



When Should You Claim Your Social Security Retirement Benefits?

Prepared For:

Wanda and Frederick Worker

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This is an illustration only. An illustration is not intended to predict an actual future outcome. The purpose of this illustration is to present ideas that may help you maximize the Social Security retirement benefits that you and your family may receive based on information you provided.

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When Should You Claim Your Social Security Retirement Benefits?

One of the most important financial decisions you will ever make is when to begin your Social Security retirement income. In your situation, this decision could mean an **extra \$202,001** in your pocket assuming that one of you lives until 2049. **The purpose of this illustration is to help you create a strategy to collect the highest Social Security retirement benefits possible over your joint lifetimes.** All calculations are based on the following information:

Name:	Wanda Worker
Date of Birth	April 5, 1956
Marital Status	Married
Assumed Age at Death	93
Age 62 Approximate "Reduced" Monthly Benefit	\$1,228
Age 66 and 4 Months (Full Retirement Age) Approximate Full Monthly Benefit	\$1,767
Age 70 Approximate "Increased" Monthly Benefit	\$1,767
Name:	Frederick Worker
Date of Birth	June 5, 1952
Assumed Age at Death	85
Approximate Monthly Benefit if You Start Today at Age 64 and 5 Months	\$2,359
Approximate Monthly Benefit if You Start at Age 66	\$2,621
Age 70 Approximate Maximum Monthly Benefit	\$3,333

Personal Retirement Benefit Options

Age 62 is the earliest either of you can elect to start a "Reduced" Social Security retirement or a spousal benefit. Even though nearly half of all retirees choose an early retirement option, this could be a big mistake unless:

- One or both of you are unemployed or underemployed and your savings are insufficient to meet current monthly obligations
- For medical reasons, neither you or your spouse expect to live past your mid-seventies

Keep in mind that:

- If working while receiving Social Security prior to one's Full Retirement Age not only reduces future benefits, but one dollar in Social Security benefits will be withheld and paid later for every two dollars you earn above \$15,720.
- If both of you live until age 65 there is a 25% chance that at least one of you will live until age 90.
- When one of you passes away, the survivor will receive the *higher* of their own Social Security benefit, or that of their spouse. This is why you will generally receive a much higher combined lifetime Social Security benefit by having the highest wage earner wait to claim their retirement benefit as long as possible, but not beyond age 70.

A word of caution: If you defer your Social Security retirement benefits past the age you enroll for Medicare (usually 3 months before turning age 65), you must pay your Medicare medical coverage (Part B) premiums directly or you may lose it.

Spousal Retirement Benefit

Any married person, age 62 or older, whose spouse has filed for a retirement benefit, can claim the spousal benefit. If you are eligible for both your own retirement benefits and for benefits as a spouse, the Social Security Administration will always pay your own benefits first. If your benefits as a spouse are higher than your own retirement benefits, you will get a combination of benefits equaling the higher spouse benefit. If you choose to begin receiving spouse's benefits before you reach full retirement age, your benefit amount will be reduced and will not be increased when you reach full retirement age.

Survivor Income Benefit

After your spouse dies, you are entitled to a survivor income benefit which is equal to your own retirement benefit, or your spouse's retirement benefit, *whichever is higher*. This illustration assumes that Frederick passes away first at age 93 and Wanda receives her survivor income benefit until her death at age 93.

Life Expectancy

In general, the longer you expect to live, the later you should begin your Social Security retirement benefit. If personal circumstances do not force you to start benefits at any particular time, it comes down to your answer to this question:

