

# Social Security Calculator



Prepared For Tom and Jane

May 02, 2016

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# IMPORTANT DISCLOSURE INFORMATION

IMPORTANT: The projections and other information generated by the MoneyGuidePro Social Security Calculator (the "Calculator") regarding the likelihood of various potential benefits are hypothetical in nature and are not guarantees of future Social Security benefits.

The results of the Calculator will vary as your inputs and assumptions vary.

## Calculator Assumptions and Limitations

### Information Provided by You

Information you provided about your employment income, dependent children, age to begin benefits, expected Cost of Living Adjustment (COLA), and other information regarding your personal situation are key assumptions for the calculations and projections in this Report. If any of the assumptions are incorrect, you should notify your financial advisor or, if you have access to the Calculator, correct the assumptions and create a new Report. Even small changes in assumptions can have a substantial impact on the results shown in this Report. The information provided by you should be reviewed periodically and updated when either the information or your circumstances change.

### Assumptions and Limitations

This Report shows your hypothetical lifetime retirement, spousal, and survivor Social Security benefits, based on the inputs and assumptions you provided. The Calculator estimates for retirement and spousal benefits include different strategies to assist you in maximizing your Social Security benefits. Spousal benefits may be applicable if you are married, or if you are divorced and currently unmarried. Survivor benefits include widow/widower benefits and, if applicable, benefits for dependent children.

All Social Security benefits are based on your Primary Insurance Amount (PIA). The PIA is the retirement benefit amount you would receive if you begin benefits at your Full Retirement Age (FRA), and is also used to determine spousal and survivor benefits. The PIA is shown in pre-tax, current dollars.

The Calculator can estimate your PIA by two different methods: 1) Using your current age and current employment income, and estimating your income history using the SSA National Average Wage Index; or 2) Using the year-by-year wage history you enter for past employment. If your actual wage history has fluctuated, has gaps, or is substantially different from an annual increase at the National Average Wage Index, the Calculator estimate using only your current age and employment income may not be a reasonable estimate. Rather than using either Calculator estimate for your PIA, you can enter the estimate provided to you by the Social Security Administration (SSA).

The Calculator COLA assumption is used as the expected annual rate of increase in benefits. The SSA uses the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as the basis for the benefit increase in each year, so the COLA used in this Calculator is a simplifying assumption. The COLA assumption in this Report cannot and does not predict the actual SSA COLA that will be used in any future year. As the annual SSA COLA varies from the COLA assumption in the Calculator, your actual results will vary (perhaps significantly) from those presented in this Report.

Social Security disability benefits, if applicable, are not estimated and are not included in the Calculator.

### Calculator Methodology and Results

#### Results

Based on your marital status, eligibility for spousal benefits, and eligibility for widow/widower benefits, the Calculator creates results for the applicable strategies and displays them on the Social Security Analysis page. The Maximized Benefit column on that page shows the strategy with the highest total lifetime benefit.

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# IMPORTANT DISCLOSURE INFORMATION

The Detailed Results page shows the year-by-year estimated benefit amounts for the strategy you selected.

The Executive Summary page summarizes your personal information and your estimated Social Security benefits for the strategy selected.

## **Other Retirement Income Affecting Social Security Benefits**

If you have a federal, state, or municipal pension with a Government Pension Offset (GPO), the Calculator reduces the spousal or widow/widower's portion of the Social Security benefit, if applicable, by two-thirds of the pension amount.

If you are receiving retirement or survivor Social Security benefits prior to your Full Retirement Age (FRA), part-time work over certain amounts may reduce your benefit temporarily. The reductions are dependent on the year in which you attain FRA, and the Calculator includes the appropriate reductions based on current SSA laws.

