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Private Wealth Management

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Social Security Retirement Benefit Basics



Signing up for Social Security

According to the Social Security Administration, you should apply for Social Security benefits approximately three months before your retirement date. To apply for Social Security benefits, you can fill out an application online or call or visit your local Social Security office. You can also call the SSA at (800) 772-1213 to discuss your options or to get more information about the application process.

Social Security benefits are a major source of retirement income for most people. Your Social Security retirement benefit is based on the number of years you've been working and the amount you've earned. When you begin taking Social Security benefits also greatly affects the size of your benefit.

How do you qualify for retirement benefits?

When you work and pay Social Security taxes (FICA on some pay stubs), you earn Social Security credits. You can earn up to 4 credits each year. If you were born after 1928, you need 40 credits (10 years of work) to be eligible for retirement benefits.

How much will your retirement benefit be?

The Social Security Administration (SSA) calculates your primary insurance amount (PIA), upon which your retirement benefit will be based, using a formula that takes into account your 35 highest earnings years. At your full retirement age, you'll be entitled to receive that amount. This is known as your full retirement benefit. Because your retirement benefit is based on your average earnings over your working career, if you have some years of no earnings or low earnings, your benefit amount may be lower than if you had worked steadily. Your age at the time you start receiving benefits also affects your benefit amount. Although you can retire early at age 62, the longer you wait to begin receiving your benefit (up to age 70), the more you'll receive each month.

You can estimate your retirement benefit under current law by using the benefit calculators available on the SSA's website, socialsecurity.gov. You can also sign up for a my Social Security account so that you can view your online Social Security Statement. Your statement contains a detailed record of your earnings, as well as estimates of retirement, survivor's, and disability benefits, along with other information about Social Security. If you're not registered for an online account and are not yet

receiving benefits, you'll receive a statement in the mail every five years, from age 25 to age 60, and then annually thereafter.

Retiring at full retirement age

Your full retirement age depends on the year in which you were born. If you retire at full retirement age, you'll receive an unreduced retirement benefit.

If you were born in:	Your full retirement age is:
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Note: If you were born on January 1 of any year, refer to the previous year to determine your full retirement age.

Retiring early will reduce your benefit

You can begin receiving Social Security benefits before your full retirement age, as early as age 62. However, if you begin receiving benefits early, your Social Security benefit will be less than if you wait until your full retirement age to begin receiving benefits. Your retirement benefit will be reduced by 5/9ths of 1 percent for every month between your retirement date and your full retirement age, up to 36 months, then by 5/12ths of 1% thereafter. For example, if your full retirement age is 66, you'll receive about 25% less if you start benefits at age 62 than if you wait until your full retirement age (30% less if your full retirement age is 67). This reduction is permanent--you won't be eligible for a benefit increase once you reach full retirement age. However, even though your monthly benefit will be



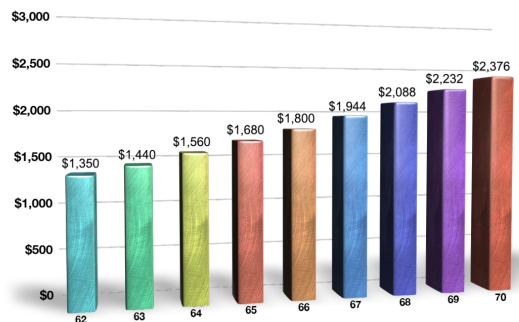
less, you might receive the same or more total lifetime benefits as you would have had you waited until full retirement age to start collecting benefits. That's because even though you'll receive less per month, you might receive benefits over a longer period of time.

Delaying retirement will increase your benefit

For each month that you delay receiving Social Security retirement benefits past your full retirement age, your benefit will permanently increase by a certain percentage, up to the maximum age of 70. For anyone born in 1943 or later, the monthly percentage is 2/3 of 1%, so the annual percentage is 8%. So, for example, if your full retirement age is 66 and you delay receiving benefits for 4 years, your benefit at age 70 will be 32% higher than at age 66.

Monthly benefit example

The following chart illustrates how much a monthly benefit of \$1,800 taken at a full retirement age of 66 would be worth if taken earlier or later than full retirement age. For example, as this chart shows, this \$1,800 benefit would be worth \$1,350 if taken at age 62, and \$2,376 if taken at age 70.



Working may affect your retirement benefit

You can work and still receive Social Security retirement benefits, but the income that you earn before you reach full retirement age may temporarily affect your benefit. Here's how:

- If you're under full retirement age for the entire year, \$1 of your benefit will be withheld for every \$2 you earn over the annual earnings limit (\$16,920 in 2017)

- A higher earnings limit applies in the year you reach full retirement age, and the calculation is different, too--\$1 of your benefit will be withheld for every \$3 you earn over \$44,880 (in 2017)

Once you reach full retirement age, you can work and earn as much income as you want without reducing your Social Security retirement benefit. And keep in mind that if some of your benefits are withheld prior to your full retirement age, you'll generally receive a higher monthly benefit at full retirement age, because after retirement age the SSA recalculates your benefit every year and gives you credit for those withheld earnings.

Retirement benefits for qualified family members

Even if your spouse has never worked outside your home or in a job covered by Social Security, he or she may be eligible for spousal benefits based on your Social Security earnings record. Other members of your family may also be eligible. Retirement benefits are generally paid to family members who relied on your income for financial support. If you're receiving retirement benefits, the members of your family who may be eligible for family benefits include:

- Your spouse age 62 or older, if married at least 1 year
- Your former spouse age 62 or older, if you were married at least 10 years
- Your spouse or former spouse at any age, if caring for your child who is under age 16 or disabled
- Your children under age 18, if unmarried
- Your children under age 19, if full-time students (through grade 12) or disabled
- Your children older than 18, if severely disabled

Your eligible family members will receive a monthly benefit that is as much as 50% of your benefit. However, the amount that can be paid each month to a family is limited. The total benefit that your family can receive based on your earnings record is about 150% to 180% of your full retirement benefit amount. If the total family benefit exceeds this limit, each family member's benefit will be reduced proportionately. Your benefit won't be affected.

For more information on retirement benefits, contact the Social Security Administration at (800) 772-1213 or visit socialsecurity.gov.

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