

Understanding Social Security

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Cardinal | Retirement Savings
at Work | Benefits

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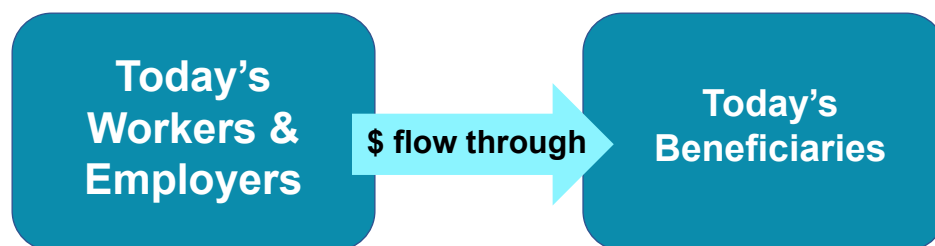
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What we will cover today

- ✓ Social Security: The Basics
- ✓ Strategies to Maximize Benefits

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Will Social Security Be There for Me?



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Lots of ideas
of ways to “fix”
Social Security



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Social Security Basics

- Who is eligible?
- When are you eligible?
- What benefits can you expect?
- How do you apply?

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Who is Eligible?

- Earn social security “credits”, earning a maximum of four credits per year
- Fully insured and eligible after 40 credits (10 years)
- Benefit based on top 35 years of income (may include \$0, if no work history)

The summary contained herein have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed.
Source: [Update 2021 \(ssa.gov\)](#)

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At what age do you earn your maximum Social Security benefit?

(A) 62	0%
(B) 65	0%
(C) 66	0%
(D) 67	0%
(E) 70	0%

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When are You Eligible?

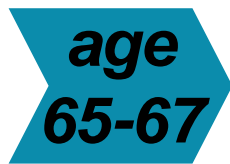


Early retirement – Benefits may start, but checks will be reduced for life. Benefits withheld if you keep working and exceed income limits.

Please seek advice from a tax advisor. Francis Investment Counsel does not give tax or legal advice.

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When are You Eligible?



Full Retirement Age - depends on your birth year – earnings limits disappear

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Full Retirement Age

Full eligibility for Social Security has gradually increased from age 65 to age 67. Find your birth year below to determine when you are fully eligible for Social Security.

Birth Year	Full Retirement Age
1937 or earlier	Age 65
1938	Age 65 and 2 months
1939	Age 65 and 4 months
1940	Age 65 and 6 months
1941	Age 65 and 8 months
1942	Age 65 and 10 months
1943-1954	Age 66
1955	Age 66 and 2 months
1956	Age 66 and 4 months
1957	Age 66 and 6 months
1958	Age 66 and 8 months
1959	Age 66 and 10 months
1960 and later	Age 67

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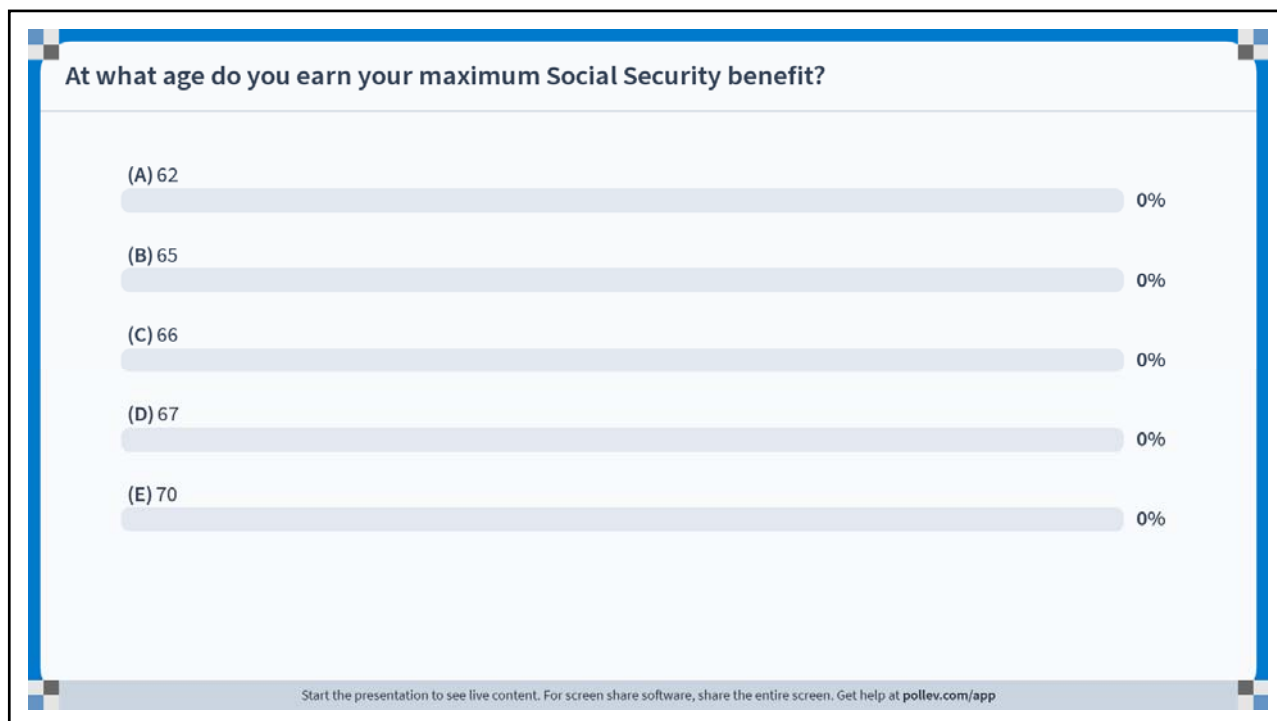
When are You Eligible?



