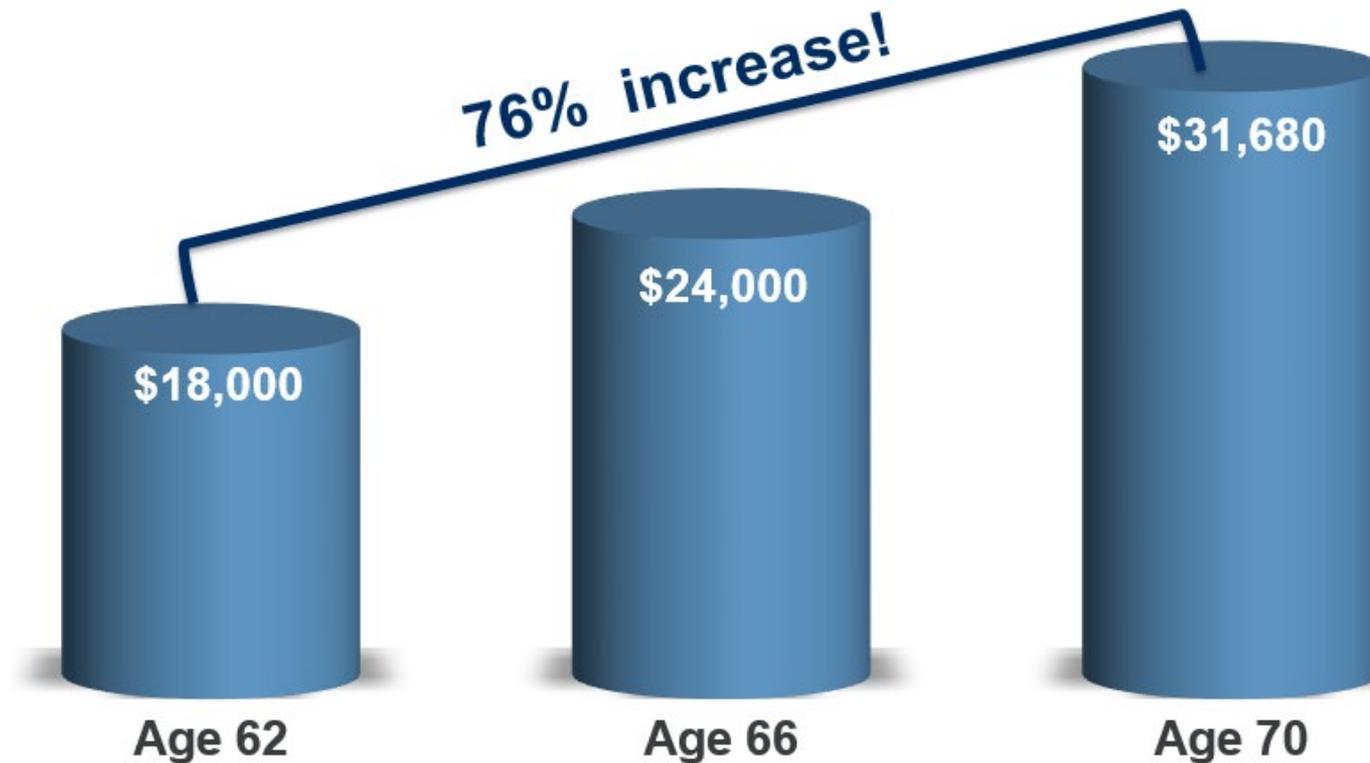
Your estimates are based on the assumption that you will earn \$61,378 a year from now until retirement.

