



CAPITA
FINANCIAL NETWORK



Social Security Planning

What you need to know to maximize retirement income

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What We Will Cover:

- What are the retirement benefits of Social Security?
- Will Social Security be there for me?
- How much can I expect to receive?
- When should I apply for Social Security?
- What spousal planning techniques apply to me?
- How can I maximize my benefits through sequencing my retirement income?



Benefits of Social Security

- **Lifetime income**
- **Annual income adjustments (COLA)**
- **Spousal and survivor benefits**
- **Potential delayed credits**
- **Potential tax advantages**



Cost Of Living Adjustments

Social Security Cost-Of-Living Adjustments

Year	COLA	Year	COLA	Year	COLA
1975	8.0	1995	2.6	2015	0.0
1976	6.4	1996	2.9	2016	0.3
1977	5.9	1997	2.1	2017	2.0
1978	6.5	1998	1.3	2018	2.8
1979	9.9	1999 ^a	2.5	2019	1.6
1980	14.3	2000	3.5	2020	1.3
1981	11.2	2001	2.6		
1982	7.4	2002	1.4		
1983	3.5	2003	2.1		
1984	3.5	2004	2.7		
1985	3.1	2005	4.1		
1986	1.3	2006	3.3		
1987	4.2	2007	2.3		
1988	4.0	2008	5.8		
1989	4.7	2009	0.0		
1990	5.4	2010	0.0		
1991	3.7	2011	3.6		
1992	3.0	2012	1.7		
1993	2.6	2013	1.5		
1994	2.8	2014	1.7		

^a The COLA for December 1999 was originally determined as 2.4 percent based on CPIs published by the Bureau of Labor Statistics. Pursuant to Public Law 106-554, however, this COLA is effectively now 2.5 percent.





Will Social Security Be There For Me?



Social Security Fund Status

- **Trust fund balance on 12/31/19: \$2.897 trillion**
- **2020 results:**
 - Total income: \$1.118 trillion**
 - Total expenditures: \$1.107 trillion**
 - Net increase in assets: \$11 billion**
- **Trust fund balance on 12/31/20: \$2.908 trillion**

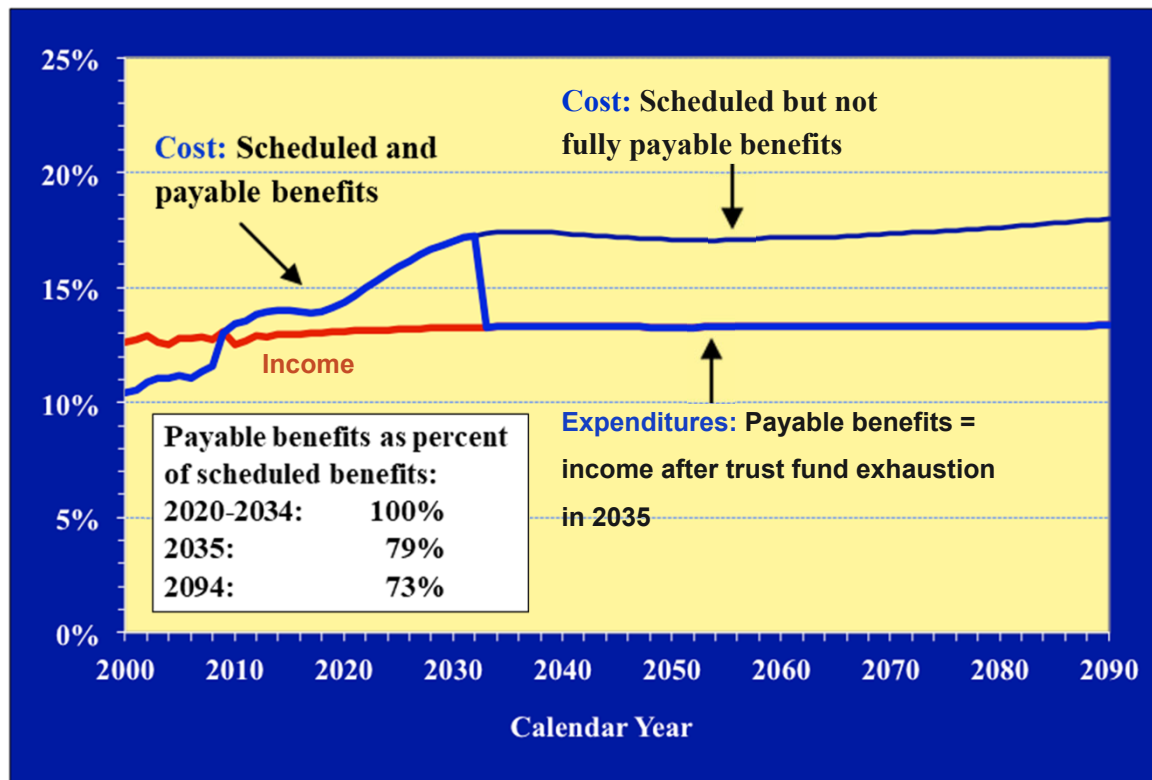


Trust Fund Projections

Long-term projections: without reform, benefits fall to 79% in 2035

OASDI Income, Cost and Expenditures as Percentages of Taxable Payroll

[Under Intermediate Assumptions]



What Would it Take to Restore Solvency to the System?

