

# 10 KEY FACTS ABOUT SOCIAL SECURITY BENEFITS

## Things to keep in mind when planning for retirement

**Fast Fact:** Social Security provides at least half of total income for a majority of retired Americans.

Source: Social Security Administration, "Income of the Aged Chartbook."

### 1 Eligibility for Social Security retirement benefits is determined by your work history.

To qualify for retirement benefits, you must have earned a minimum number of "credits" over the course of your working life.

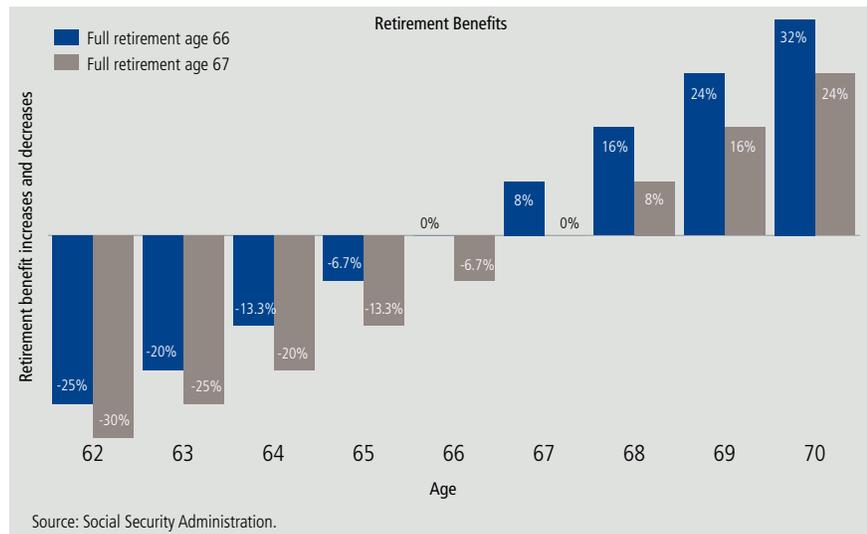
### 2 Changes to your status in any of the following areas can have a positive or negative effect on your retirement benefit amount.

Your retirement benefit will be determined on the basis of your work experience, your average earnings over thirty-five years and the age at which you begin taking benefits.

### 3 The year of your birth and the age at which you start taking Social Security benefits directly affect the amount you receive.

If you choose to receive retirement benefits before your full retirement age, your benefits will be reduced permanently. For example, if you were born between 1943 and 1954, your full retirement age is 66.\* If you were to start receiving retirement benefits at age

- 62, your retirement benefit would be permanently reduced by 25%
- 66, you would receive your full retirement benefit
- 70, your retirement benefit would increase by 32%



### 4 Working while you take Social Security may reduce your benefits.

If you are younger than your full retirement age and receiving benefits, there are limits on how much you can earn without affecting your benefit amount. When you reach full retirement age, the earnings limits no longer apply.

\* Full Retirement Age is age 66 for anyone born between 1943 and 1954. It increases by two months for every year from 1955 to 1959. It is age 67 for anyone born 1960 or later.

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**Fast Fact:** With longer life expectancies than men, women tend to live more years in retirement and have a greater chance of exhausting other sources of income.

Source: Social Security Administration, "Social Security Is Important to Women."

This material should be used as helpful hints only. For more information and answers to many questions about Social Security benefits, go online to [www.ssa.gov](http://www.ssa.gov). For help determining what role Social Security benefits will play in your financial future, work closely with your investment or other relevant professional. He or she will provide the perspective to help you build and maintain a retirement strategy that works best for you.

### 5 You may be eligible for spousal benefits if you are at least 62 years of age and your spouse is receiving his or her retirement or disability benefits.

Benefits paid to you as a spouse will not decrease your spouse's retirement benefit. If there is a divorced spouse who also qualifies for benefits, he or she will not affect the total amount of benefits you or your spouse may receive.

### 6 Your spousal benefit can be as much as half of your spouse's benefit at Full Retirement Age.

If you receive a spousal benefit before you reach Full Retirement Age, your spousal benefit amount will be reduced and will not increase when you reach Full Retirement Age. If you are eligible for both your own retirement benefit and a spousal benefit, the Social Security Administration will pay you the higher of the two benefits.

### 7 If something happens to you, your spouse and children may be eligible for benefits.

When you die, your spouse (if he or she is age 60 or older, or any age if he or she is caring for your children younger than age 16) may be eligible for survivor benefits. Survivor benefits may be as much as 100% of your retirement benefit. Keep in mind that benefits will vary for each person's situation.

### 8 Your Social Security benefits may be taxable.

If your "combined income" exceeds \$32,000 if you file jointly (\$25,000 if you file as an individual), you may pay taxes on your Social Security benefits. No one pays taxes on more than 85% of their Social Security benefits. Combined income includes adjusted gross income, tax-exempt interest and half of your Social Security benefits.

### 9 Certain kinds of income will not increase the taxability of your Social Security benefits.

Preferred asset classes such as qualified Roth IRAs or Roth 401(k) distributions are not included in combined income. Also, for assets that have a cost basis, the cost basis is exempt from the calculation. These assets include the security purchase price (in the case of a taxable investment account), nondeductible IRA contributions and the principal investment portion of an annuity distribution.

### 10 Your Social Security statement is not a direct representation of what you will receive.

The annual statement you receive in the mail is an estimate made on the basis of your most recent earnings and the assumption that you will continue to work and earn about the same amount as you currently earn. The statement does not account for pensions for work not covered by Social Security, such as certain government or foreign employment. It also does not account for future uncertainties, such as changes in your earnings or work status, future law changes and when you start receiving benefits.

Source: [www.ssa.gov](http://www.ssa.gov).

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