

Retirement Rules of Thumb!



Presented By:
Meredith M. Ehn
Advisor – Participant Services
Francis Investment Counsel

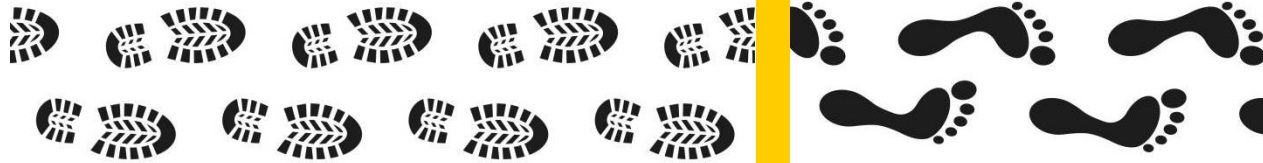


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Journey of the American Worker



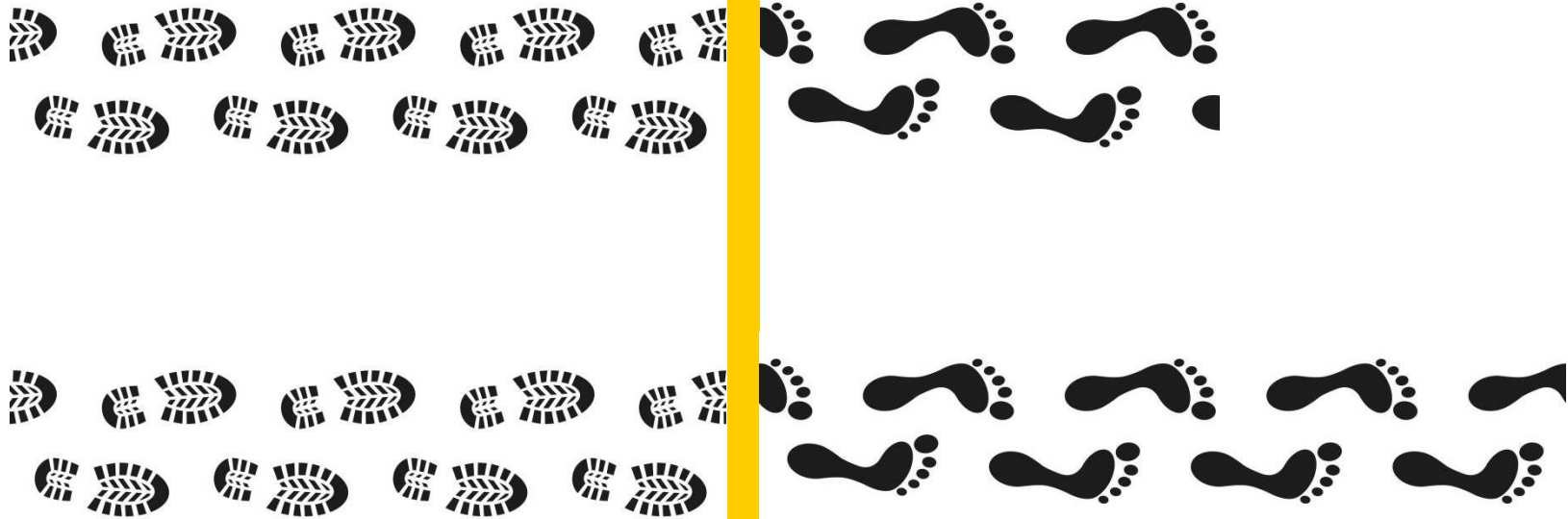
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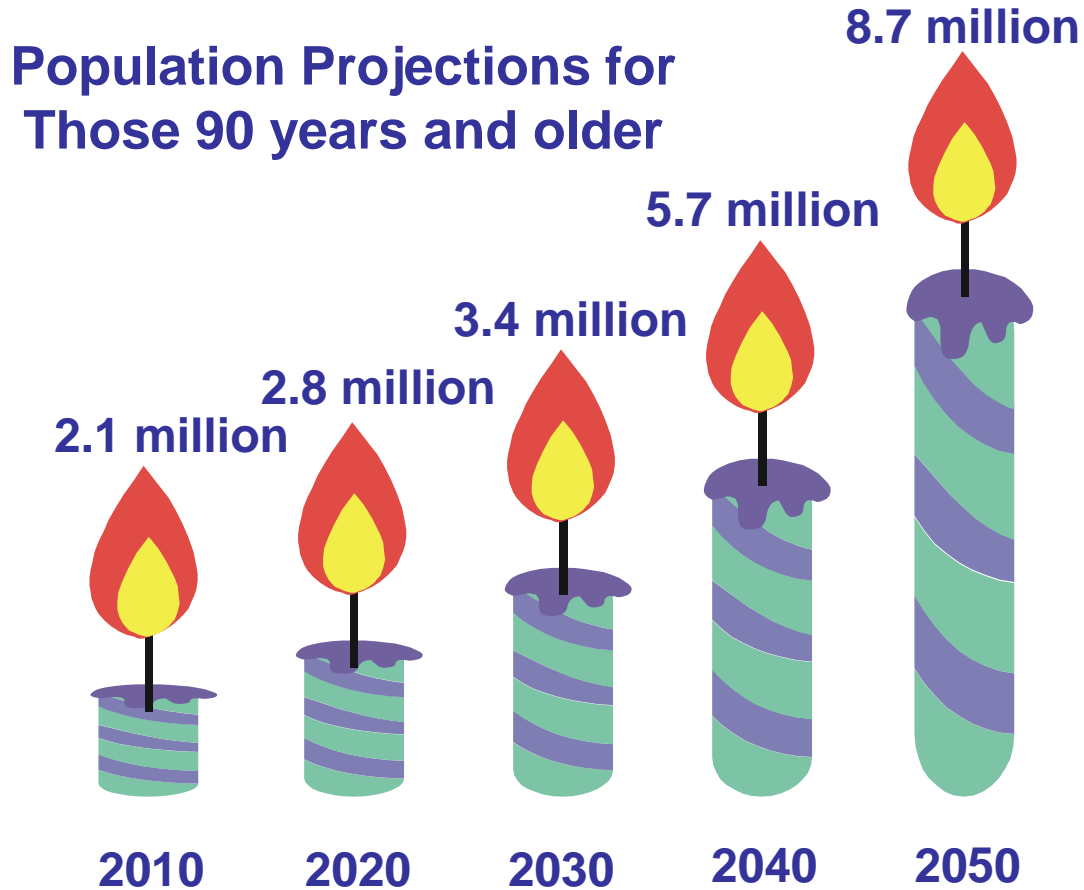
Journey of the American Worker



