

# Social Security Report



Connecting Health and Wealth

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### Social Security Claiming Strategies: Married Couples

If you are married, and expect to be married when you retire, there are four filing strategies available to you:

1. **“File For Benefits”**: You can start your benefits at any time between ages 62 and 70 years. You have two filing options:
  - a. File for your own benefits, based on your earnings history; or
  - b. File for a percentage of your spouse’s benefits (Note: your spouse must file for benefits before you can claim the spousal benefit.)
2. **“File A Restricted Application”**:
  - a. You (or your spouse) must be FRA or older to use this strategy.
  - b. You file for your spouse's benefits only, while deferring your own earned benefit which continues to accrue delayed credits.
  - c. This filing strategy is only available if you (or your spouse) achieve age 62 by December 31, 2015. Those individuals may be grandfathered into the ability to utilize this strategy (and thus unaffected by recent changes in law) even if they are not yet able to do file restricted at this point, meaning, even though you must have achieved FRA to file restricted, you may be able to do so in the future as long as you reach only age 62 in 2015.
  - d. If you achieve age 62 after December 31, 2015, you will not be able to file a restricted application on your spouse, and you will not be able to receive 50% of their benefit while allowing your own to grow at 8% per year.

**Please see the full definitions for these strategies in the Appendix.**

### Assumptions Used In the Calculations of Your Social Security Benefits

The information below has been used in the calculation of your Social Security benefits, and was provided by you to your advisor.

	George Washington	Martha Washington
Marital Status	Married	
Cost-Of-Living Adjustments (COLA) (1)	2.6%	
Current Age	64	61
Age Start Benefits At	66	68
Monthly Benefit (2)	\$2,673.00	\$1,784.00
Live To Age (3)	84	91
Already Collecting	No	No
Pension	No	No

- (1) The Cost-of-Living Adjustment, or COLA, is the percentage increase that you may see in your benefits on an annual basis.
- (2) The Monthly Benefit amount represents the "Primary Insurance Amount" (PIA) that you obtained at the Social Security Administration website ([www.socialsecurity.gov](http://www.socialsecurity.gov)), which reflects the benefits that you and your spouse expect to receive upon reaching full retirement age (FRA).
- (3) Live To Age, also known as Life Expectancy, is the date that you expect to live to, based on a combination of factors including your current health condition, family history of longevity, etc.

### Option To Show Benefits With or Without Medicare Deductions

Once you turn 65 and start to receive Medicare, your Part B premiums (which cover doctors' visits and tests) and Part D surcharges will automatically be deducted from your monthly Social Security benefit payment.

The tables and graphs in this report will be displayed without the Medicare deductions.

## Summary of Optimal Benefits

### Lifetime Benefits

Below are estimates of the optimal benefits for each of the strategies available to married couples.

The amount shown is the "lifetime benefit" amount, which is your annual amount, multiplied by the number of years in your life expectancy, plus a Cost-of-Living Adjustment (COLA).

Note: this table includes your full Social Security lifetime benefits; Medicare Part B premiums and Part D surcharges have not been deducted.

Strategy	George Washington		Martha Washington		Total Household Benefits
	Start Age	Total Lifetime Benefits	Start Age	Total Lifetime Benefits	
File For Benefits	70	\$892,130	69	\$1,302,864	\$2,194,994
Self Restricted	70	\$892,130	69	\$1,302,864	\$2,194,994