Reform proposals being studied

- **Increase maximum earnings subject to Social Security tax**
(currently \$147,000 in 2022)
- **Raise the normal retirement age**
(currently 66 for individuals born between 1943 and 1954; 67 for those born in 1960 or later)
- **Lower benefits for future retirees**
(escalate benefits based on increases in consumer prices rather than wages)
- **Reduce cost-of-living adjustments (COLAs) for all retirees**





How Much Can I Expect to Receive?



How Are My Benefits Calculated?

- **How much you earned over your working career**
 - PIA (Primary Insurance Amount)
- **The age at which you apply for benefits**



Full Retirement Age (FRA)

<u>Year of Birth</u>	<u>Full Retirement Age</u>
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67



Consequences of Filing Early

You will receive a percentage of your PIA

Apply at Age	If FRA = 66	If FRA = 67
62	75.0%	70%
63	80.0%	75%
64	86.7%	80%
65	93.3%	86.7%
66	100%	93.3%
67		100%



What if you Apply After FRA?

You will earn 8% annual delayed credits

Apply at Age	Benefit will be % of PIA if FRA = 66	Benefit will be % of PIA if FRA = 67
66	100%	
67	108%	100%
68	116%	108%
69	124%	116%
70	132%	124%



Estimate Your SS and Find Your PIA

- Obtain your annual Social Security statement at www.socialsecurity.gov/mystatement

OR

- Go to www.ssa.gov/estimator, click on "Estimate Your Retirement Benefits"





Spousal Benefits



Spousal Benefits

Spousal benefit = 1/2 the primary worker's PIA if started at full retirement age

Example:

John's PIA is \$2,000

Jane's PIA is \$800

If Jane applies at FRA, her benefit will be \$1,000

(50% of John's PIA)



Rules for Spousal Benefits

- **Primary worker must have filed for benefits**
- **Spouse must be at least 62 for reduced benefit or 66 for full benefit**
- **No delayed credits on spousal benefits after 66**



Divorced-Spouse Benefits

Same as spousal benefits if:

- Marriage lasted 10 years or more
- Person receiving divorced-spouse benefit is currently unmarried
- The ex-spouse is at least age 62
- If divorce was more than two years ago ex-spouse does not need to have filed for benefits



Story Time!

- **Cathy**
- **Age - 67.5**
- **Divorced (Marriage lasted 10+ years)**
- **Divorced Spousal Benefit - \$1,300/month**
- **Personal Benefit - \$2,371 @ FRA**
- **Attempted to File for Divorced Spousal @ 66**
- **Back Pay - \$7,800**
- **Missed - \$15,600**



Rules for Divorced-Spouse Benefits

- **More than one ex-spouse can receive benefits on the same worker's record**
- **Benefits paid to one ex-spouse do not affect those paid to the worker, the current spouse, or other ex-spouses**
- **Divorced-spouse benefits stop upon remarriage of spouse collecting benefits (not upon remarriage of primary worker spouse)**





Survivor Benefits



Survivor Benefits

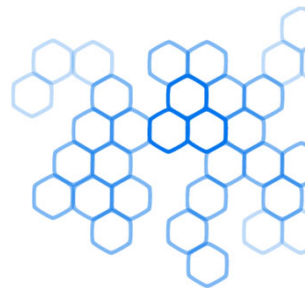
If spouse dies while both are receiving benefits, widow(er) may switch to the higher benefit

Example:

- Joe and Julie are married. Both are over full retirement age.
- Julie's benefit is \$2,000, Joe's benefit is \$1,200.

Julie dies.

- Joe notifies Social Security and his \$1,200 benefit is replaced by her \$2,000 survivor benefit.



Rules for Survivor Benefits

- **Couple must have been married at least 9 months at date of death (except in case of accident).**
- **Survivor must be at least 60 for reduced benefit (50 if disabled), or FRA for full benefit.**
- **Survivor benefit not available if widow(er) remarries before age 60 (or 50 for disabled survivor), unless that marriage ends.**
- **Divorced-spouse survivor benefit available if the marriage lasted at least 10 years.**



Questions & Answers



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