“freedom
date”



Your Journey Might Be Longer Than You Expect



Retirement Rule of Thumb



*Number of years
you might spend
in retirement*

Retirement Rule of Thumb



*% of working income
you'll need
at retirement*

Your Wage Replacement Ratio

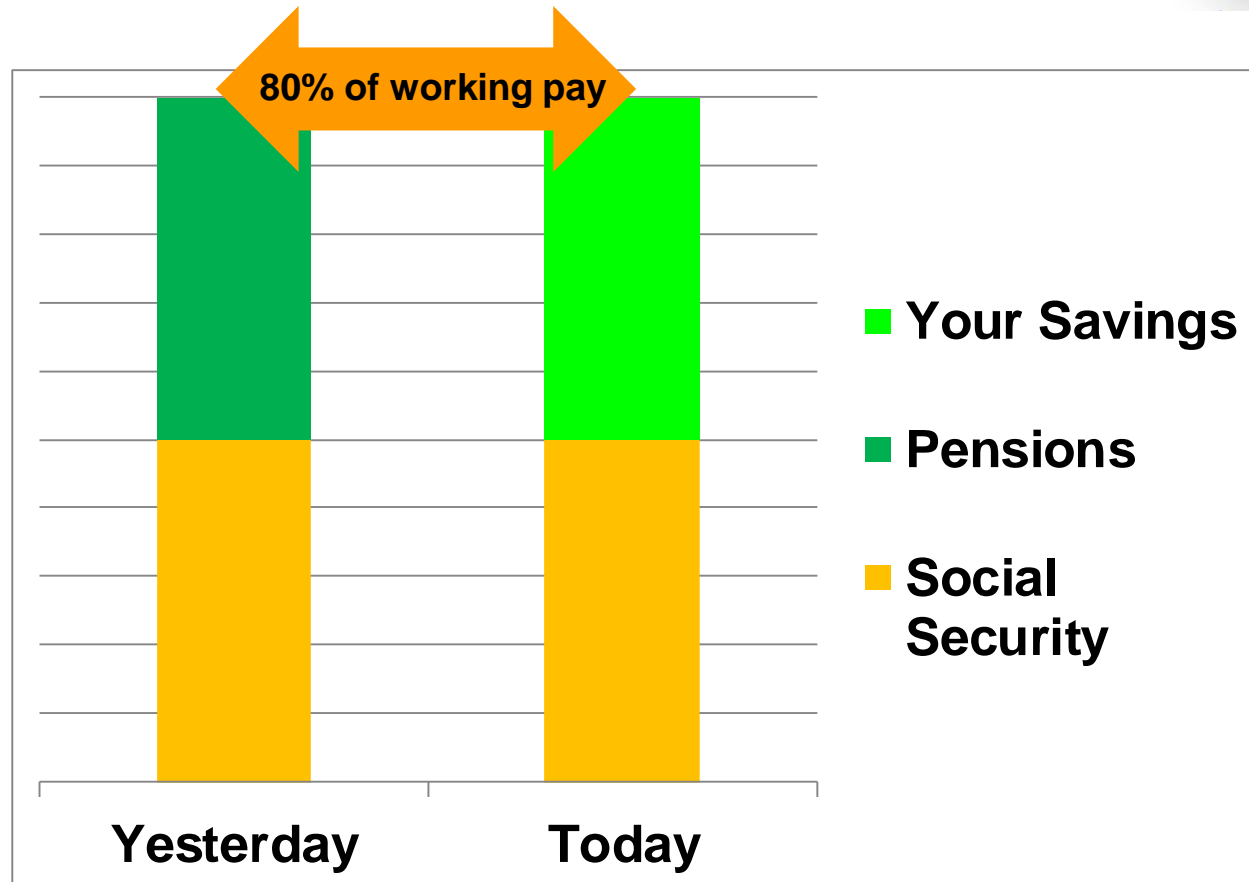


You'll Need to Replace 70-80% of Working Income

- ✓ No 401(k) deferrals
(reduction between 8% - 30%)
- ✓ Not paying FICA taxes
- ✓ No mortgage payments
- ✓ The kids are up and out

- ✓ Health care costs up
- ✓ Supporting parents
- ✓ Big plans in retirement

What Will it Take to Afford Life Without Work?



Social Security Key Retirement Ages



**Age
62**

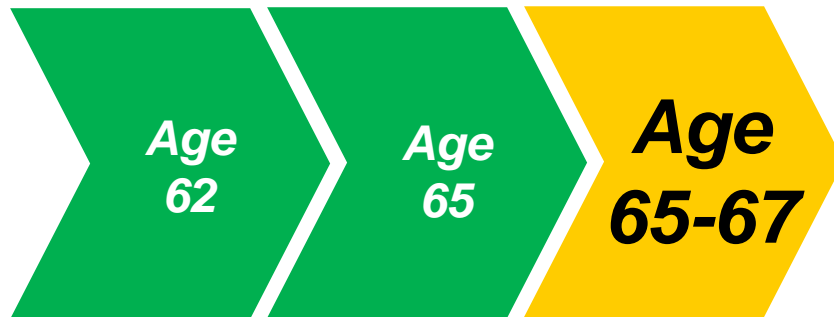
Celebrate!

You may begin receiving Social Security retirement benefits but checks will be reduced by 25% or more for life

Social Security Key Retirement Ages



Social Security Key Retirement Ages



Start collecting full Social Security benefits – age depends on your birth year – earnings limits disappear – filing at FRA.