Increased benefits if you wait beyond FRA end.


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Monthly benefits
increase by
8%
annually
if you delay
collecting



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Let's Meet Thomas Kim

Full Ret Age = 66

Monthly benefit at 62 = \$645

Monthly benefit at 66 = \$900

Monthly benefit at 70 = \$1,224



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Who is Eligible?

- You qualify for your own benefit OR $\frac{1}{2}$ of spouse's – whichever is higher

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Let's Meet Tom's Spouse Sheila

Full Ret Age = 66
Monthly benefit at 62 = \$1,576
Monthly benefit at 66 = \$2,200
Monthly benefit at 70 = \$2,993



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Meet the Kims

Monthly benefit if they each claim on their own record:

Tom:	\$900
Sheila:	\$2,200
TOTAL:	\$3,100

Monthly benefit if Tom claims as spouse:

Tom:	\$1,100
Sheila:	\$2,200
TOTAL:	\$3,300

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Who is Eligible?

- Children qualify too if you collect, and they are under age 18 or up to 19 if still in high school

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Let's Meet Their Child Sienna

- Qualifies for benefit of $\frac{1}{2}$ of worker's full retirement age (FRA) benefit
- Monthly benefit = \$1,100 (until she's 18 or out of high school)



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Who is Eligible

- Divorced spouses aged 62 or older qualify as “spouse” if marriage lasted 10 years or longer (and they aren’t remarried)

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Source: www.ssa.gov/pubs/EN-05-10035.pdf

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Meet Sheila’s Ex Frank

- Marriage lasted 11 years
- Full Ret Age = 66
- Monthly Benefit = \$800
- Unmarried

Qualifies for benefit of $\frac{1}{2}$ of worker’s full retirement age (FRA) benefit

Monthly benefits:

Worker:	\$800
Ex-Spouse:	\$1,100



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Two Things to Think About



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True or False: Benefits forfeited by earning too much money while collecting Social Security will be gone forever.