## **Results Are a Snapshot and Do Not Provide Legal, Tax, or Accounting Advice**

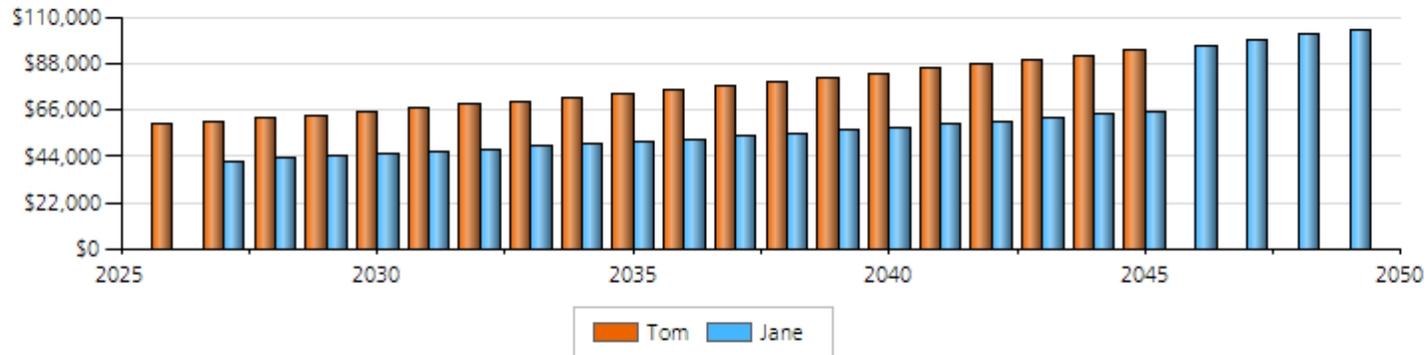
This Report provides a snapshot of your estimated lifetime Social Security benefits, based on the information you provided and current laws governing benefit amounts. Future benefits may vary based on: 1) the actual SSA COLA for each year; 2) changes in laws that define SSA benefits; and 3) if you are still working, your future earnings. Because the results are calculated over many years, small changes can create large differences in future results. You should use this Report to help you focus on the factors that are most important to you. This Report does not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

## **For More Information**

See the official Social Security website [www.socialsecurity.gov](http://www.socialsecurity.gov) to access Social Security publications, general information on benefits, or estimates of your benefits.

# Social Security Detailed Results

## Social Security Combined Details for Recommended



| Year | Ages/Event | Tom      | Jane     | Year | Ages/Event       | Tom      | Jane      |
|------|------------|----------|----------|------|------------------|----------|-----------|
| 2025 | 70 / 68    | \$57,697 |          | 2042 | 87 / 85          | \$87,794 | \$60,809  |
| 2026 | 71 / 69    | \$59,140 |          | 2043 | 88 / 86          | \$89,988 | \$62,330  |
| 2027 | 72 / 70    | \$60,618 | \$41,987 | 2044 | 89 / 87          | \$92,238 | \$63,888  |
| 2028 | 73 / 71    | \$62,134 | \$43,036 | 2045 | Tom's Plan Ends  | \$94,544 | \$65,485  |
| 2029 | 74 / 72    | \$63,687 | \$44,112 | 2046 | - / 89           |          | \$96,908  |
| 2030 | 75 / 73    | \$65,279 | \$45,215 | 2047 | - / 90           |          | \$99,330  |
| 2031 | 76 / 74    | \$66,911 | \$46,346 | 2048 | - / 91           |          | \$101,814 |
| 2032 | 77 / 75    | \$68,584 | \$47,504 | 2049 | Jane's Plan Ends |          | \$104,359 |
| 2033 | 78 / 76    | \$70,299 | \$48,692 |      |                  |          |           |
| 2034 | 79 / 77    | \$72,056 | \$49,909 |      |                  |          |           |
| 2035 | 80 / 78    | \$73,858 | \$51,157 |      |                  |          |           |
| 2036 | 81 / 79    | \$75,704 | \$52,436 |      |                  |          |           |
| 2037 | 82 / 80    | \$77,597 | \$53,747 |      |                  |          |           |
| 2038 | 83 / 81    | \$79,537 | \$55,090 |      |                  |          |           |
| 2039 | 84 / 82    | \$81,525 | \$56,468 |      |                  |          |           |
| 2040 | 85 / 83    | \$83,563 | \$57,879 |      |                  |          |           |
| 2041 | 86 / 84    | \$85,652 | \$59,326 |      |                  |          |           |

### Notes

Assumption for Cost of Living Adjustment (COLA) is 2.50% annually.

See Important Disclosures section in this Report for explanations of the methodology, assumptions, and limitations.

# Social Security Analysis

## Social Security Analysis for Recommended

| Social Security Strategy                  | Selected Strategy | As Soon As Possible | At Retirement | At FRA      | At Age 70   | Tom begins at age 70 and Jane begins at FRA | Maximized Benefit |
|---|-------------------|---------------------|---------------|-------------|-------------|---|-------------------|
| Start age                                 |                   |                     |               |             |             |   |                   |
| Tom                                       | 70                | 62                  | 65            | 66          | 70          | 70  | 70                |
| Jane                                      | 70                | 62                  | 65            | 66          | 70          | 66  | 70                |
| Total lifetime benefit in current dollars | \$1,763,000       | \$1,222,500         | \$1,520,000   | \$1,590,000 | \$1,763,000 | \$1,730,000                                 | \$1,763,000       |
| Break Even Point                          |                   |                     |               |             |             |   |                   |
| Tom                                       | 76                | N/A                 | 65            | 69          | 76          | 74  | 76                |
| Jane                                      | 74                | N/A                 | 63            | 67          | 74          | 72  | 74                |

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# Social Security Analysis

## Social Security Analysis for Recommended

### Notes

#### Selected Strategy:

This is the strategy you selected.