## Your Selected Strategy

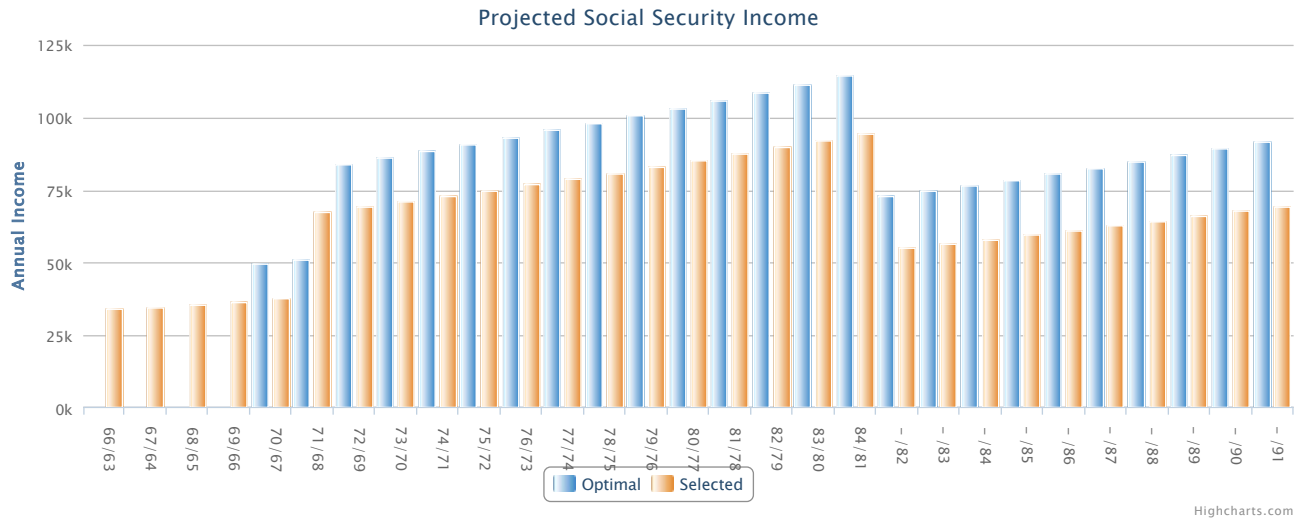
The table below displays the strategy that you selected with your advisor. It shows the lifetime benefits that you will receive based on your selected strategy as compared to the optimal strategy, and the difference in the two amounts.

	Benefits Based on Selected Strategy	Benefits Based on Optimal Strategy	Difference
Strategy	File For Benefits	File For Benefits	
Age Start Benefits	66/68	70/69	
Benefits For George Washington	\$816,277	\$892,130	\$75,853
Benefits For Martha Washington	\$1,101,808	\$1,302,864	\$201,056
<b>Total Household Benefits</b>	<b>\$1,918,085</b>	<b>\$2,194,994</b>	<b>\$276,909</b>
Medicare Deduction	\$148,881	\$140,074	
<b>Net Medicare Deductions</b>	<b>\$1,769,204</b>	<b>\$2,054,920</b>	<b>\$285,716</b>

**Annual Benefits**

The graph below provides a comparative illustration of the annual benefit amounts you and your spouse would receive at your selected claiming ages versus the optimal strategy.

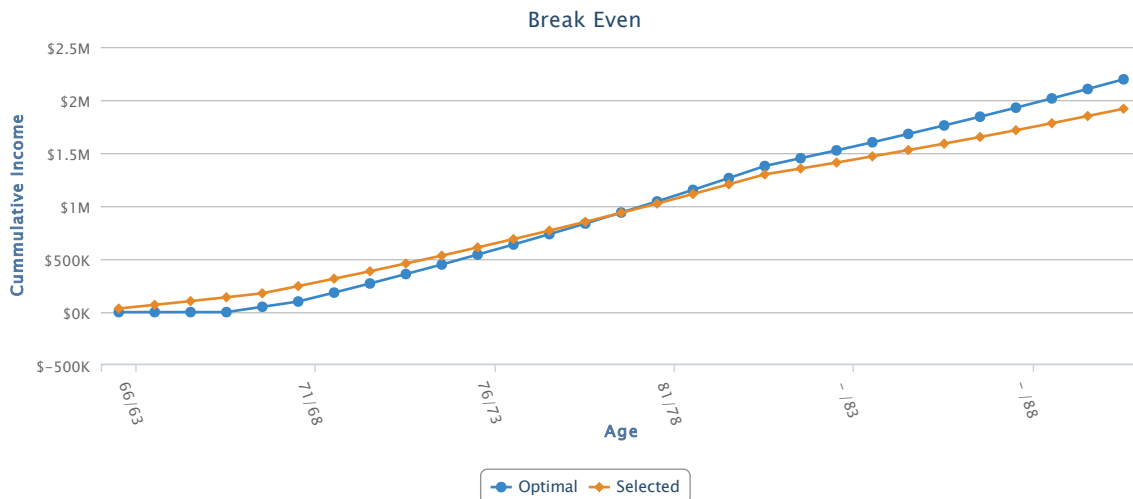
Note: this graph includes your full Social Security lifetime benefits .