Social Security Key Retirement Ages

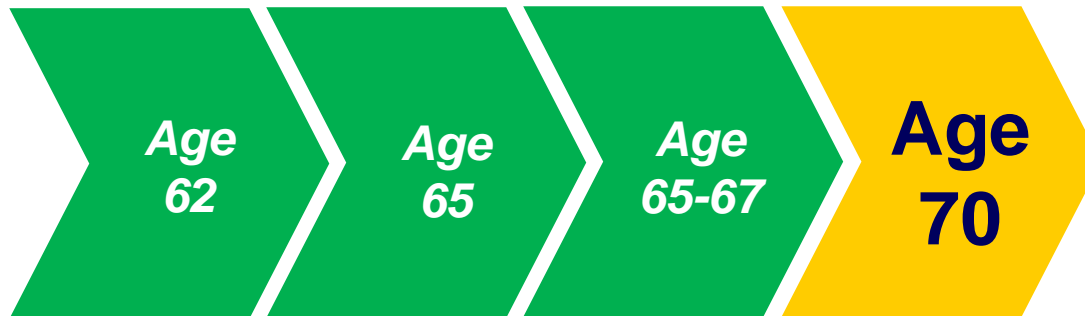


“When do I become fully eligible for Social Security?”

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.

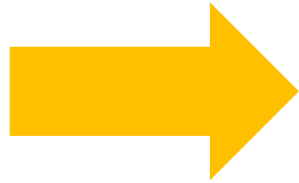
Birth Year	Full Retirement Age
1937 or earlier	Age 65
1938	Age 65 and 2 months
1939	Age 65 and 4 months
1940	Age 65 and 6 months
1941	Age 65 and 8 months
1942	Age 65 and 10 months
1943-1954	Age 66
1955	Age 66 and 2 months
1956	Age 66 and 4 months
1957	Age 66 and 6 months
1958	Age 66 and 8 months
1959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

Social Security Key Retirement Ages



Sign up for Social Security - extra retirement credits end for those who delayed collecting benefits – filing after FRA.

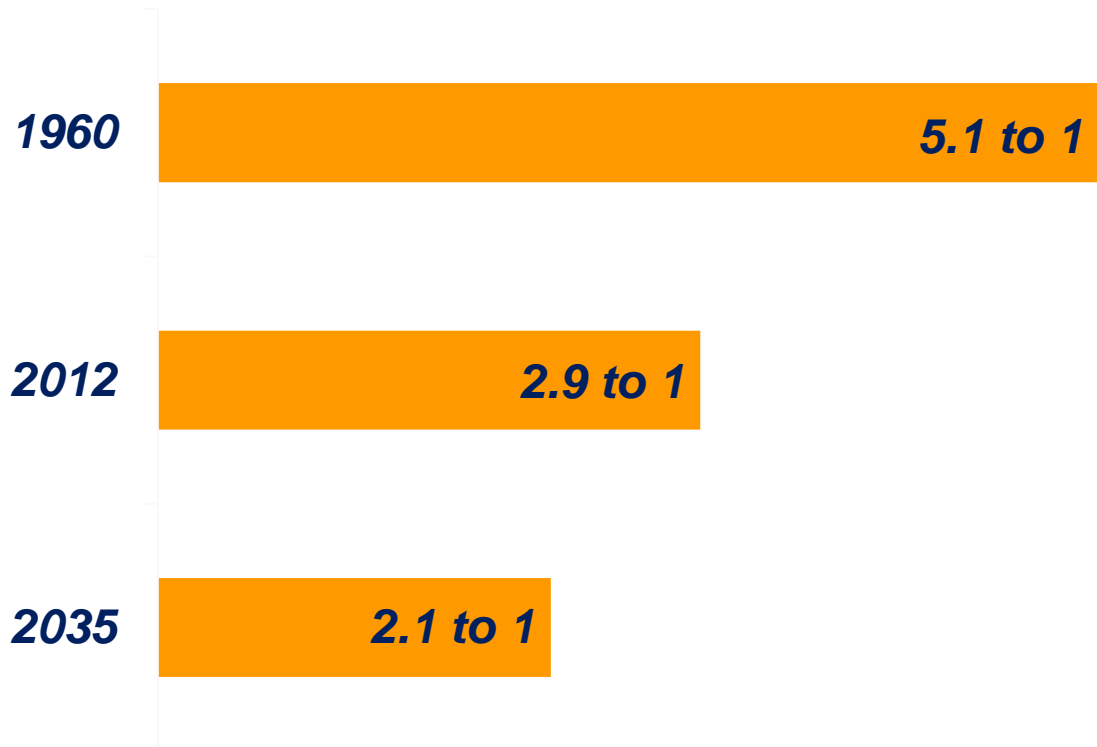
Will Social Security Be There for Me?



Will Social Security Be There for Me?



Workers to Beneficiaries Ratio



Will Social Security Be There for Me?



The OASDI trustees project that:

- Reserves will be sufficient to pay full benefits until 2033
- Tax Income will cover at least 77% of promised benefits from 2033 – 2087, even if nothing changes



A person today age 55 probably won't have to worry about benefits changing until what age?

- a. 68*
- b. 79*
- c. 73*
- d. 72*



A person today age 55 probably won't have to worry about benefits changing until what age?

- a. 68
- b. 79
- c. 73
- d. 72

Will Social Security Be There for Me?



Trust Fund to Remain Sustainable:

- **Increase social security tax rates (+2.83%)**
- **Increase maximum subject to Social Security tax (2015 - \$118,500)**
- **Increase of Full Retirement Age**
- **Decrease of future retirement benefits**
- **Reduction of future Cost of Living Adjustments (COLAs)**

Learn the Social Security Lingo



Full Retirement Age (FRA):

Age at which a person may first become eligible for full (unreduced) retirement benefits. Based on date of birth.

Primary Insurance Amount (PIA):

Calculation by the Social Security Administration based on monthly earnings during the 35 years in which you earned the most. It represents the amount you would receive monthly if you began collecting benefits at FRA. Check your Social Security statement.

How are My Benefits Calculated?