## EARLY VS. DELAYED CLAIMING

FRA at age 66

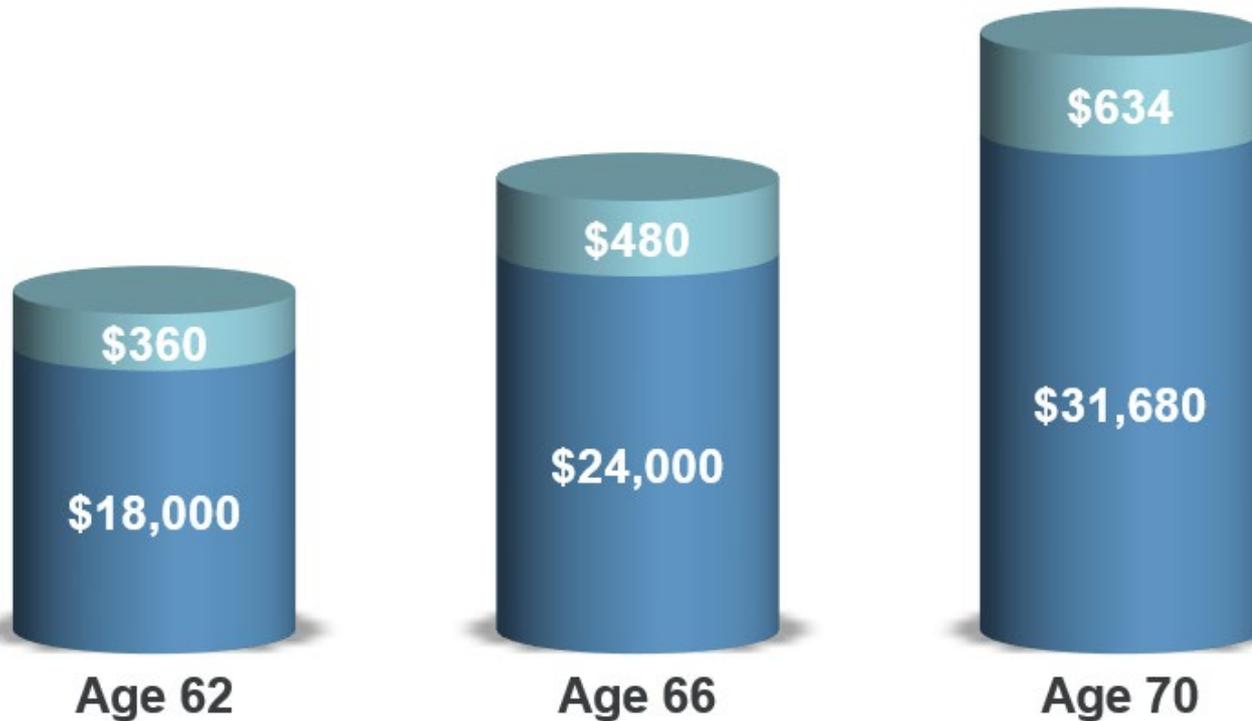
PIA = \$2,000 per month

\$24,000 annually



## COST OF LIVING ADJUSTMENTS (COLA)

- Annual inflation adjustment to Social Security benefits
- All recipients receive the same COLA % increase, but those with higher benefits receive a larger dollar increase.



■ COLA increase of 2%

■ Annual benefit amount

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## WORKING AND RECEIVING BENEFITS

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**Under FRA for  
the full year**

**\$1 of benefits withheld for every \$2  
in earnings above \$15,720**

**Year individual  
reaches FRA**

**\$1 of benefits withheld for every \$3  
in earnings above \$41,880**

**Month of FRA  
and beyond**

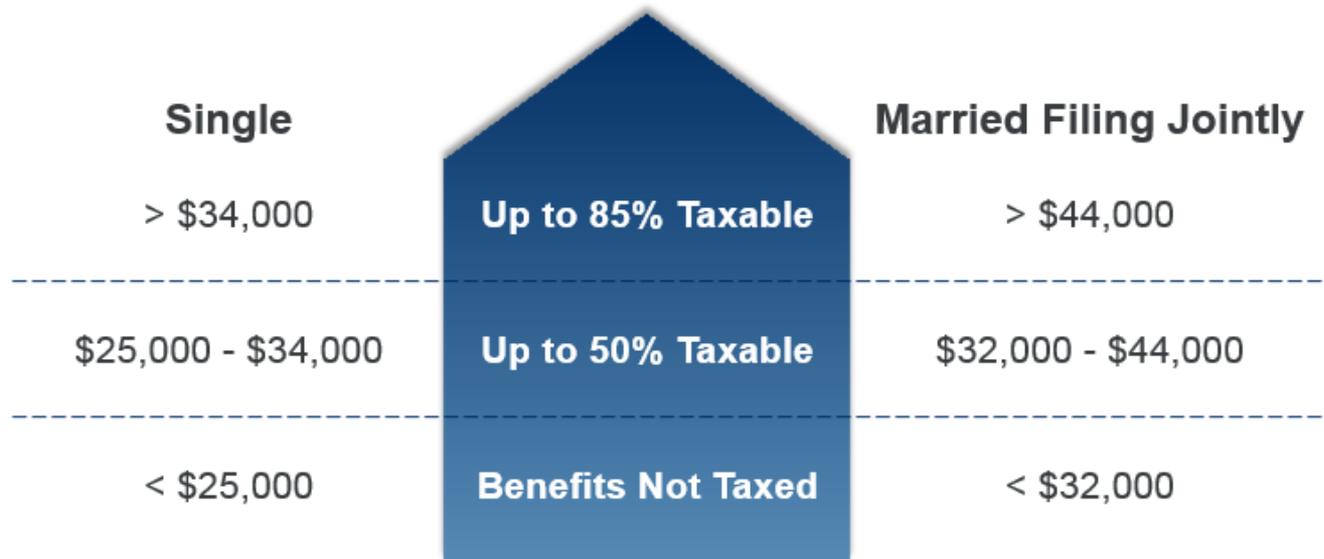
**No earnings limit and withheld  
benefits are paid back monthly**