**Breakeven Point**

The chart below shows the “breakeven point”, which is the age at which the lifetime benefits for waiting (until the optimal age) catch up to the lifetime benefits you would have been receiving starting at your selected age.

Note: This table includes your full Social Security lifetime benefits .



The table below illustrates the annual and lifetime benefits based on both your selected claiming ages and the optimal claiming ages.

The shaded row shows the details regarding the breakeven point.

Note: This table includes your full Social Security lifetime benefits .

Age	Benefit Amount Selected				Benefit Amount Optimal			
	George Washington	Martha Washington	Total Annual	Net of Medicare	George Washington	Martha Washington	Total Annual	Net of Medicare
66/63	\$33,766	\$0	\$33,766	\$32,187	\$0	\$0	\$0	\$0
67/64	\$34,644	\$0	\$34,644	\$32,977	\$0	\$0	\$0	\$0
68/65	\$35,544	\$0	\$35,544	\$33,808	\$0	\$0	\$0	\$0
69/66	\$36,468	\$0	\$36,468	\$34,657	\$0	\$0	\$0	\$0
70/67	\$37,417	\$0	\$37,417	\$35,502	\$49,390	\$0	\$49,390	\$47,475
71/68	\$38,389	\$29,038	\$67,427	\$63,400	\$50,674	\$0	\$50,674	\$48,660
72/69	\$39,388	\$29,793	\$69,181	\$64,950	\$51,992	\$31,896	\$83,888	\$79,657
73/70	\$40,412	\$30,568	\$70,980	\$66,504	\$53,343	\$32,725	\$86,068	\$81,592
74/71	\$41,462	\$31,362	\$72,824	\$68,089	\$54,730	\$33,576	\$88,306	\$83,571
75/72	\$42,540	\$32,178	\$74,718	\$69,709	\$56,153	\$34,449	\$90,602	\$85,593
76/73	\$43,646	\$33,014	\$76,660	\$71,361	\$57,613	\$35,345	\$92,958	\$87,659
77/74	\$44,781	\$33,873	\$78,654	\$73,049	\$59,111	\$36,264	\$95,375	\$89,770
78/75	\$45,946	\$34,753	\$80,699	\$74,770	\$60,648	\$37,207	\$97,855	\$91,926
79/76	\$47,140	\$35,657	\$82,797	\$76,525	\$62,225	\$38,174	\$100,399	\$94,127
80/77	\$48,366	\$36,584	\$84,950	\$78,315	\$63,843	\$39,166	\$103,009	\$96,374
81/78	\$49,623	\$37,535	\$87,158	\$80,139	\$65,503	\$40,185	\$105,688	\$98,669
82/79	\$50,913	\$38,511	\$89,424	\$81,999	\$67,206	\$41,230	\$108,436	\$101,011
83/80	\$52,237	\$39,512	\$91,749	\$83,894	\$68,953	\$42,302	\$111,255	\$103,400
84/81	\$53,595	\$40,540	\$94,135	\$85,826	\$70,746	\$43,401	\$114,147	\$105,838
- /82	\$0	\$54,988	\$54,988	\$50,593	\$0	\$72,585	\$72,585	\$68,190
- /83	\$0	\$56,418	\$56,418	\$51,769	\$0	\$74,473	\$74,473	\$69,824
- /84	\$0	\$57,885	\$57,885	\$52,967	\$0	\$76,409	\$76,409	\$71,491
- /85	\$0	\$59,390	\$59,390	\$54,187	\$0	\$78,396	\$78,396	\$73,193
- /86	\$0	\$60,934	\$60,934	\$55,431	\$0	\$80,434	\$80,434	\$74,931
- /87	\$0	\$62,518	\$62,518	\$56,696	\$0	\$82,525	\$82,525	\$76,703
- /88	\$0	\$64,144	\$64,144	\$57,985	\$0	\$84,671	\$84,671	\$78,512
- /89	\$0	\$65,812	\$65,812	\$59,297	\$0	\$86,872	\$86,872	\$80,357
- /90	\$0	\$67,523	\$67,523	\$60,631	\$0	\$89,131	\$89,131	\$82,239
- /91	\$0	\$69,278	\$69,278	\$61,988	\$0	\$91,448	\$91,448	\$84,158
Totals	\$816,277	\$1,101,808	\$1,918,085	\$1,769,204	\$892,130	\$1,302,864	\$2,194,994	\$2,054,920



### Action Plan

#### **George Washington and Martha Washington:**

Your selected claiming strategy is **“File For Benefits” at ages 66 and 68** respectively.