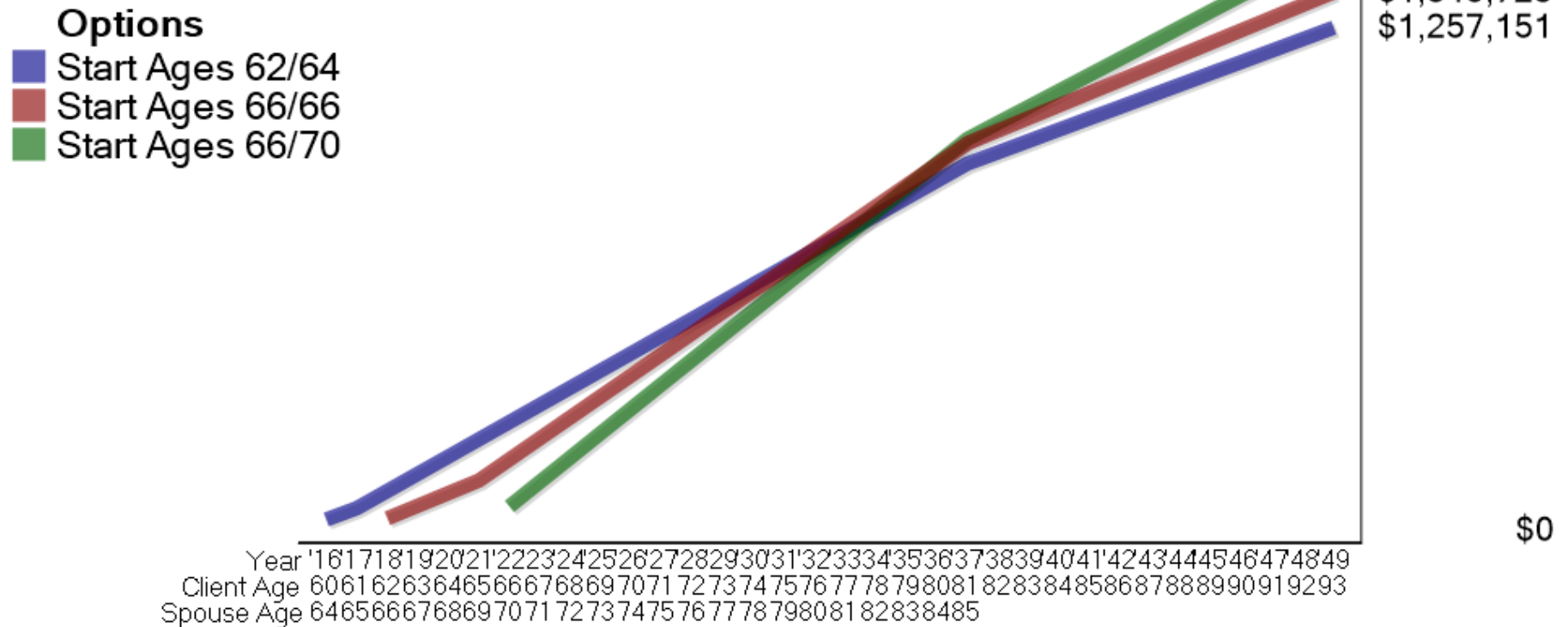
Should we take a lower income for a longer time, or wait and take a higher income for a shorter time?

The graph on page 3 and the calculations on page 4 may help you answer this important question. Remember, the ultimate authority is the Social Security Administration. This report will help you ask informed questions when consulting with them.

Wanda and Frederick Worker

Social Security Retirement Income

Cumulative Benefits Paid



You can start your Social Security retirement benefits as early as age 62 or as late as age 70. This graph compares three of these options and represents the values illustrated on page 4. This is an illustration only and the above amounts are *not guaranteed* or approved by the Social Security Administration.

Wanda and Frederick Worker
Social Security Retirement Income

Year	Ages 62/64				Ages 66/66		Ages 66/70	
	Wanda Age	Frederick Age	Annual Income	Cumulative Income	Annual Income	Cumulative Income	Annual Income	Cumulative Income
2016	60	64	28,307	28,307	0	0	0	0
2017	61	65	28,307	56,614	0	0	0	0
2018	62	66	43,043	99,656	31,452	31,452	0	0
2019	63	67	43,043	142,699	31,452	62,904	0	0
2020	64	68	43,043	185,742	31,452	94,356	0	0
2021	65	69	43,043	228,785	31,452	125,808	0	0
2022	66	70	43,043	271,828	52,656	178,464	61,200	61,200
2023	67	71	43,043	314,870	52,656	231,120	61,200	122,400
2024	68	72	43,043	357,913	52,656	283,776	61,200	183,600
2025	69	73	43,043	400,956	52,656	336,432	61,200	244,800
2026	70	74	43,043	443,999	52,656	389,088	61,200	306,000
2027	71	75	43,043	487,042	52,656	441,744	61,200	367,200
2028	72	76	43,043	530,084	52,656	494,400	61,200	428,400
2029	73	77	43,043	573,127	52,656	547,056	61,200	489,600
2030	74	78	43,043	616,170	52,656	599,712	61,200	550,800
2031	75	79	43,043	659,213	52,656	652,368	61,200	612,000
2032	76	80	43,043	702,256	52,656	705,024	61,200	673,200
2033	77	81	43,043	745,298	52,656	757,680	61,200	734,400
2034	78	82	43,043	788,341	52,656	810,336	61,200	795,600
2035	79	83	43,043	831,384	52,656	862,992	61,200	856,800
2036	80	84	43,043	874,427	52,656	915,648	61,200	918,000
2037	81	85	43,043	917,470	52,656	968,304	61,200	979,200
2038	82		28,307	945,776	31,452	999,756	39,996	1,019,196
2039	83		28,307	974,083	31,452	1,031,208	39,996	1,059,192
2040	84		28,307	1,002,390	31,452	1,062,660	39,996	1,099,188