# TAXATION OF SOCIAL SECURITY BENEFITS

Taxation of benefits is determined by your provisional income

$$\text{Provisional Income} = \text{Adjusted Gross Income} + \text{Tax-Exempt Interest} + \frac{1}{2} \text{ Social Security Benefits}$$

Up to 85% of benefits can be taxed



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# IF YOU HAVE A GOVERNMENT PENSION

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## Government Pension Offset (GPO)

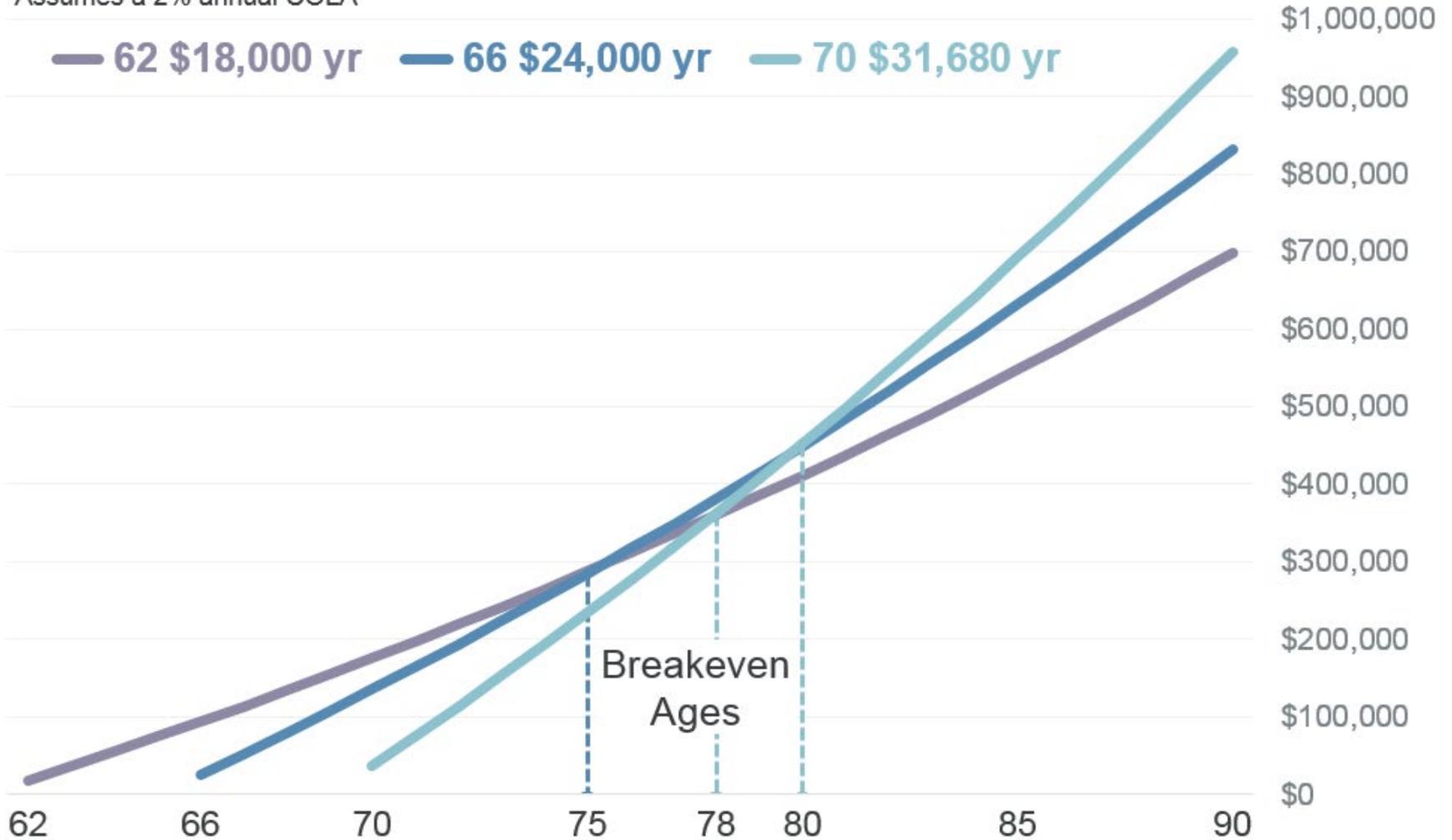
- 2/3 of what you receive from your government pension will be subtracted from your Social Security benefit
- Affects spousal and survivor benefits

## Windfall Elimination Provision (WEP)

- If you receive a pension from an employer who did not withhold Social Security taxes from your pay, your Social Security benefit can be reduced up to 50%