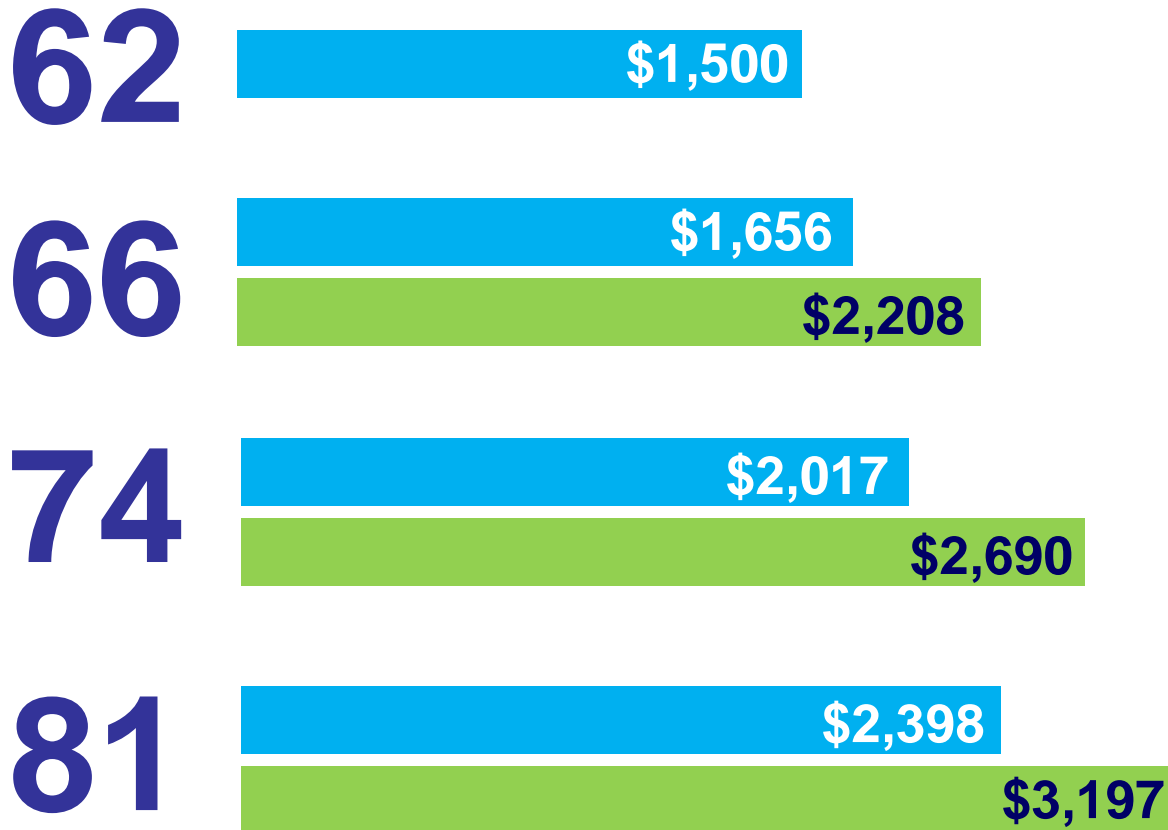


- **Social Security credits based on the amount of your earnings**
- **You receive one credit for each \$1,220 of earnings for 2015 up to a maximum of four credits per year (\$4,880)**
- **Requires 40 credits or about 10 years in the workforce**
- **Credits only determine eligibility, not the benefit amount**

Think Twice About Taking Social Security Early



Age



Collect at 62

Collect at 66

Break-even Point

Think Twice About Taking Social Security Early



Age	Monthly benefit if start at earlier age	Annual benefit if start at earlier age	Cumulative benefit if start at earlier age	Monthly benefit if start at later age	Annual benefit if start at later age	Cumulative benefit if start at later age
62	\$1,759	\$21,108	\$21,108	\$0	\$0	\$0
63	1,808	21,699	42,807	0	0	0
64	1,859	22,307	65,114	0	0	0
65	1,911	22,931	88,045	0	0	0
66	1,964	23,573	111,618	0	0	0
67	2,019	24,233	135,851	0	0	0
68	2,076	24,912	160,763	0	0	0
69	2,134	25,609	186,373	0	0	0
70	2,194	26,326	212,699	3,862	46,344	46,344
71	2,255	27,064	239,763	3,920	47,642	93,986
72	2,318	27,821	267,584	4,081	48,976	142,961
73	2,383	28,600	296,184	4,196	50,347	193,308
74	2,450	29,401	325,585	4,313	51,757	245,065
75	2,519	30,224	355,810	4,434	53,206	298,271
76	2,589	31,071	386,881	4,558	54,696	352,966
77	2,662	31,941	418,821	4,686	56,227	409,193
78	2,736	32,835	451,656	4,817	57,801	466,995
79	2,813	33,754	485,411	4,952	59,420	526,414
80	2,892	34,699	520,110	5,090	61,084	587,498
81	2,973	35,671	555,781	5,233	62,794	650,292
82	3,056	36,670	592,451	5,379	64,552	714,844
83	3,141	37,697	630,148	5,530	66,360	781,204
84	3,229	38,752	668,900	5,685	68,218	849,422
85	3,320	39,837	708,737	5,844	70,128	919,549
86	3,413	40,953	749,690	6,008	72,091	991,641
87	3,508	42,099	791,789	6,176	74,110	1,065,751
88	3,607	43,278	835,067	6,349	76,185	1,141,936
89	3,707	44,490	879,557	6,527	78,318	1,220,254
90	3,811	45,736	925,292	6,709	80,511	1,300,765

Breakeven Age Analysis

Retirement Rule of Thumb



*% Social Security
increases annually
between age 62
and 70*

How Do I Decide When to Collect?



*Return on Delayed Benefits – Annual rate of return**

*Delayed Benefit until age 70***

8.00%

S&P 500

4.15%

U.S. Treasuries

5.40%

Bank CDs

2.06%

*15 year annualized returns as of 12/31/2014.

How Do I Decide When to Collect?



www.ssa.gov

The screenshot shows the official Social Security website. At the top, there is a navigation bar with links for Accessibility, Contact Us, FAQs, Español, Other Languages, and Sign In. The main header features the Social Security logo and the text "Social Security Official Social Security Website". A search bar is located to the right of the logo. Below the header is a dark blue navigation menu with links for Home, Numbers & Cards, Benefits, Information for..., Business & Government, and Our Agency. The main content area features a large banner with a white cat and a corn cob, with the text "Retire Online! Our retirement expert tells you just how easy it is to apply online." Below the banner is a row of five service icons: "my Social Security" (with a padlock icon), "Online Services" (with a laptop icon), "Retirement Estimator" (with a calculator icon, circled in yellow), and "Disability Facts" (with a wheelchair icon). Each icon has a brief description of the service.

my Social Security
Log In
Create an Account
Check out your *Social Security Statement*, change your address & manage your benefits.

Online Services
Whether you are applying for or receiving benefits, learn what you can do online.

Retirement Estimator
Calculate your benefits based on your actual Social Security earnings record & apply online.