#### At FRA:

You apply for and begin retirement benefits at your Full Retirement Age (FRA), which is determined by your date of birth. If the retirement age you specified is after your FRA, we assume you will begin benefits at FRA, and we will adjust the benefit for inflation until your retirement age.

#### At Retirement:

You apply for and begin retirement benefits at the retirement age shown. The benefit is automatically adjusted to account for excess earnings from part-time work and/or taking benefits prior to your FRA, if either is applicable.

#### As soon as possible:

You apply for and begin benefits at the later of your current age or age 62. The benefit is automatically adjusted to account for excess earnings from part-time work, if applicable, and taking benefits prior to your FRA. If you are age 62 or older, this option is not available.

#### At age 70:

You apply for and begin benefits at age 70.

#### (Higher Wage Earner) begins at age 70 and (Lower Wage Earner) begins at FRA:

This strategy is available only if you are married. The higher wage earner applies for and begins benefits at age 70. The lower wage earner applies for and begins benefits at his/her FRA. The higher/lower wage earners are determined based on the employment incomes you specified.

#### (Higher Wage Earner) files/suspends and (Lower Wage Earner) restricted application:

This strategy is available only if you are married. The higher wage earner applies for and suspends taking benefits until age 70. The higher wage earner can file at or after his/her FRA, at which time the spouse (the lower wage earner) files for and takes spousal benefits. The spouse then files for and begins his/her own benefit at age 70, at the higher benefit amount.

The lower wage earner makes a restricted application at his/her FRA. Restricted application allows the account holder to apply only for the "spousal benefit" s/he would be due under dual entitlement rules. At any age beyond his/her FRA, the lower wage earner can apply for and receive benefits based on his/her own work history.

#### (Lower Wage Earner) files/suspends and (Higher Wage Earner) restricted application:

This strategy is available only if you are married. The lower wage earner applies for and suspends taking benefits until age 70. The lower wage earner can file at or after his/her FRA, at which time the spouse (the higher wage earner) files for and takes spousal benefits. The spouse then files for and begins his/her own benefit at age 70, at the higher benefit amount.

The higher wage earner makes a restricted application at his/her FRA. Restricted application allows the account holder to apply only for the "spousal benefit" s/he would be due under dual entitlement rules. At any age beyond his/her FRA, the higher wage earner can apply for and receive benefits based on his/her own work history.

#### Maximized Benefits:

This is the strategy that provides the highest estimate of lifetime Social Security income, assuming you live to the age(s) shown on the Detailed Results page.

#### Total Lifetime Benefit:

The total estimate of benefits you and your co-client, if applicable, would receive in your lifetime, assuming you live to the age(s) shown on the Detailed Results page. This amount is in current (non-inflated) dollars.

#### Break Even Point:

The age(s) at which this strategy would provide benefits equivalent to the "As Soon As Possible" strategy. If you live longer than the "break even" age for a strategy, your total lifetime benefits using that strategy would be greater than the lifetime benefits of the "As Soon As Possible" strategy. If you are older than age 62 and the "As Soon As Possible" strategy is not shown, the break even comparison uses the strategy that begins at the earliest age(s) as the baseline for comparison.

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# Social Security Executive Summary

## Social Security

### Personal Information

Your Full Retirement Age (FRA) is the age that you would receive 100% of your Primary Insurance Amount (PIA). Depending on the year you were born, your FRA is between 65-67 years old. Taking benefits before or after your FRA will decrease or increase the amount you receive, respectively.

Tom's FRA is 66 and 0 months in 2021.

Jane's FRA is 66 and 6 months in 2023.

Your Primary Insurance Amount (PIA) is the benefit you would receive if you began benefits at your Full Retirement Age (FRA). It is calculated from the earnings on which you paid Social Security taxes, throughout your life.

Tom's estimated annual PIA is \$35,000

Jane's estimated annual PIA is \$25,000

### Other Retirement Income

The Windfall Elimination Provision (WEP) affects the amount of your Social Security benefit received if Social Security taxes were not taken out of your pay. If you paid Social Security tax on at least 30 years of substantial earnings, then you are not affected by the Windfall Elimination Provision.

Jane has indicated that she is subject to the Windfall Elimination Provision (WEP)

### Strategy Information

Tom files a normal application at 70 in 2025.

Jane files a normal application at 70 in 2027.

Using this strategy, your household's total lifetime benefit is estimated to be \$1,763,000 in today's dollars, based upon the information you entered. For a better estimate, go the [ssa.gov](https://www.ssa.gov)

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