Here are the actions that you need to take:

Three months prior to your birthdays, you will contact Social Security to file for benefits. Social Security will automatically pay you the highest combination of your earned benefits and spousal benefits as a married couple.

You can apply for your benefits online. Here is the website which will provide you with the specific information you will need in order to initiate the process: <http://www.socialsecurity.gov/retire2/applying8.htm>.

Because applying for suspended or restricted benefits after FRA may require additional conversations with Social Security and extra paperwork, we would advise you to make an appointment to meet with someone at your local Social Security office to discuss how to do this. Here is the website which will provide you with the specific information you will need in order to initiate the process: <http://www.socialsecurity.gov/retire2/applying8.htm>

You should continue to check on the amount of your monthly Social Security benefit at least annually between now and the time you plan to file for benefits, because that amount may change based on a variety of factors, such as: your ongoing earnings income, adjustments in the calculation of benefits, etc. You can do this at: <https://secure.ssa.gov>

You can apply for benefits in several ways:

- Online
- By phone at 1-800-772-1213
- In person - Visit your local Social Security office. (Call first to make an appointment.)

**If you do not live in the U.S. or one of its territories** you can also - Contact the nearest U.S. Social Security office, U.S. Embassy or consulate at <http://www.socialsecurity.gov/foreign/>.

## Appendix

### Definitions

**Primary Insurance Amount (PIA):** there are two components to determining your monthly PIA:

- 1: You must have worked at least 40 quarters (or 10 years); and
- 2: The amount you receive is based on the highest 35 year average of your earnings history.

The Social Security Administration (SSA) indexes and averages your top 35 earning years (up to the taxable maximum each year) and converts them into a primary insurance amount (PIA) using a progressive formula that favors those with low lifetime earnings.

**Full Retirement Age (FRA):** the SSA's definition of "full retirement age" is determined by your year of birth. In most cases this will be age 65, 66 or 67.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	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



## Strategy: File For Benefits

As a spouse, you can claim a Social Security benefit based on your own earnings record, or you can collect a spousal benefit that will provide you 50% of the amount of your spouse's Social Security benefit as calculated at their full retirement age (FRA).

You are automatically entitled to receive the benefit that provides you the higher monthly amount; either a benefit based on your own earnings, or the spousal benefit. Prior to reaching FRA, Social Security makes this determination for you.

After you reach FRA, you can choose to receive only the spouse's benefit, and delay receiving your retirement benefits until a later date, allowing you to receive a higher benefit later.

### I. FILING FOR YOUR OWN EARNED BENEFITS

This strategy is based on your own earned benefits, i.e., the benefits to which you are entitled based on your earnings history. This strategy is based solely on the age at which you plan to start claiming benefits.

Social Security is set up to motivate people to defer claiming, and those who do this will receive significantly higher monthly benefits during their retirement.

You may choose to start claiming benefits at the minimum age of 62, but doing so may result in a reduction of as much as 25%-30%, as shown in the tables below.

The example below represents an individual whose FRA is 66 and has a monthly PIA of \$2,400 at FRA. Every year that you wait to collect after FRA (up to age 70 when you must take your benefit), your overall benefit will be increased by 8% per year, as shown below.

File For Benefits	If File For Benefits Before FRA				FRA	If File For Benefits After FRA			
Age	62	63	64	65	66	67	68	69	70
Monthly Benefit	\$1,800	\$1,920	\$2,081	\$2,239	\$2,400	\$2,592	\$2,784	\$2,976	\$3,168
% of PIA Paid	75.0%	80.0%	86.7%	93.3%	100%	108%	116%	124%	132%
Annual Benefits	\$21,600	\$23,040	\$24,970	\$26,879	\$28,800	\$31,104	\$33,408	\$35,712	\$38,016

If an individual's FRA is age 67, the following schedule would apply.