Disability Facts
Learn more about the Faces and Facts of Disability.

How Do I Decide When to Collect?



Social Security

The Official Website of the U.S. Social Security Administration

Verify Your Identity

OMB No. 0980-0596
Paperwork Reduction Act

Please tell us who you are

Your Name:

As shown on your Social Security Card.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
First	M.I.	Last	Suffix

Other last name:

Mother's maiden name:

Enter the last name only.

Social Security Number (SSN):

Date of birth:

--	<input type="text"/>	<input type="text"/>
Month	Day	Year

Place of birth:

United States or U.S. Territory Other

State/Territory



Social Security

The Official Website of the U.S. Social Security Administration

Retirement Estimator

Create Your Retirement Benefit Estimate

Please provide some earnings information so that we can calculate your retirement estimate.

Last Year's Earnings:

Only include wages or [net self-employment income](#) that is covered by Social Security.

\$
Example: 40000 or 40,000 or 0

Next

Exit

How Do I Decide When to Collect?



Social Security

The Official Website of the U.S. Social Security Administration

Retirement Estimator

Your Retirement Benefit Estimate


The age that you start your benefits determines how much you receive each month.

We created estimates for you at three common retirement ages using your earnings information. You can also add your own custom estimates by changing your stop work age and future earnings.

If you start your benefits:	And you earn an average of:	Your benefit will be about:
At <u>full retirement</u> (age 67)	\$50,000 a year (from now until full retirement)	\$1,832 a month
At age 70	\$50,000 a year (from now until age 70)	\$2,272 a month
At age 62	\$50,000 a year (from now until age 62)	\$1,282 a month

Add a New Estimate

Exit

 [Print this page](#)

More Information


- [Retirement Planner](#)
- [When to Start Receiving Retirement Benefits](#)
- [How We Estimated Your Benefits](#)

[Apply for Benefits Now](#)

View Your Social Security Statement Online




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 **Retire Online!**
Our retirement expert tells you just how easy it is to apply online.


○○○●○○


my Social Security
Log In
Create an Account

Check out your *Social Security Statement*, change your address & manage your benefits.


Online Services
Whether you are applying for or receiving benefits, learn what you can do online.


Retirement Estimator
Calculate your benefits based on your actual Social Security earnings record & apply online.


Disability Facts
Learn more about the Faces and Facts of Disability.

View Your Social Security Statement Online



Prevent identity theft—protect your Social Security number

Your Social Security Statement

www.socialsecurity.gov

Prep

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

What Social Security

This *Social Security Statement* for your financial future. It provides your Social Security benefits and updates your latest reported earnings.

Please read this *Statement* carefully. If you find a mistake, please let us know. We will correct your benefits because your benefits will be based on your lifetime earnings. We recommend you keep a copy of your *Statement* with you.

Social Security is for people of all ages. We're more than a retirement program. Social Security also can provide benefits for disabled and help support your family.

Work to build a secure future. Social Security is the largest source of income for the most elderly Americans today. It was never intended to be your only source of income when you retire. You should also have savings, investments, pensions, and other accounts to make sure you have enough money to live comfortably when you retire.

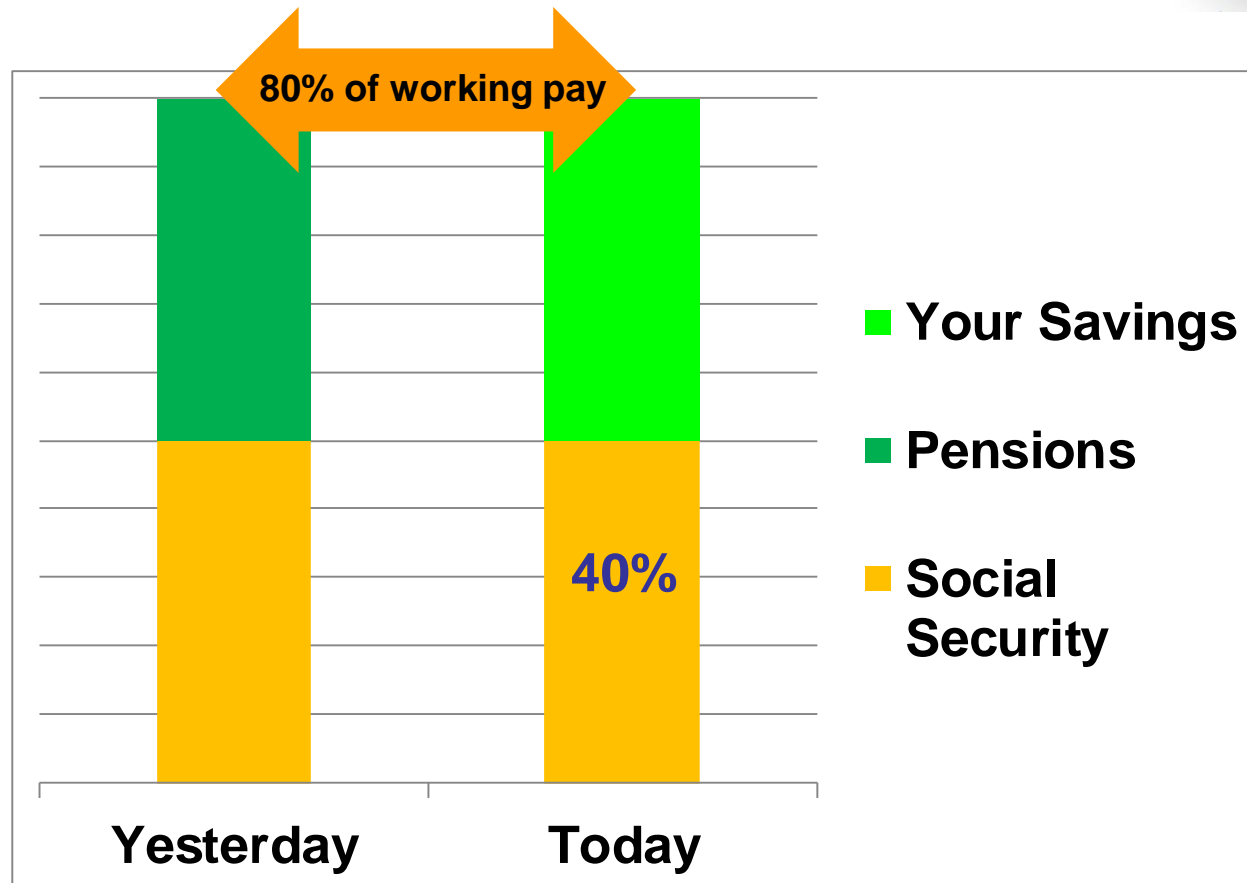
Your Estimated Benefits

*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.....	\$ 1,619 a month
	age 70, your payment would be about	\$ 2,023 a month
	age 62, your payment would be about	\$ 1,113 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	\$ 1,441 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 1,131 a month
	Your spouse who is caring for your child.....	\$ 1,131 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,508 a month
	Total family benefits cannot be more than	\$ 2,778 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	
	* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 75 percent of scheduled benefits.	
	We based your benefit estimates on these facts:	
	Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1973
	Your estimated taxable earnings per year after 2013	\$44,833
	Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

What Will it Take to Afford Life Without Work?



