

10 Key Facts About Social Security Benefits



mfs.com

Things to keep in mind before claiming Social Security

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.

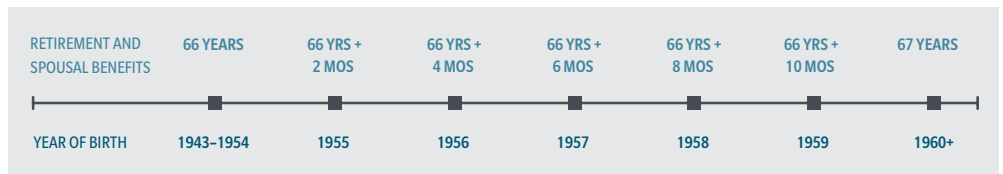
Your retirement benefit will be determined on the basis of work experience, your average earnings over 35 years and the age at which you begin taking benefits.

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 (FRA*), your benefits will be reduced permanently. For example, if you were born in 1960 or later, your FRA is 67.

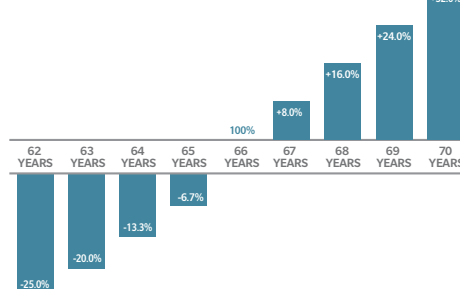
- If you were to start receiving retirement benefits at age
- 62, your retirement benefit would be permanently reduced by 30%
 - 67, you would receive your full retirement benefit
 - 70, your retirement benefit would increase by 24%

Full Retirement Age by year of birth

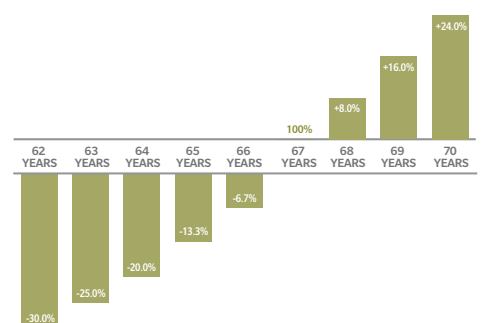


Retirement benefit increases and decreases

Full Retirement Age 66



Full Retirement Age 67



* Full Retirement Age for retirement and spousal benefits 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.



Source: Social Security Administration.

10 Key Facts About Social Security Benefits

4 Working while you take Social Security may cause your Social Security benefits to be temporarily withheld.

If you are younger than your Full Retirement Age (FRA) and receiving any Social Security benefit, there are limits on how much you can earn without affecting your benefits. When you reach FRA, the earnings limits no longer apply.

AGE	2023 EARNINGS LIMITS	AMOUNT OF WITHHOLDING
Under Full Retirement Age for the full year	\$21,240 (\$1,770 per month)*	\$1 in benefits withheld for every \$2 in earnings above limit
Reach Full Retirement Age during 2023	\$56,520 (\$4,710 per month)*	\$1 in benefits withheld for every \$3 in earnings above limit
Month you turn Full Retirement Age and older	No restrictions	No restrictions

* Special earnings monthly limit may apply the first calendar year.
Source: Social Security Administration

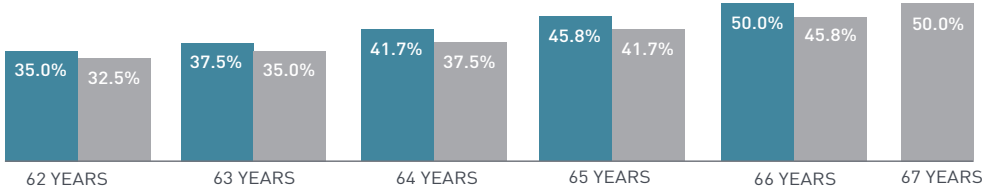
5 You may be eligible for spousal benefits if you are at least 62 year of age and your spouse is receiving their retirement or disability benefit.

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 their Full Retirement Age (FRA).

In order to receive a spousal benefit, your spouse must be receiving their retirement benefit. If you receive a spousal benefit before you reach FRA, your spousal benefit amount will be reduced and will not increase when you reach FRA. If you are eligible for both your own retirement benefit and a spousal benefit, the Social Security Administration will pay you an amount that equals the higher of the two benefits.

Spousal percentages by age



- Full Retirement Age 66
- Full Retirement Age 67

FRA for spousal benefits is age 66 for anyone born 1943 to 1954. It increases by two months for every year from 1955 to 1959. FRA is age 67 for anyone born in 1960 or later.