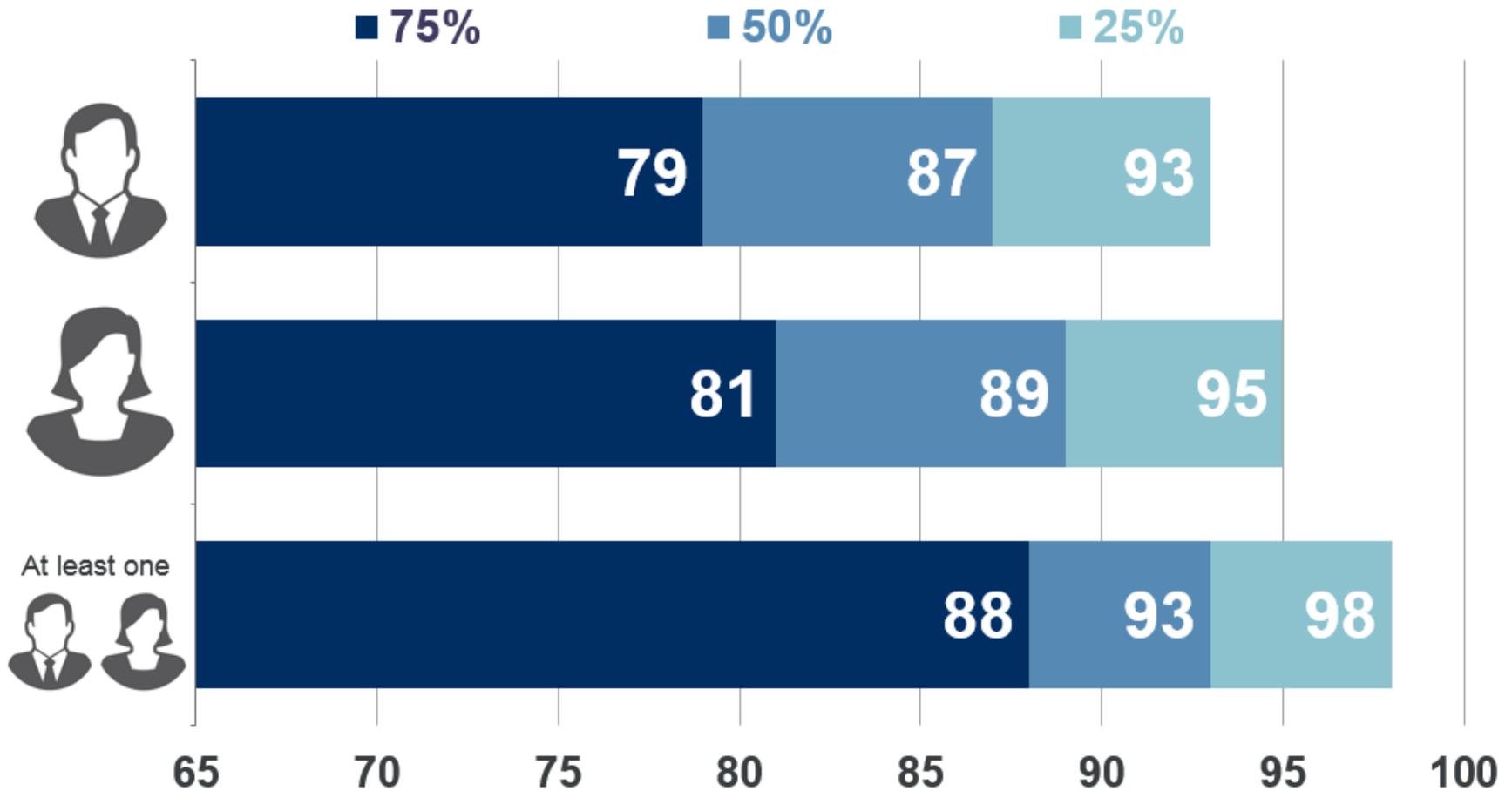
# CUMULATIVE BENEFITS OVER TIME

Assumes a 2% annual COLA



# LONGEVITY

Probability of living to various ages for a healthy 65-year-old couple



SOA RP2014 healthy annuitant rates

# SPOUSAL BENEFITS

Married individuals can collect Social Security benefits on their spouse's earning record if:

- Married for at least one year
- At least age 62
- **The other spouse has started collecting their individual benefits**



Once the higher earner starts collecting individual benefits



Spousal benefits as early as age 62

**35% of Spouses PIA**

62

Monthly increases for delayed claiming

**50% of Spouses PIA**

FRA

Max spousal benefit at FRA

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## DIVORCED SPOUSAL BENEFITS

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A divorced spouse can receive benefits on an ex-spouse's earnings record if:

- Married for at least 10 years
- Divorced for at least 2 years
- Currently unmarried
- At least age 62

Claim is confidential



# SURVIVOR BENEFITS

A surviving spouse can receive the deceased spouse's benefit if:

- Married for at least 9 months
- At least 60 years old, unless disabled or caring for deceased spouses child