Goal = 80%
Wage
Replacement



** For workers who earned the Social Security maximum, the replacement ratio is 26%.*

Retirement Rules of Thumb



*Number of times
your annual pay you
need to retire*

Retirement Rules of Thumb



*% of pay you should
save to get there*

Retirement Rules of Thumb



*% of balance you
should withdraw
each year*

How Long Will Your Money Last?



Pull out 8% per year – Money lasts 14 years

Pull out 7% per year – Money lasts 16 years

Pull out 6% per year – Money lasts 20 years

Pull out 5% per year – Money lasts 25 years

Pull out 4% per year – Money lasts 30 years

*Assumes 5% annual return and 3% annual increase in withdrawal for inflation adjustment.
For illustration purposes only.*

Can I Work and Still Receive Benefits?



2015 Retirement Earnings Limits

Under FRA

\$15,720/year

\$1 of benefits withheld for every \$2 in earnings above the limit

Year Individual reaches FRA

\$41,880/year

\$1 of benefits withheld for every \$3 in earnings above the limit for months prior to attaining FRA

Month individual reaches FRA and beyond

Unlimited

Reduction no longer applies

Can I Work and Still Receive Benefits?



- File at age 62 in January 2015
- Payment \$600 (\$7,200 for the year)
- Plan to work and earn \$20,800 (\$5,080 above \$15,720 limit) in 2015



- Withhold benefit checks from January to May (5 months)
- Beginning in June \$600 benefit paid
- January 2016 additional \$460 withheld paid

Can I Work and Still Receive Benefits?



Special rule for the first year you retire:

For people who retire mid-year and have earned more than the annual earnings limits, a special rule applies to earnings for one year. You can receive a full Social Security check for any whole month you are retired, regardless of your yearly earnings.

(For 2015, a person younger than FRA for the entire year is considered retired if monthly earnings are \$1,310 or less.)

The Maximum Benefit Available is...



2015 Monthly Benefits

Maximum @ FRA	\$2,685
Average for retired worker	\$1,328
Average for retired couple	\$2,176

Ready to Begin Collecting Your Social Security Benefit!!



When and How We Pay Your Benefits:

- Paid monthly - in the month following the month they are due
- Day in which you receive your benefit payment depends on your date of birth. If payment based on spouse's work, payment date is based on spouse's date of birth
- Payments made electronically

Date of Birth	Benefits paid each month on
1 st – 10 th	Second Wednesday
11 th – 20 th	Third Wednesday
21 st – 31 st	Fourth Wednesday

Your responsibilities...



Let Social Security know as soon as possible when one of the following changes occurs:

- **Estimated earnings changes (Benefits taken early)**
- **Move**
- **Direct deposit account change**
- **Married or divorced**
- **Name change**
- **Permanent move outside United States**
- **Beneficiary dies**

Who is Entitled to Collect Your Benefits?



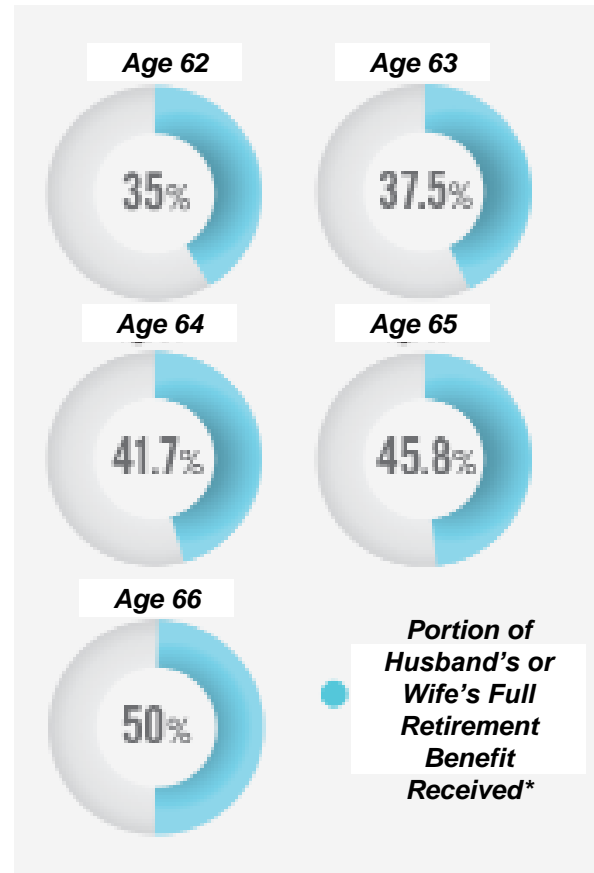
- **Spouse**
 - Age 62 or over
 - Any age if caring for child who is under age 16
 - One year of marriage

- **Unmarried Child**
 - Under age 18, or up to age 19 if in high school

- **Ex-Spouse**
 - Marriage lasted at least 10 years
 - Ex-spouse 62 or older and unmarried
 - Ex-spouse's benefit amount has no effect on the amount you or your current spouse can get

The Spousal Benefit Equation

The portion of the working spouse's benefit that you can receive as a spousal benefit depends on when you initiate the spousal benefit.



**Assumes a full retirement age of 66.*

Who is Entitled to Collect Your Survivor Benefits?



- **Widow or Widower**
 - Age 60 or over
 - Married at least 9 months
 - At any age if caring for child under 16 or disabled
 - Remarriage after age 60 (50 if disabled)
 - Divorced widows/widowers may qualify

- **Unmarried Child**

Maximizing Social Security Benefits!