0%



True

0%



False

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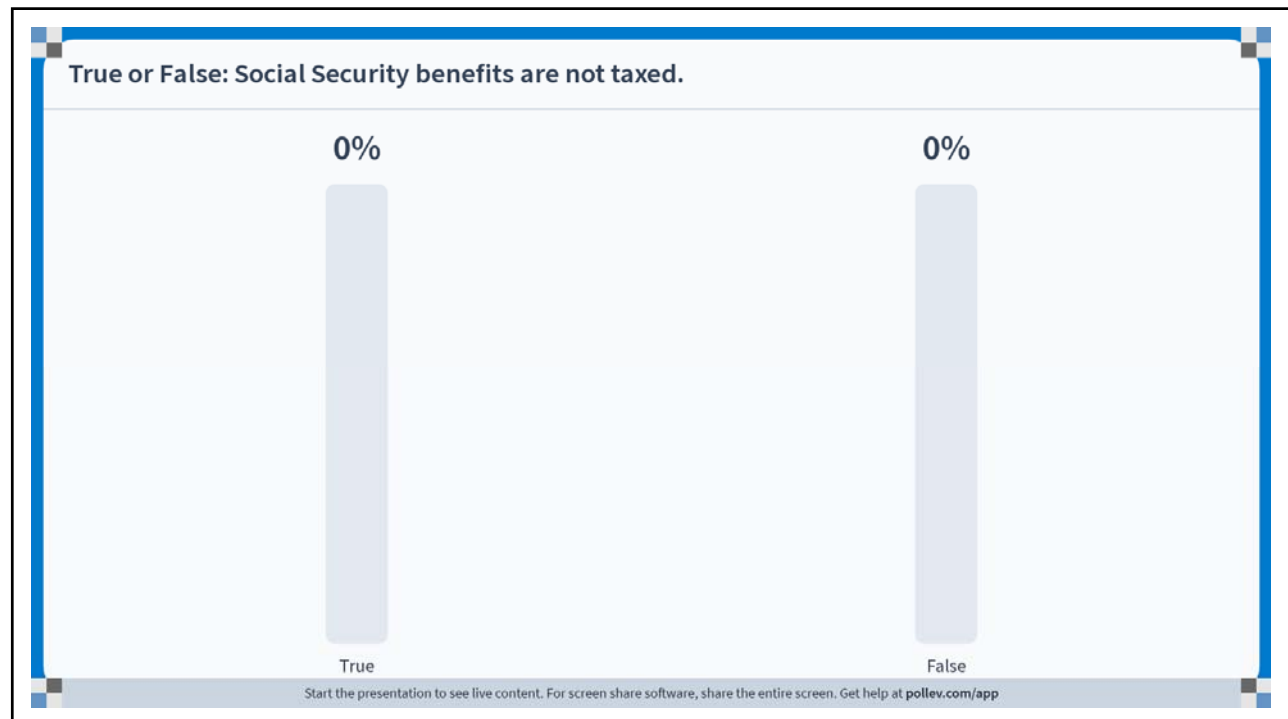
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If You Collect “Early” and Continue to Work

2024 Retirement Earnings Limits	
Under FRA \$1 of benefits withheld for every \$2 in earnings above the limit	\$21,240/year
Year Individual reaches FRA \$1 of benefits withheld for every \$3 in earnings above the limit for months prior to attaining FRA	\$56,520/year
Month individual reaches FRA and beyond Reduction no longer applies	Unlimited

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Source: <https://www.ssa.gov/benefits/retirement/planner/whileworking.html>

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Benefit Becomes Taxable as Your Income Rises

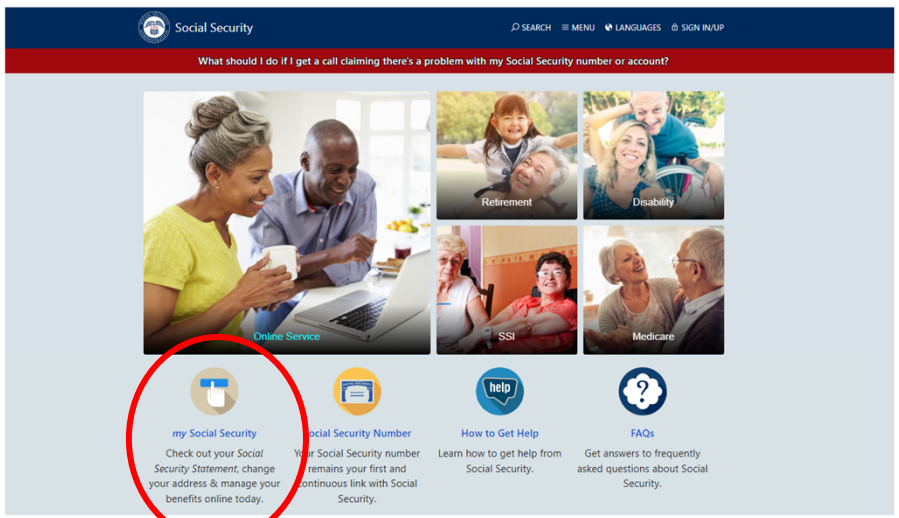
Filing Status	Provisional Income = earnings (pensions, pre-tax 401(k) withdrawals, dividends, taxable interest from investments) + interest on tax-exempt bonds + 50% of SS benefit	Amount of SS subject to tax
Single Or Head of Household	Under \$25,000	0
	\$25,000 - \$34,000	50%
	Over \$34,000	85%
Married, Filing Jointly	Under \$32,000	0
	\$32,000 - \$44,000	50%
	Over \$44,000	85%

Roth distributions don't count as income!