# MARRIED COUPLE EXAMPLE

**Lisa Lower Earner**



PIA = \$833

\$10,000/yr

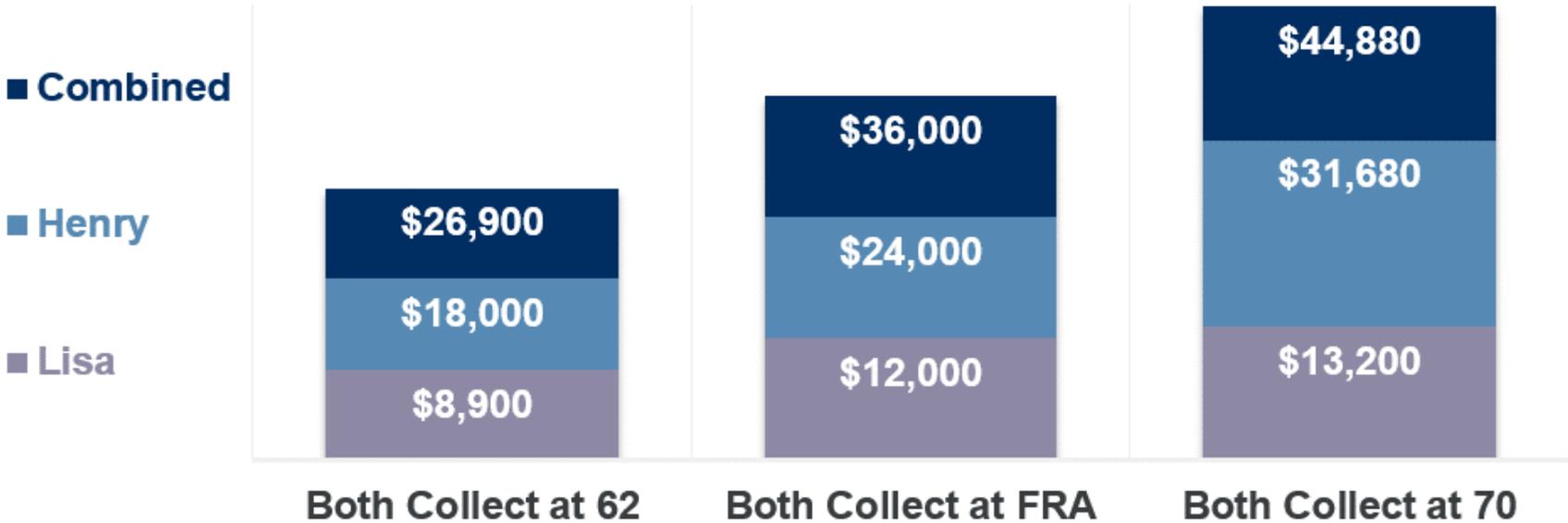
**Henry High Earner**



PIA = \$2,000

\$24,000/yr

## Annual Benefits



# MARRIED COUPLE EXAMPLE

**Lisa Lower Earner**



**PIA = \$833**

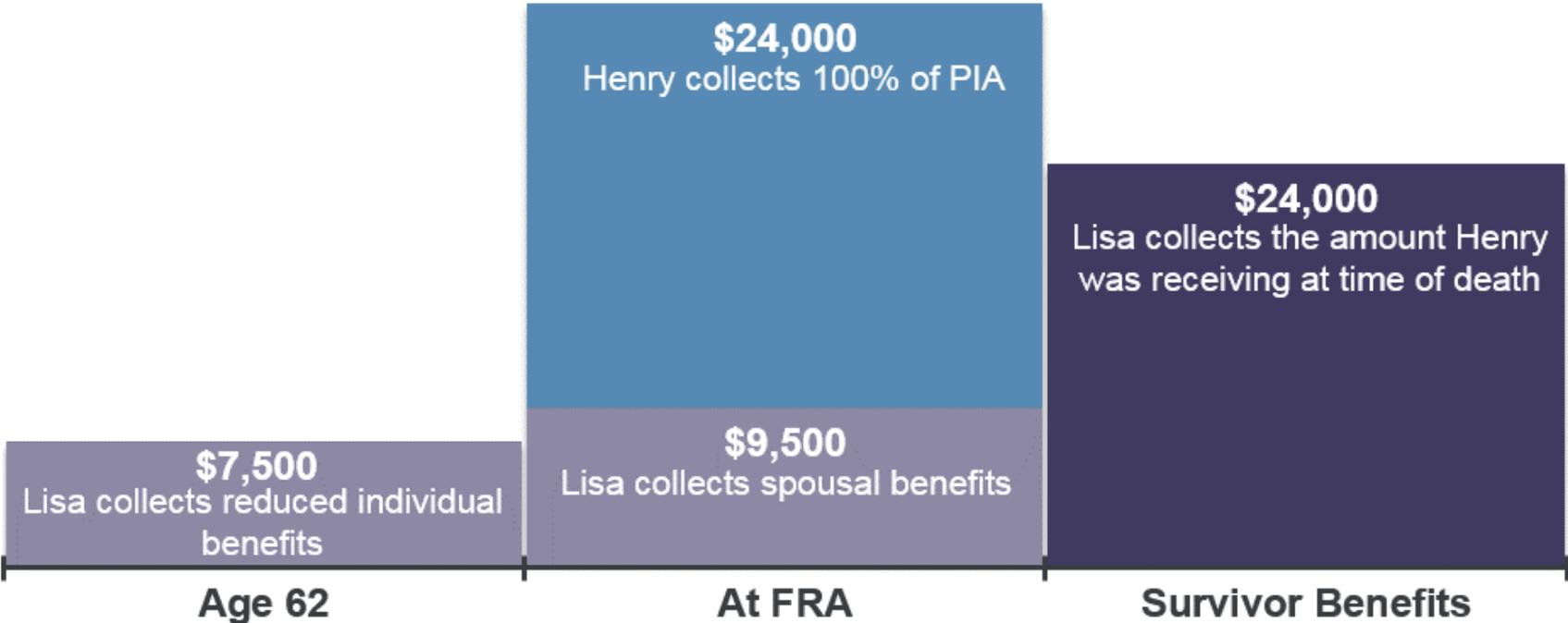
