

OVERVIEW

Clients want to know how Social Security works and when they should begin receiving benefits. While these answers depend on each client's individual situation, there are more general FAQs you should be familiar with.



WILL SOCIAL SECURITY BE THERE WHEN I RETIRE?

While many people agree there are legitimate concerns about Social Security's future sustainability, reserves are projected to pay full benefits until 2035, and tax income is projected to cover 75% of benefits from 2035-2091. Although legislative changes to government programs are always possible, individuals nearing SS income age should not be concerned.

WHAT CHANGES SHOULD I EXPECT TO THE SYSTEM?

Changes that have been discussed include an increase in Social Security tax rates, a higher maximum earnings amount subject to Social Security taxes, an increase in FRA, a decrease in future retirement benefits, and a reduction in the COLAs. A list of some changes proposed over the years is online at ssa.gov/OACT/solvency/.

It's important to note that while there has been much debate over how to make Social Security more solvent, changes have yet to be implemented.

WHEN SHOULD I FILE FOR BENEFITS?

The answer is different for everyone, but it's important to know your benefit amount will change depending on when you file.

You may begin receiving reduced benefits as early as age 62. Full benefits at FRA. And a higher benefit amount if you delay receiving them beyond FRA, up to age 70.

CAN I WORK AND STILL RECEIVE BENEFITS?

Yes, but, there are limits to how much you can earn be. For example, if you begin receiving benefits before FRA, you're allowed to earn up to \$17,040 per year. For every \$1 you earn over, your benefits will be withheld for every \$2 they earn above the limit. If you begin receiving benefits in the year you reach FRA, you can earn up to \$45,360 per year. For every \$1 you earn over, your benefits will be withheld for every \$3 they earn above the limit. There is no limit to the amount you can earn if you start receiving benefits at or after FRA.

WHAT IS THE MAXIMUM AVAILABLE BENEFIT?

The maximum benefit for 2018 is \$2,788 at FRA per month. However, most retirees don't receive anything close to that amount. The average in 2018 is expected to be \$1,404 monthly.

CAN I ESTIMATE WHAT MY BENEFITS WILL BE?

Yes, and you should, as this is a crucial aspect of retirement planning. This information can be found online by visiting ssa.gov/myaccount, I can help you create an account right now and get you set up with a username and password if you'd like.

ARE SOCIAL SECURITY BENEFITS SUBJECT TO TAXATION?

In some cases, you may have to pay federal income taxes on Social Security benefits. Generally speaking, you're required to pay taxes if you have other income in addition to your Social Security benefits.

WHEN CAN I COLLECT A SPOUSAL BENEFIT?

In most cases, you must be age 62 or older to qualify for spousal benefits and wait until your spouse files his or her own record (unless divorced). If you file for spousal benefits at FRA, their benefit will be equal to 50% of your spouse's PIA. This amount is reduced if taken prior to FRA, but it will not increase if delayed past FRA.

WHAT IF I'M DIVORCED?

Often, individuals who divorced long ago don't realize they're entitled to a spousal benefit if the marriage lasted more than 10 years. Typically, the benefitting spouse must be unmarried, and divorced spouses do not have to wait for their former spouse to file before collecting benefits on his/her record.

HOW LONG DO I HAVE TO BE MARRIED TO COLLECT SPOUSAL BENEFITS?

You must be married to the primary worker for at least one continuous year before applying for benefits. To collect benefits from a divorced spouse, the marriage needs to have lasted at least 10 years.

CAN I SWITCH MY INDIVIDUAL BENEFIT TO MY SPOUSAL BENEFIT?

Yes. You can claim your own benefit as early as age 62. Once your spouse files for benefits, he/she will be eligible for a spousal adjustment to their benefit.

AM I ENTITLED TO BENEFITS IF MY SPOUSE DIES?

Yes. If you're age 60 or older (50 or older if disabled), you're eligible. If taken at FRA, you're eligible for 100% of your spouse's benefit amount at the time of death. If taken early, the benefit will be reduced to no more than 71.5% of your spouse's benefit amount. Family earned income limits apply.

ARE MY CHILDREN ENTITLED TO THEIR BENEFITS?

Children under age 18 (19 if in high school full time) may be eligible for up to 50% of their parent's retirement benefits (75% upon their death). If your child is permanently disabled before age 22, he or she can collect these benefits at any age. In either case, the child must be unmarried. Family earnings limits apply.

CAN I CLAIM A SURVIVOR BENEFIT FROM MY SPOUSE IF THEY REMARRY?

If you remarry at age 60 or later, you may be eligible for survivor benefits based on your previous spouse's record. If you remarry before age 60 (50 if disabled), you're not entitled to benefits based on your previous spouse's. However, if the remarriage ends, you may once again become entitled to survivor benefits based on your first spouse's record.

WILL I AUTOMATICALLY BE ENROLLED IN MEDICARE WHEN I START COLLECTING BENEFITS?

Enrollment in Medicare Part A and Part B is automatic for those 65 and older who receive Social Security benefits. However, those who are not receiving Social Security benefits must apply on their own. Late enrollment may result in delayed coverage or costly penalties. Visit medicare.gov to learn more.

GLOSSARY OF COMMON TERMS

COST-OF-LIVING ADJUSTMENT (COLA)	Social Security Administration adjusts monthly benefits to ensure that the purchasing power of benefits is not eroded by inflation. The COLA is based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Worker. For 2018, the COLA is 2%.
DELAYED RETIREMENT CREDITS (DRC)	Individual Social Security benefits are increased by a percentage (depending on birthdate) if you delay retirement beyond your FRA. The benefit increase stops at age 70, even if you continue to delay claiming.
FICA TAX	This is the payroll tax used to fund Social Security. It is collected by authority of the Federal Insurance Contributions Act (FICA).
FRA	This is the age at which a person becomes entitled to unreduced (full) Social Security benefits. The age is determined by date of birth, currently increasing gradually to age 67 for those born after 1959.
PIA	This is the benefit amount a worker would receive if he or she elects receiving Social Security benefits at FRA. Retire before FRA and the PIA is reduced, delay retirement and the PIA increases
WINDFALL ELIMINATION PROVISION (WEP)	Some federal employees and employees of state or local government agencies may be eligible for pension that are based on earnings not covered by Social Security. The WEP may affect how Social Security calculates your retirement benefits. If you work for an employer that does not withhold Social Security taxes, any pension you receive may reduce your benefits.

For more information contact your local AIMCOR member agency or visit www.aimcorgroup.com

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Comparing claiming strategies by calculating a "break-even point" can be helpful in recommending the best decision for your client's specific situation but **remember**, this example depicts a generic situation. Most clients have additional factors to consider, such as differences in age and situations where each spouse has his or her own benefit to leverage. comparing claiming strategies by calculating a "break-even point" can help you recommend the decision that is right for your own specific situation.