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Find Out Your Benefits www.SSA.gov

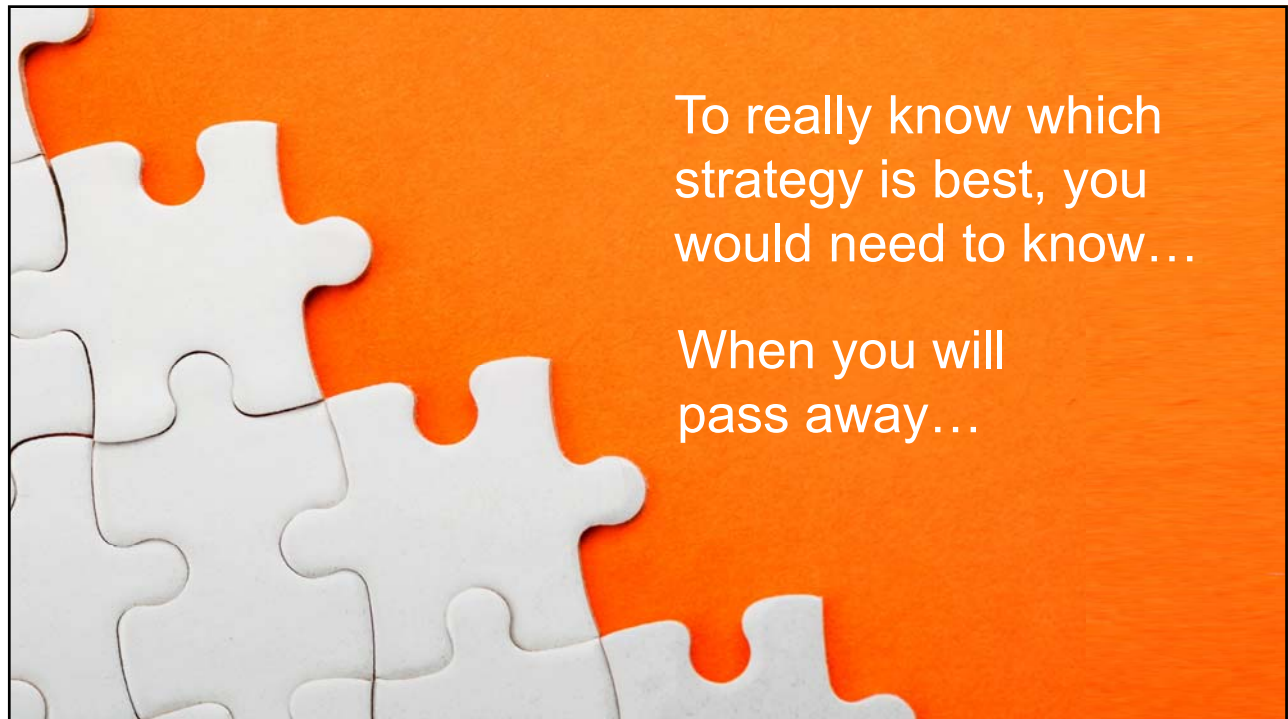


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What we will cover today

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- ✓ Strategies to Maximize Benefits

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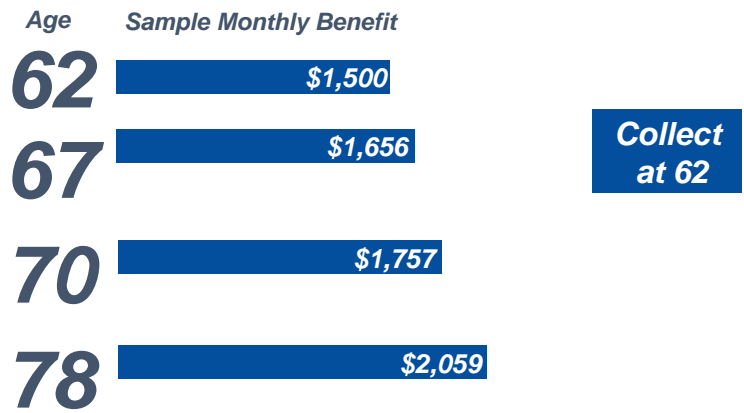
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Strategies to Maximize Social Security Benefits

- Delay taking benefits

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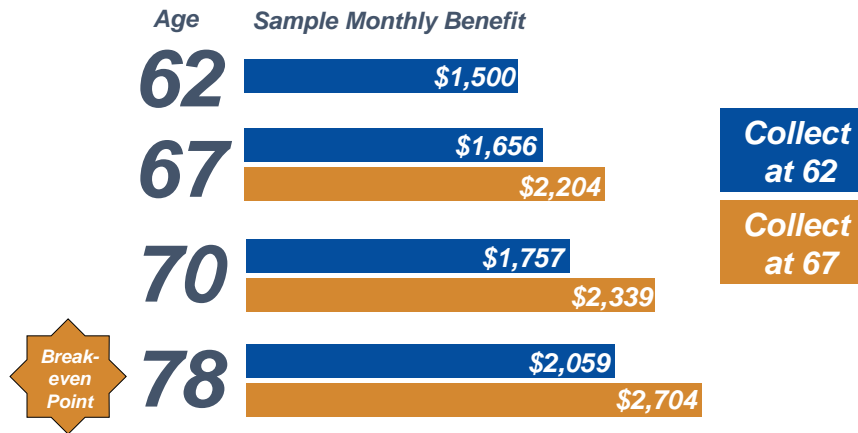
It May Pay to Wait