- **Coordinate Spousal Benefits**
- **Utilize Survivor Benefits**
- **Minimize Taxes on Benefits**

Maximizing Social Security Benefits!



- **Coordinate Spousal Benefits**
- **Utilize Survivor Benefits**
- **Minimize Taxes on Benefits**

Make the Most of your benefits by working together – spousal benefits



- **A person who has little or no earnings history can receive spousal benefits equal to half of the working spouse's PIA**
 - **Must be age 62 or older**
 - **The working spouse must either currently receive benefits or have “filed and suspended” receiving his/her benefits.**
 - **Equal to 50% of working spouse's PIA**
 - **Your spousal benefit will be reduced if taken before FRA, but won't increase (receive credits) if delayed past FRA**

Meet the Smiths



Gary

- Married to Kathy
- Higher wage earner
- FRA 66
- PIA is \$2,200
- Same age as Kathy



Kathy

- Married to Gary
- Lower wage earner
- FRA 66
- PIA is \$600
- Same age as Gary

Melissa

- Age 17
- High school student
- Unmarried



Smiths

Doreen

- Was married to Gary for 11 yrs.
- FRA 66
- PIA is \$700
- Unmarried



Strategies for Maximizing Social Security Benefits



- 1. File and Suspend**
- 2. Claim Now, Claim More Later**
- 3. Dual Earner Households**

Strategies for Maximizing Social Security Benefits



1. **File and Suspend**
2. **Claim Now, Claim More Later**
3. **Dual Earner Households**

File and Suspend



Who It Helps:

- *Couples with a large gap in earned income*

File and Suspend



How It Helps

- *Couple can begin their income stream at age 62.*
- *Allows Gary to maximize his individual benefit.*
- *Increases Kathy's monthly benefit by \$500 at FRA.*
- *Allows Kathy to receive the maximum survivor benefit if Gary dies first.*

File and Suspend



What to Consider:

- *Gary may not receive a voluntary suspension if he files prior to FRA*
- *At FRA, Kathy is eligible to receive either the benefit amount she earned on her own record (\$600) or an amount equal to half of Gary's PIA (\$1,100) = + \$500*

File and Suspend



Kathy
PIA = \$600
FRA = 66

Files for reduced individual benefit of \$450 per month

Age 62

Collects spousal benefit of \$500, bringing monthly benefit to \$950

FRA

File and suspends, allowing Kathy to collect her spousal benefit

Age 70

Begins receiving individual benefit of \$2,904 per month

Switches to survivor benefit of \$2,904 per month

Gary's Death



Gary
PIA = \$2,200
FRA = 66

File and Suspend



Do the Math:

Total Benefits if Gary Lives to Age 85 and Kathy Lives to Age 92

Benefits	Both Collect at Age 62	Both Collect at FRA	Both Collect at Age 70	File and Suspend
Wife	\$124,200	\$136,800	\$142,560	\$124,200
Spousal	\$88,320	\$114,000	\$55,440	\$114,000
Survivor	\$140,250	\$187,000	\$246,840	\$246,840
Husband's	\$455,400	\$501,600	\$522,720	\$522,720
Total	\$808,170	\$939,400	\$967,560	\$1,007,760

*Totals do not include COLA adjustments.

Strategies for Maximizing Social Security Benefits



1. **File and Suspend**
2. **Claim Now, Claim More Later**
3. **Dual Earner Households**

Claim Now, Claim More Later



Who It Helps:

- *Couples with similar earned incomes*
- *Want to start benefit income stream as early as possible*
- *Want to focus on maximizing benefits prior to age 85*

Claim Now, Claim More Later



How It Helps

- *Gary earns an extra \$1,000 per month between ages 66 and 70*
- *Allows Gary to still be able to maximize his individual benefit*
- *Ensures Kathy will receive the maximum survivor benefit if Gary predeceases Kathy*

Claim Now, Claim More Later



What to Consider:

- *Both spouses can't receive spousal benefits on each other's record at the same time*
- *This will not work if Gary begins receiving benefits before FRA*

Claim Now, Claim More Later



Kathy
PIA =
\$2,000
FRA = 66

Files for reduced individual benefit of \$1500 per month

Age 62

FRA

Age 70

Gary's Death

Switches to survivor benefit of \$2,904 per month



Gary
PIA = \$2,200
FRA = 66

File for spousal benefits only, and collects \$1,000 per month

Switches to individual benefit of \$2,904 per month

Claim Now, Claim More Later



Do the Math:

Total Benefits if Gary Lives to Age 85 and Kathy Lives to Age 92

Benefits	Both Collect at Age 62	Both Collect at FRA	Both Collect at Age 70	Claim Now, Claim More Later
Wife	\$234,000	\$218,000	\$158,400	\$234,000
Spousal	\$0	\$0	\$0	\$48,000
Survivor	\$338,250	\$448,800	\$595,320	\$595,320
Husband's	\$257,400	\$239,800	\$174,240	\$174,200
Total	\$829,650	\$906,600	\$927,960	\$1,051,560

**Totals do not include COLA adjustments.*

Strategies for Maximizing Social Security Benefits



1. **File and Suspend**
2. **Claim Now, Claim More Later**
3. **Dual Earner Households**

Dual-Earner Households



Who It Helps:

- *Couples with similar earned incomes who can wait until FRA to begin the benefit income stream*
- *Want to focus on maximizing benefits beyond age 75*

Dual-Earner Households



How It Helps

- *Allows Kathy to receive full spousal benefits at FRA*
- *Allows Kathy and Gary to maximize their individual benefits*
- *Ensures Kathy will receive the maximum survivor benefit if Gary predeceases Kathy*

Dual-Earner Households



What to Consider:

- *Both spouses must wait until FRA to file*
- *Provides income stream for up to four years while potentially allowing both spouses to maximize their own Social Security benefits*
- *The longer each spouse lives, the more advantageous this strategy becomes*

Dual-Earner Households



Kathy
PIA =
\$2,000
FRA = 66

Age 62

Files for spousal benefit only, and collects \$1,100 per month

FRA

Switches to individual benefit of \$2,640 per month

Age 70

Switches to survivor benefit of \$2,904 per month

Gary's Death



Gary
PIA = \$2,200
FRA = 66

Files and suspends, allowing Kathy to collect her spousal benefit

Begins receiving individual benefit of \$2,904 per month

Dual-Earner Households



Do the Math:

Total Benefits if Gary Lives to Age 85 and Kathy Lives to Age 92

Benefits	Both Collect at Age 62	Both Collect at FRA	Both Collect at Age 70	Kathy Switches at Age 70
Wife	\$414,000	\$456,000	\$475,200	\$475,200
Spousal	\$0	\$0	\$0	\$52,800
Survivor	\$140,250	\$187,000	\$246,840	\$246,840
Husband's	\$455,400	\$501,600	\$522,720	\$522,720
Total	\$1,009,650	\$1,144,600	\$1,244,760	\$1,297,560

**Totals do not include COLA adjustments.*

What About Divorced Spousal Benefits?