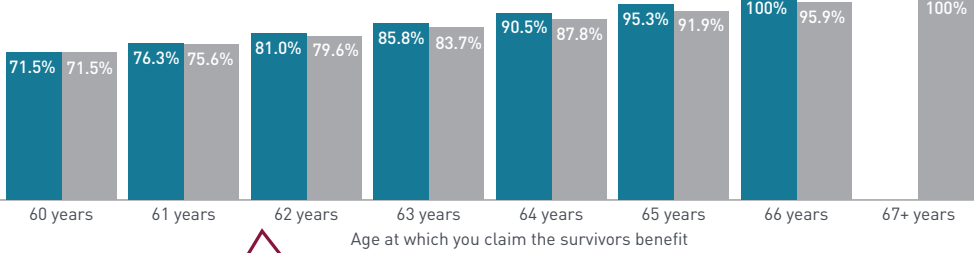
Source: Social Security Administration.

10 Key Facts About Social Security Benefits

7 If something happens to you, your spouse and minor or disabled 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 16) may be eligible for survivors benefits. Survivors benefits may be as much as 100% of the deceased's benefit. Keep in mind that benefits will vary for each person's situation.

Survivors' percentages by widow(er)'s claiming age



- Full Retirement Age 66
- Full Retirement Age 67

FRA for survivors benefit is age 66 for anyone born 1945 to 1956. It increases by two months for every year from 1957 to 1961. FRA is age 67 for anyone born 1962 or later.

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 some of 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.

Determining the taxable portion of Social Security

	SINGLE	MARRIED FILING JOINTLY
Social Security benefits not included in income	< \$25,000 of combined income	< \$32,000 of combined income
Up to 50% of Social Security benefits included in income and taxed	\$25,000–\$34,000 of combined income	\$32,000–\$44,000 of combined income
50%–85% of Social Security benefits included in income and taxed	> \$34,000 of combined income	> \$44,000 of combined income

Sources: IRS.gov, Social Security Administration.

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.

Examples of combined income exclusions

Roth IRA and Roth 401(k)/403(b)	Qualified charitable distributions	Nontaxable portion of pensions and annuities
Inheritance and gifts	Life insurance proceeds	HSA withdrawals for qualified medical expenses

This is not an all-encompassing list. Please contact a qualified tax advisor for more information.
Sources: IRS.gov, Social Security Administration

10 Key Facts About Social Security Benefits

FAST FACT

If you have a security freeze, fraud alert, or both on your credit report please ask your credit reporting agency or the Social Security's Identity Service Provider to lift your security freeze or fraud alert before accessing your account.

Source: Social Security Administration

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

The statement 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 until you reach Full Retirement Age. The statement does not account for pensions received for work not covered by Social Security, such as certain government or foreign employment. It also does not account for future uncertainties brought about by any changes in your earnings or work status, the law or the date when you start receiving benefits.

Estimating your Social Security benefit

Your Social Security Statement

WANDA WORKER June 1, 2022

Retirement Benefits
You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work—up to four each year. Your full retirement age is 67, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life. These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. Learn more at ssa.gov/benefits/retirement/learn.html.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)

Age Retirement Benefits Start	Monthly Benefit Amount
62	\$1,465
63	\$1,569
64	\$1,681
65	\$1,827
66	\$1,973
67	\$2,119
68	\$2,291
69	\$2,463
70	\$2,634

Disability Benefits
You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about \$2,683 a month. Learn more at ssa.gov/sability.

Survivors Benefits
You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$1,562
Spouse, if caring for a disabled child or child younger than age 16:	\$1,562
Spouse, if benefits start at full retirement age:	\$2,083
Total family benefits cannot be more than:	\$3,802

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255. Learn more at ssa.gov/survivors.

Medicare
You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for people:
• age 65 and older,
• under 65 with certain disabilities, and
• of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).
Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.
For more information about Medicare, visit medicare.gov or ssa.gov/medicare or call 1-800-MEDICARE (1-800-633-4227) (TTY 1-877-486-2048).

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at ssa.gov/ThereForMe.

Note: Statements are currently mailed only to workers age 60 and over who are not receiving Social Security benefits and do not yet have a my Social Security account. To create an account online and access your statement, go to ssa.gov and click on my Social Security.

Source: ssa.gov, Sample Statement, 2022
This hypothetical example is for illustrative purposes only. Results will vary.

This material should be used as helpful hints only. For more information and answers to many questions about Social Security benefits, go to 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.

This material is provided for general and educational purposes only and is not investment advice. The investments you choose should correspond to your financial needs, goals, and risk tolerance. Please consult an investment professional before making any investment or financial decisions or purchasing any financial-, securities- or investment-related service or product, including any investment product or service described in these materials.

MFS® does not provide legal, tax, Social Security or accounting advice. Any statement contained in this communication (including any attachments) concerning U.S. tax matters was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code. This communication was written to support the promotion or marketing of the transaction(s) or matter(s) addressed. Clients of MFS should obtain their own independent tax and legal advice based on their particular circumstances.