File For Benefits	If File For Benefits Before FRA				FRA	If File For Benefits After FRA			
Age	62	63	64	65	66	67	68	69	70
Monthly Benefit	\$1,680	\$1,800	\$1,920	\$2,081	\$2,239	\$2,400	\$2,592	\$2,784	\$2,976
% of PIA Paid	70%	75.0%	80.0%	86.7%	93.3%	100%	108%	116%	124%
Annual Benefits	\$20,160	\$21,600	\$23,040	\$24,970	\$26,879	\$28,800	\$31,104	\$33,408	\$35,712

## The Earnings Test and Claiming Social Security Benefits Before FRA

It is important to note that if you decide to claim your Social Security benefits before FRA and you are still working, you may be subject to the “Earnings Test”. The Earnings Test was created to discourage individuals who are making a good income from work from claiming their “retirement” benefits early.

Here are the Earnings Test rules:

- 1) Age 62 and The Year Before FRA:
  - a. If you are collecting Social Security benefits and your annual income is over \$15,480
  - b. SSA will withhold \$1 in Social Security benefits for every \$2 earned over \$15,480
- 2) In Year FRA Is Reached, Up Until FRA Birth Month:
  - a. If you are collecting Social Security benefits and your annual income is over \$41,400
  - b. SSA will withhold \$1 in Social Security benefits for every \$3 earned over \$41,400

So you may find that you will not receive your Social Security payments if your income is too high. If this is the case, the good news is that you will not lose these benefits permanently. Once you reach FRA, SSA will re-calculate the amount of benefits which have been withheld and make an adjustment to your benefits going forward to reflect the amount withheld.

### Earnings Test Adjustments

- Earnings Test adjustments follow the same benefit payment schedule as is used for pre-FRA claiming, as shown below
- If an individual had benefits withheld equal to 48 months or more, they will receive the monthly benefit that they are due at FRA for the rest of their retirement
- However, because they filed early, they will be locked into this rate for the duration of their retirement and will not be entitled to the spousal claiming strategies that others who waited to claim at FRA will have access to

Earnings Test Schedule	If File For Benefits At 62 and PIA Is \$1,600/mo.				
And Had Benefits Withheld For	<12 mos.	12 mos.	24 mos.	36 mos.	48 mos.+
% of PIA Paid	75.0%	80.0%	86.7%	93.3%	100%
Monthly Benefit Paid at FRA	\$1,200	\$1,280	\$1,387	\$1,493	\$1,600

### Earnings Test Adjustment

Below is an example in which an individual who claimed benefits at age 62 had 24 months of their Social Security payments withheld because they were earning \$50,000+/year between age 64 and their FRA birthday. The 24 months are added to their claiming age of 62, so their monthly benefit is adjusted to pay what they would have received if they had started benefits at age 64, i.e. \$1,387/mo. They will be paid this amount starting at FRA.

Reimbursement Rule	Scenario	
	Age	Benefit
Start with individual's claiming age	62	\$1,200/mo.
Add number of months that benefits were withheld since they claimed at age 62	64: 8 mos. 65: 12 mos. 66: 4 mos. 24 mos.	
Re-calculate the age and associated monthly benefit <u>that will be paid after they reach FRA</u>	64	\$1,387/mo.
Benefit would have had at FRA	66	\$1,600/mo

### II. FILING FOR SPOUSAL BENEFITS

Here are the essential facts that you need to know regarding filing for spousal benefits.

- 1) You can file for spousal benefits any time between age 62 and 70
- 2) You need to wait for your spouse to file for their benefits in order for you to start receiving spousal benefits.
- 3) The spousal benefit is calculated based on what each spouse will receive at FRA.
- 4) You are entitled to a monthly amount equal to 50% of your spouse's benefits at FRA. This amount is comprised of two elements:
  - a. Your own earned benefit; plus
  - b. A "spousal supplement"
- 5) The amount of the spousal supplement will not increase after FRA. If your spouse files and suspends their benefits to age 70, this spousal supplement will not increase.

The illustration below shows how your benefits would be calculated if you were claiming your benefits today at the ages shown. This scenario assumes that you have a monthly benefit of \$1,000 at FRA and your spouse has a benefit of \$2,400 at FRA.

- a. **Spouse Has Already Filed:** If your spouse has already filed for benefits and you subsequently file for benefits, you will receive the monthly benefits shown below at different ages. For example if you file for spousal benefits at 62, you will receive \$890/mo., but if you wait until FRA, you will receive the full 50% spousal benefit of \$1200/mo.