Why it's Important

- **Many who divorced long ago do not realize they are entitled to a spousal benefit if:**
 - **Marriage lasted at least 10 years**
 - **Beneficiary spouse currently unmarried**
 - **At least age 62**
- **Beneficiary spouse may also use “File and Suspend” and “Claim Now, Claim More Later” using ex-spouse’s record**
- **Ex-Spouse does not need to claim**

Divorced Spousal Benefits



Case Study #1

- *Doreen is age 60 and a divorced worker earning \$50,000*
- *Married for 11 years, currently unmarried*
- *Gary is age 62 and is still working*



What is the minimum age Doreen qualifies for spousal benefits?

- a. Any Age*
- b. Age 62*
- c. FRA*
- d. Age 70*



What is the minimum age Doreen qualifies for spousal benefits?

- a. Any Age
- b. Age 62
- c. FRA
- d. Age 70



Will Doreen qualify for her full spousal benefit at age 62?

Yes

or

No



Will Doreen qualify for her full spousal benefit at age 62?

Yes

or

No

Divorced Spousal Benefits



Case Study #1 Results

- *Doreen qualifies for a spousal benefit beginning at age 62, even if ex-spouse has not filed*
- *Reduced benefit if early*
- *If Doreen's benefits are less than 50% of ex-spouse's PIA, spousal benefit will be paid in addition to her own, whichever is higher. (collecting before FRA)*
- *FRA eligible for 50% of ex-spouse PIA*

Maximizing Social Security Benefits!



- **Coordinate Spousal Benefits**
- **Utilize Survivor Benefits**
- **Minimize Taxes on Benefits**

Collecting Survivor (Widower) Benefits



- Deceased worker must have earned enough credits
- Married at least 9 months
- At least age 60 for reduced benefit
- Survivor receives 100% of full benefit at FRA
- Not available if surviving spouse remarries before age 60
- Divorced spouse can 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 at a later date

Collecting Survivor (Widower) Benefits



Who is Entitled to Gary's Benefits Once He is Eligible?

Beneficiary	Benefit*
Kathy	<ul style="list-style-type: none">Surviving spouse receive 100% of your benefit at FRA, no less than 71.5% if taken earlier
Melissa	<ul style="list-style-type: none">Surviving children receive 75% of benefit
Doreen	<ul style="list-style-type: none">Entitled to same survivor benefits as current spouse

How Do Survivor Benefits Work?



Case Study #2

- *Helena is a 70 year-old widow*
- *Collecting survivor benefits on ex-spouse's record*
- *Has little to no earnings history*
- *Remarries at age 71*



What happens to Helena's survivor benefit once she remarries?

- a. Nothing
- b. No longer eligible for ex-spouse's survivor benefit
- c. Immediately eligible to receive new spouse's spousal benefit
- d. Receives no benefit because she's not eligible to collect her own benefit



What happens to Helena's survivor benefit once she remarries?

- a. *Nothing*
- b. *No longer eligible for ex-spouse's survivor benefit*
- c. *Immediately eligible to receive new spouse's spousal benefit*
- d. *Receives no benefit because she's not eligible to collect her own benefit*

How Do Survivor Benefits Work?



Case Study #2 Results

- *Benefit is not available if surviving spouse remarries before age 60.*
- *Helena is age 70*

How Do Survivor Benefits Work?



Case Study #3

- *John and Liz married 18 years*
- *John was the higher wage earner and eligible to receive his benefit*
- *John passes away at age 42, Liz is age 48*



Is Liz entitled to claim a survivor benefit on John's record?

Yes

or

No



Is Liz entitled to claim a survivor benefit on John's record?

Yes

or

No



At what age is Liz eligible to claim her survivor benefit?

- a. Any Age
- b. Age 60
- c. Age 62
- d. FRA



At what age is Liz eligible to claim her survivor benefit?

- a. Any Age
- b. Age 60
- c. Age 62
- d. FRA



At what age is Liz eligible to claim her survivor benefit?

- a. Any Age
- b. Age 60
- c. Age 62
- d. FRA

How Do Survivor Benefits Work?



Case Study #3 Results

- *John was eligible to receive a benefit (About 10 years of employment)*
- *Married for at least 9 months*
- *Earliest Liz can claim survivor benefit is age 60, however reduced benefit*
- *If Liz waits until FRA she will receive 100% of John's benefit at FRA*

Maximizing Social Security Benefits!



- **Coordinate Spousal Benefits**
- **Utilize Survivor Benefits**
- **Minimize Taxes on Benefits**

Taxation on Social Security Benefits



<i>Filing Status</i>	<i>Provisional Income*</i>	<i>Amount of SS subject to tax</i>
<i>Single Or Head of Household</i>	<i>Under \$25,000</i>	<i>0</i>
	<i>\$25,000 - \$34,000</i>	<i>50%</i>
	<i>Over \$34,000</i>	<i>85%</i>
<i>Married, Filing Jointly</i>	<i>Under \$32,000</i>	<i>0</i>
	<i>\$32,000 - \$44,000</i>	<i>50%</i>
	<i>Over \$44,000</i>	<i>85%</i>

Social Security To Do's:



- Visit www.ssa.gov, 800-772-1213 or contact your local Social Security Administration Office
 - Retirement Planners
 - Retirement Estimator
 - Social Security Benefit Statement
 - Apply online
 - Copy of Publications

Thank you for attending!



Meredith M. Ehn
Advisor – Participant Services
Francis Investment Counsel
www.francisinvco.com

meredith.ehn@francisinvco.com

Toll free: 866-232-6457

Cell: 262-787-8955