**\$10,000/yr**

**Henry High Earner**



**PIA = \$2,000**

**\$24,000/yr**



# MARRIED COUPLE EXAMPLE

**Lisa Lower Earner**



**PIA = \$833**

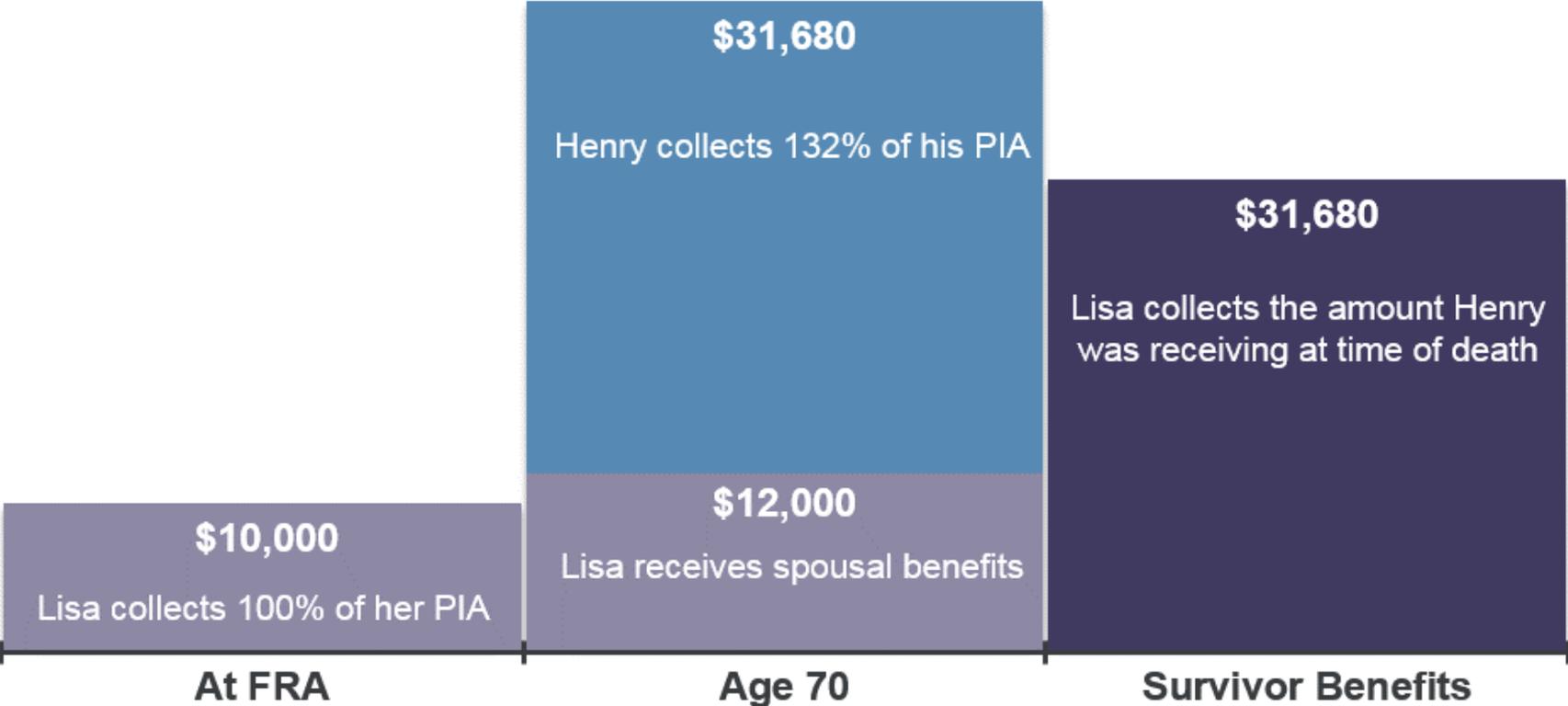
**\$10,000/yr**

**Henry High Earner**



**PIA = \$2,000**

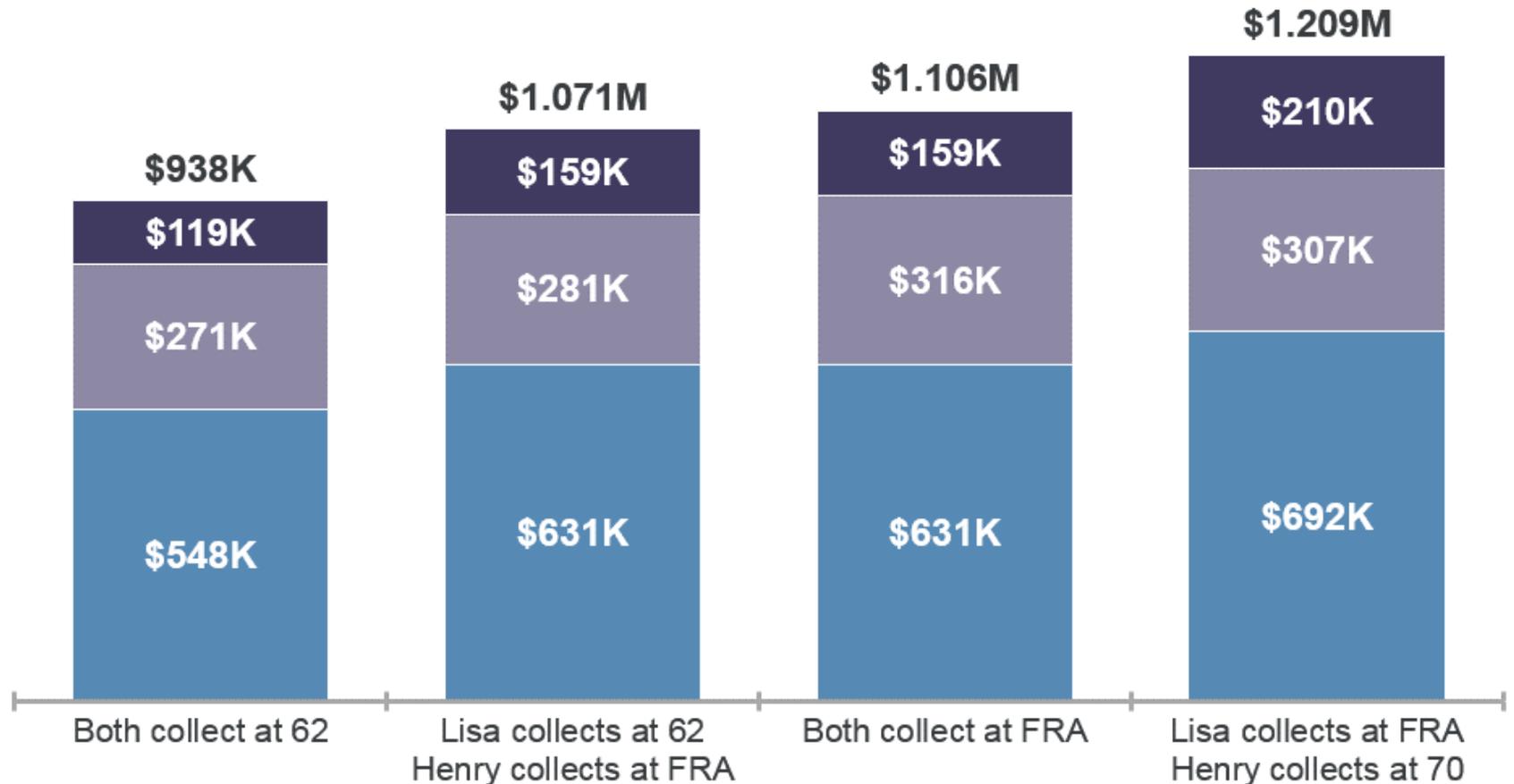
**\$24,000/yr**



# CUMULATIVE LIFETIME BENEFITS

Assumes a 2% annual COLA  
 Henry lives till age 86  
 Lisa lives till age 90

■ Henry ■ Lisa ■ Survivor Total



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## AGE 62 BEFORE 2016?