File For Benefits	If File For Benefits Before FRA				FRA	If File For Benefits After FRA			
Age	62	63	64	65	66	67	68	69	70
Spouse's Benefit					\$2,400				
Your Earned Benefit	\$750	\$800	\$867	\$933	\$1,000	\$1,080	\$1,160	\$1,240	\$1,320
% of PIA Paid	75.0%	80.0%	86.7%	93.3%	100%	108%	116%	124%	132%
Spousal Supplement	\$140	\$150	\$166	\$184	\$200	\$200	\$200	\$200	\$200
% of Spousal Supplement Paid	70.0%	75.0%	83.0%	92.0%	100%	100%	100%	100%	100%
Total Benefit Paid	\$890	\$950	\$1,033	\$1,117	\$1,200	\$1,280	\$1,360	\$1,440	\$1,520

- b. **Spouse Has Not Yet Filed:** If your spouse has not yet filed and you file for benefits, you will receive your own earned benefits until such time as he files. Then, at that time, Social Security will evaluate which payment is higher, your own earned benefit or your spousal benefit, and will pay you the higher amount. The example below shows how spousal benefits would be paid assuming that you and your spouse are both the same age. You file for spousal benefits at 62 and will receive \$750/mo. until he files 4 years later at his FRA. At this time, you will receive an additional spousal supplement of \$200/mo. for a total benefit of \$950/mo. This amount will remain the same for all years after FRA.

File For Benefits	If File For Benefits Before FRA				FRA	If File For Benefits After FRA			
Age	62	63	64	65	66	67	68	69	70
Spouse's Benefit					\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Your Earned Benefit	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
% of PIA Paid	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Spousal Supplement	\$0	\$0	\$0	\$0	\$200	\$200	\$200	\$200	\$200
% of Spousal Supplement Paid	0%	0%	0%	0%	100%	100%	100%	100%	100%
Total Benefit Paid	\$750	\$750	\$750	\$750	\$950	\$950	\$950	\$950	\$950

### Strategy: File A Restricted Application

In order to file and suspend benefits, one spouse must be FRA or older.

Filing a restricted application at FRA indicates that:

- One spouse intends to claim only their spousal benefits, while deferring their earned benefits until age 70.
- That spouse will get the full spousal benefit (50% at FRA) between FRA and age 70.
- Their earned benefits will continue to grow at 8% per year until they claim them at 70, at which time they switch to their own benefit for the duration of your retirement.

Below are illustrations of how benefits would be paid under two different scenarios:

- You File Restricted, Spouse Files; or
- Spouse Files Restricted, You File

You File Restricted, spouse Files	Benefits Paid					
Age	At FRA	66	67	68	69	70
Your Earned Benefit	\$2,400					\$3,168
Spouse's Earned Benefit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Your Spousal Benefit		\$500	\$500	\$500	\$500	\$0
Spouse's Spousal Benefit						\$200
Their Combined Benefits		\$1,500	\$1,500	\$1,500	\$1,500	\$4,368

Spouse Files Restricted, You File	Benefits Paid					
Age	At FRA	66	67	68	69	70
Your Earned Benefit	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Spouse's Earned Benefit	\$1,000					\$1,320
Your Spousal Benefit						
Spouse's Spousal Benefit		\$1,200	\$1,200	\$1,200	\$1,200	\$0
Their Combined Benefits		\$3,600	\$3,600	\$3,600	\$3,600	\$3,720

## Important Information

### Scope of This Report

This report provides broad, general guidelines and strategies which may help you determine your Social Security income. This report is provided for educational purposes only and you should not rely on it as the primary basis for your insurance, investment, financial, retirement or tax planning decisions.

### Assumptions In This Report

- No changes in marital status, age of retirement, life expectancy or legislation
- Benefits claiming criteria obtained from The Social Security Administration (SSA)

### Limitation of This Report

The algorithms used in developing this HealthView Social Security Report project an individual's or couple's Social Security income. Projected lifetime benefits are future values as of the year of attained age. These are estimated income projections, and, as such, they are hypothetical in nature, and are not guaranteed. Actual retirement benefits will likely vary (sometimes significantly) from the estimates in this report. Current and future decisions and actions should not depend on, or be based solely on, the results generated by this HealthView Report. It is important that you periodically monitor your clients' income and expense strategy throughout retirement.

The HealthView Report is dependent upon the quality and accuracy of the data furnished by you or unaffiliated third parties, including information about your Primary Insurance Amount (PIA) as well as certain assumptions as to future inflation rates and changes in legislation.

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