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It May Pay to Wait



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Strategies to Maximize Social Security Benefits

- Delay taking benefits
- Coordinate spousal benefits

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Ground Rules on Spousal Benefits

- Can't collect a spousal benefit until worker files for own benefit (unless divorced)
- Spousal benefit reduced if spouse collects before FRA but won't increase if delayed past FRA

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Have One Spouse Wait to Collect

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Have One Spouse Wait to Collect

Tom

Full Ret Age = 66

Monthly benefit at 62 = \$645

Monthly benefit at 66 = \$900

Monthly benefit at 70 = \$1,224

Sheila

Full Ret Age = 66

Monthly benefit at 62 = \$1,576

Monthly benefit at 66 = \$2,200

Monthly benefit at 70 = \$2,993

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Have One Spouse Wait to Collect

Tom

Full Ret Age = 66

Monthly benefit at 62 = ~~\$645~~

New Spousal Benefit = \$788

Monthly benefit at 66 = \$900

Monthly benefit at 70 = \$1,224

Sheila

Full Ret Age = 66

Monthly benefit at 62 = \$1,576

Monthly benefit at 66 = \$2,200

Monthly benefit at 70 = ~~\$2,993~~

When Sheila collects Tom switches to his spousal benefit

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Collecting Survivor Benefits

- Surviving spouses can collect on deceased worker's record if married for at least nine months
- Survivor receives 100% of full benefit at FRA, they can collect a reduced benefit as early as age 60

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Collecting Survivor Benefit

Tom

Full Ret Age = 66

Monthly benefit at 62 = ~~\$675~~

New Spousal Benefit = ~~\$718~~

Monthly benefit at 66 = \$900

Monthly benefit at 70 = \$1,224

Sheila

Full Ret Age = 66

Monthly benefit at 62 = \$1,576

Monthly benefit at 66 = \$2,200

Monthly benefit at 70 = ~~\$2,993~~

**Higher Benefit
Survives the
First Death**

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Collecting Survivor Benefits

- Divorced spouse may claim survivor benefit if marriage lasted 10 years
- If entitled to both individual and survivor benefits, can begin to collect one, then switch to the other later

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Collecting Survivor Benefits

Monthly benefits if
Sheila lives:

Ex-Spouse: \$1,100

Monthly benefits at
Sheila's passing:

Ex-Spouse: \$2,200



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File and Suspend: No Longer Allowed

- Higher wage earner applies at FRA then suspends
- Lower wage earner THEN can start on the spousal benefit
- Allows higher wage earner's benefit to grow
- NOW – no longer allowed!

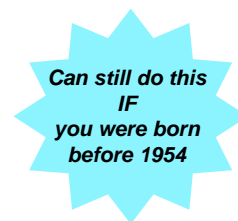


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Restricted Application: No Longer Allowed

- At FRA, wage earner restricts their benefit to only spousal benefit... then switches over to own later
- NOW – when you file, you get the higher of the two



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Apply Online/Phone

www.ssa.gov/800-772-1213

- 4 months in advance of when you wish to start benefits
- 3 months if you wish to apply for SS and Medicare

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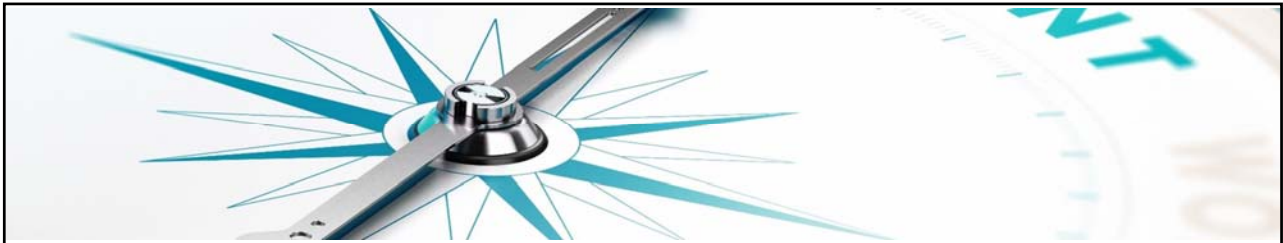
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Learn More

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or call 800-722-1213

Or visit a local office

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Questions?

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