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- The Bipartisan Budget Act of 2015 resulted in the elimination of two popular claiming strategies that were previously available to married couples.
- If you turned age 62 prior to 2016, you still have the ability to file a **Restricted Application**, which allows you to claim a spousal benefit first, while your individual benefit earns delayed credits.

# RESTRICTED APPLICATION

**Lisa Lower Earner**



**PIA = \$833**

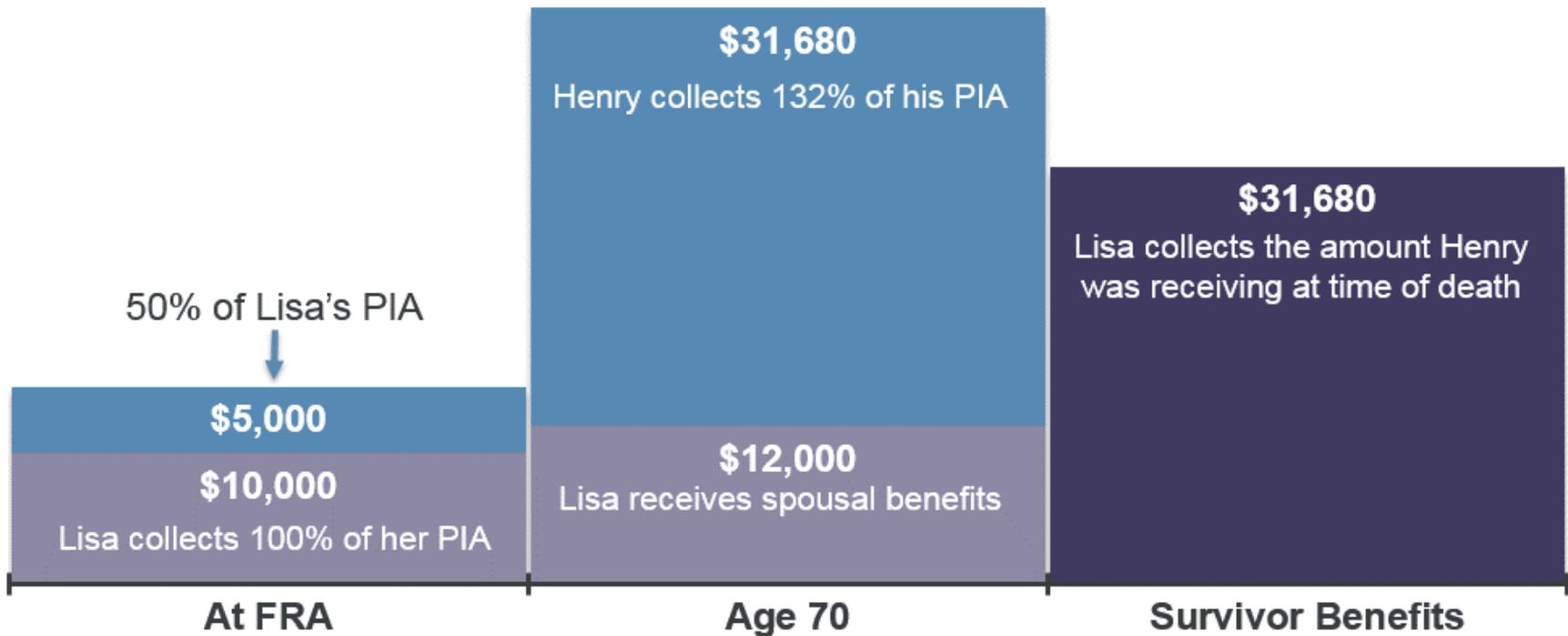
**\$10,000/yr**

**Henry High Earner**



**PIA = \$2,000**

**\$24,000/yr**



## QUESTIONS TO CONSIDER



### Work

When do you plan to stop working?  
What will your earnings look like until retirement?



### Longevity

How is your health?  
Family history of longevity?



### Spouse

What benefit amount is your spouse eligible for?  
Spouse's health and longevity?  
What is the age difference between you and your spouse?



### Retirement Income

What other sources of retirement income do you have?  
How important is Social Security to your retirement income?

# GENERAL CLAIMING GUIDELINES

FRA

## Before FRA

- Lower life expectancy
- Lower earning & younger spouse
- Strong need for income
- Fully retired and no earnings
- Survivor benefits
- Disabled

## FRA or later

- Generally a best practice
- Longer life expectancy
- Higher earner with lower earning younger spouse
- Still working or access other sources of income to meet expenses
- Maximize a large spousal benefit

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## NEXT STEPS

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Go to  
[www.ssa.gov/myaccount](http://www.ssa.gov/myaccount)  
to establish your online  
account and review your  
benefits information

Evaluate different claiming  
scenarios based on your  
personal situation

Develop and implement a  
comprehensive retirement  
income plan

*Raymond James has the tools, resources and  
expertise to help you understand the decisions you face.*

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