		Ages 62/64		Ages 66/66		Ages 66/70		
	Wanda	Frederick	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
Year	Age	Age	Income	Income	Income	Income	Income	Income
2041	85		28,307	1,030,697	31,452	1,094,112	39,996	1,139,184
2042	86		28,307	1,059,004	31,452	1,125,564	39,996	1,179,180
2043	87		28,307	1,087,310	31,452	1,157,016	39,996	1,219,176
2044	88		28,307	1,115,617	31,452	1,188,468	39,996	1,259,172
2045	89		28,307	1,143,924	31,452	1,219,920	39,996	1,299,168
2046	90		28,307	1,172,231	31,452	1,251,372	39,996	1,339,164
2047	91		28,307	1,200,538	31,452	1,282,824	39,996	1,379,160
2048	92		28,307	1,228,844	31,452	1,314,276	39,996	1,419,156
2049	93		28,307	1,257,151	31,452	1,345,728	39,996	1,459,152

Dates for the Above Three Scenarios

The Ages 62/64 Option

In 2016, at age 64, Frederick begins his annual retirement benefit of \$28,307.

In 2018, at age 62, Wanda begins her annual retirement benefit of \$14,736.

In 2038, at age 82, Wanda begins her annual survivor retirement benefit of \$28,307.

The Ages 66/66 Option

In 2018, at age 66, Frederick begins his annual retirement benefit of \$31,452.

In 2022, at age 66, Wanda begins her annual retirement benefit of \$21,204.

In 2038, at age 82, Wanda begins her annual survivor retirement benefit of \$31,452.

The Ages 66/70 Option

In 2022, at age 70, Frederick begins his annual retirement benefit of \$39,996.

In 2022, at age 66, Wanda begins her annual retirement benefit of \$21,204.

In 2038, at age 82, Wanda begins her annual survivor retirement benefit of \$39,996.

Important Information

Calculations

You can start your Social Security retirement benefits as early as age 62 or as late as age 70. The values in this report compare three of these options and is for illustration purposes only. These amounts are *not guaranteed* or *approved* by the Social Security Administration. Social Security benefits are calculated based on your 35 highest-paid years in the workforce so you should review your paper or on-line (ssa.gov/myaccount) statement each year. The final authority to answer your questions is the Social Security Administration. Do not make any final decisions about starting benefits without consulting with them.

To make the numbers easier to understand, all benefits are illustrated as full-year values, even though this may not actually be the case. For example, a benefit that is stated to start on May 15 of a particular year will be illustrated as beginning on January 1 of that year. Social Security benefits actually begin the first day of the month following the date when one full month of benefits have been earned. So, a benefit that is illustrated to start on May 15 will actually be paid on July 1.

These values do not take into consideration any reductions that may occur to your Social Security benefits because of state and federal government worker provisions such as the Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO).

Your estimated benefits are based on current law. **The law governing benefit amounts may change.**

Assumptions

The assumptions for the calculations in this report are subject to change. For example:

- the Consumer Price Index is unlikely to remain at a constant 0% and may be higher or lower from one year to the next
- You could live for a shorter or longer period of time than illustrated in this report
- Social Security benefits are not guaranteed and could be changed in the future by Congress.

Income Tax Impact

These calculations do not take into account any income tax impact of your Social Security benefits. If the sum of your adjusted gross income, nontaxable interest, and half of your Social Security income exceeds \$44,000, up to 85 percent of your Social Security benefits may be taxable. You can minimize this tax by using certain tax-saving methods, such as putting money into annuities that allow you to earn interest that isn't taxed until you withdraw it. Other annuities may help you reduce your adjusted gross income. Consult with a licensed insurance professional to see if any of these strategies are suitable for your personal situation.

Retirement Assets and Debt

When you begin your Social Security income and start to withdraw money from your retirement accounts, reducing or eliminating your debts will lower your monthly expenses and help your retirement assets to last longer.

No legal, investment, or tax advice is stated or implied unless otherwise indicated in writing by Michael J. Prestwich.