



When Should You Claim Your Social Security Retirement Benefits?

Prepared For:

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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 \$148,176** in your pocket, assuming that you live until age 92. **The purpose of this illustration is to help you create a strategy to collect the highest Social Security retirement benefits possible over your lifetime.** All calculations are based on the information you provided:

Name:	Wanda Worker
Date of Birth	April 5, 1956
Assumed Age at Death	92
Age 66 and 4 Months (Full Retirement Age) Approximate Full Monthly Benefit	\$1,767
Age 70 Approximate "Increased" Monthly Benefit	\$2,192
Age 62 Approximate "Reduced" Monthly Benefit	\$1,228

Retirement Benefit Options

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

- You are unemployed or underemployed and your savings are insufficient to meet current monthly obligations
- For medical reasons you don't expect to live past your mid-seventies

If you are fortunate enough to have a choice of when you can start your Social Security retirement benefits, consider the following:

- For each month you wait to start benefits between age 62 and age 66 and 4 months, your Social Security benefit may increase by about \$10.37 per month for the rest of your life.
- If you can wait to start retirement benefits until age 70, each month that you wait beyond age 66 and 4 months may increase your *lifetime* monthly benefit by about \$9.66.
- If you work while receiving Social Security prior to age 66 and 4 months, you will not lose your benefits, but *one dollar* in Social Security benefits will be withheld and paid later for every *two dollars* you earn above \$15,720.

Life Expectancy

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

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

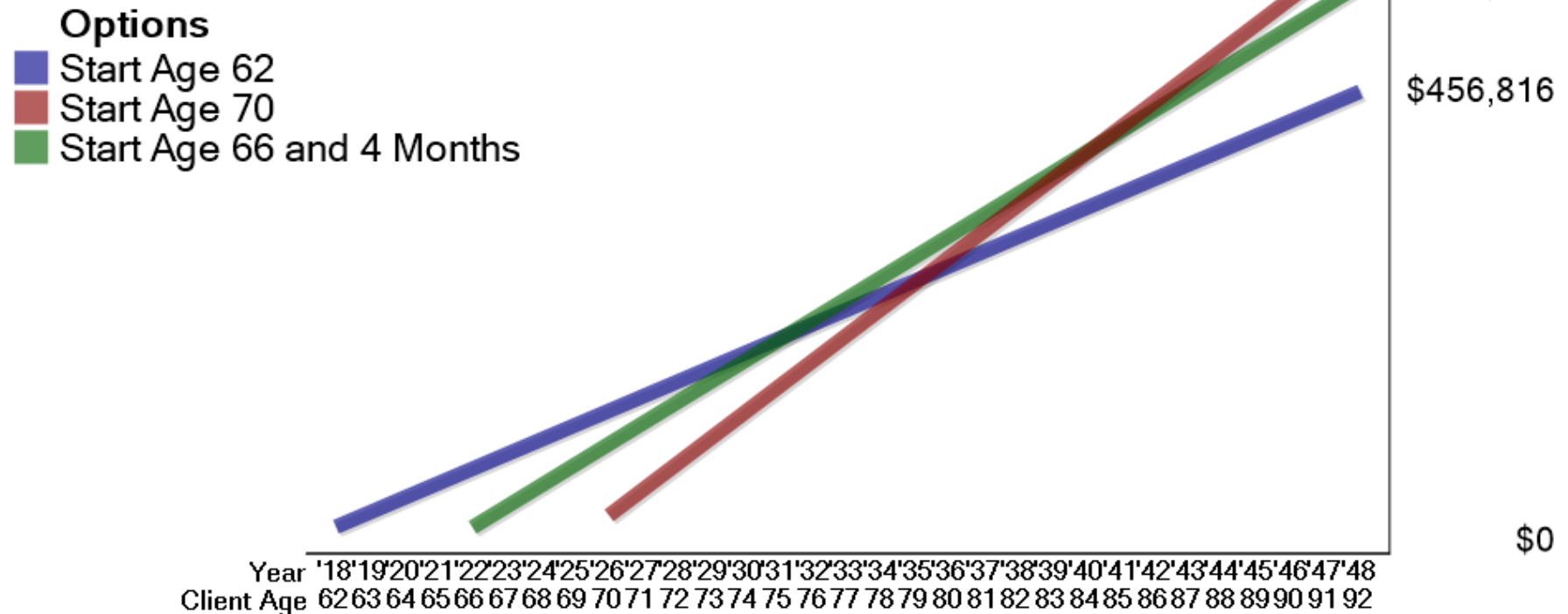
The graph on page 2 and the calculations on page 3 may help you answer this important question. Remember, the ultimate authority is the Social Security Administration. This report will help you ask more intelligent questions when consulting with them.

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.

Wanda 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 3. This is an illustration only and the above amounts are *not guaranteed* or approved by the Social Security Administration.

Social Security Retirement Income

Year	Age	Age 62		Age 66 and 4 Months		Age 70	
		Annual Income	Cumulative Income	Annual Income	Cumulative Income	Annual Income	Cumulative Income
2018	62	14,736	14,736	0	0	0	0
2019	63	14,736	29,472	0	0	0	0
2020	64	14,736	44,208	0	0	0	0
2021	65	14,736	58,944	0	0	0	0
2022	66	14,736	73,680	14,136	14,136	0	0
2023	67	14,736	88,416	21,204	35,340	0	0
2024	68	14,736	103,152	21,204	56,544	0	0
2025	69	14,736	117,888	21,204	77,748	0	0
2026	70	14,736	132,624	21,204	98,952	26,304	26,304
2027	71	14,736	147,360	21,204	120,156	26,304	52,608
2028	72	14,736	162,096	21,204	141,360	26,304	78,912
2029	73	14,736	176,832	21,204	162,564	26,304	105,216
2030	74	14,736	191,568	21,204	183,768	26,304	131,520
2031	75	14,736	206,304	21,204	204,972	26,304	157,824
2032	76	14,736	221,040	21,204	226,176	26,304	184,128
2033	77	14,736	235,776	21,204	247,380	26,304	210,432
2034	78	14,736	250,512	21,204	268,584	26,304	236,736
2035	79	14,736	265,248	21,204	289,788	26,304	263,040
2036	80	14,736	279,984	21,204	310,992	26,304	289,344
2037	81	14,736	294,720	21,204	332,196	26,304	315,648
2038	82	14,736	309,456	21,204	353,400	26,304	341,952
2039	83	14,736	324,192	21,204	374,604	26,304	368,256
2040	84	14,736	338,928	21,204	395,808	26,304	394,560
2041	85	14,736	353,664	21,204	417,012	26,304	420,864

<u>Year</u>	<u>Age</u>	Age 62		Age 66 and 4 Months		Age 70	
		<u>Annual Income</u>	<u>Cumulative Income</u>	<u>Annual Income</u>	<u>Cumulative Income</u>	<u>Annual Income</u>	<u>Cumulative Income</u>
2042	86	14,736	368,400	21,204	438,216	26,304	447,168
2043	87	14,736	383,136	21,204	459,420	26,304	473,472
2044	88	14,736	397,872	21,204	480,624	26,304	499,776
2045	89	14,736	412,608	21,204	501,828	26,304	526,080
2046	90	14,736	427,344	21,204	523,032	26,304	552,384
2047	91	14,736	442,080	21,204	544,236	26,304	578,688
2048	92	14,736	456,816	21,204	565,440	26,304	604,992

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 \$34,000, 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.