Learn the Basics of When and How to Claim Social Security
Interactive experience

Strategies, tools and tips
Key questions

How will you generate income?

How will you pay for health care?

How and when will you claim Social Security?
How will you generate income once you stop working?

Income in retirement
- Social Security
- A pension
- Rental property
- Other sources

Ensure your money lasts
- Create a budget
- Check your financial readiness
- Make adjustments
How will you pay for health care?

Costs are rising

Plan for these expenses in retirement
How and when will you claim Social Security?

Things to consider:

- Age
- Life Expectancy
- Gender
- Marital Status
- Income
What is Social Security?

There’s a good chance you’ve paid into Social Security

Social welfare and insurance program

Pays benefits
Social Security and Medicare are the same thing.
Myth!

**SOCIAL SECURITY**
- Helps generate income in retirement
- Eligible at age 62

**MEDICARE**
- Basic health insurance
- Eligible at age 65

**BOTH**
- Social insurance programs
Important ages

**AGE 60**
- Earliest age for surviving spouse benefits
  - Lock in 25%–30% reduction
  - Can reduce surviving spouse benefit

**AGE 62**
- Earliest age to claim

**AGE 65**
- Medicare eligibility

**FRA AGE 66–67**
- Full Retirement Age
  - Full Social Security benefit available

**AGE 70**
- Maximum benefit
  - Maximum surviving spouse benefits

**PERMANENT REDUCTION IF CLAIMING BEFORE FRA**
**DELAYED RETIREMENT CREDITS**

Source: Social Security Administration.
The Social Security fund will be completely gone in a few years.
Myth!

Workers close to retirement can expect to receive full benefits.

Future retirees should be prepared for potential adjustments.
Qualifying for Social Security

1. You worked for a “covered” employer
2. You earned at least 40 “credits”
3. Age 62
You worked for a “covered” employer

1. Covered employer pays Social Security taxes

FICA wages

May still qualify if didn’t work for covered employer
One credit is earned for a certain dollar amount of wages

You can earn up to 4 credits per year (1 per quarter)

You earned at least 40 “credits”
You earned at least 40 “credits”

10 YEARS x 4 CREDITS = 40 CREDITS

QUALIFY FOR SOCIAL SECURITY
You earned at least 40 “credits”

Self-Employed  Military Service  Married
You are at least age 62

Claiming early = benefit reduction

Full Retirement Age ranges from age 66–67
You should collect Social Security as soon as you’re eligible, at age 62.
Myth!

- How much income do you need?
- What other income sources are available?
- The longer your wait, the higher the benefit
- Consider your life expectancy
### Full Retirement Age

<table>
<thead>
<tr>
<th>If you were born in...</th>
<th>Your full retirement age is...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943–1954</td>
<td>66 years</td>
</tr>
<tr>
<td>1955</td>
<td>66 years, 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 years, 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 years, 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 years, 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 years, 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67 years</td>
</tr>
</tbody>
</table>

Source: Social Security Administration
HOW IT WORKS

How is your benefit calculated?

Claim Social Security between ages 62–70

- Calculation based on Full Retirement Age
- Claiming early will result in reduced benefit
- Waiting to claim will result in higher benefit
Ways to claim

1. Your own work record
2. A spouse’s work record (current or ex-spouse)
3. A deceased spouse’s work record
HOW IT WORKS

Spousal benefits

At least age 62

Spouse receiving benefits

Qualify for Medicare at age 65
Claiming spousal benefits

Current or former spouse of worker
Worker must be taking Social Security first
At Full Retirement Age, spouse qualifies for 50% of the benefit
Social Security Administration’s website
You have a work record and a current spouse

- **SPOUSE’S PIA**: $800
- **50% OF SPOUSE’S PIA**: $400
- **YOUR PIA**: $150
- **ADDED PAYMENT**: $250

**Total benefit cannot exceed 50% of your spouse’s primary insurance amount (PIA)**

For illustrative purposes only and based on Social Security rules in effect at the time of publication, and subject to change at any time. All figures assumed to be pretax.
HOW IT WORKS

Claiming on an ex-spouse’s work record

- Marriage for 10 years
- You have not remarried
- Both eligible for Social Security
- Divorced two or more years
Estimating your Social Security benefit

- Average of your 35 highest-earning years
- Age when your payments begin

View statement and estimate your benefit at SSA.gov
Using your benefit estimate

- How much longer should I work?
- Should I keep working to replace low-earning years?
- Will working longer get me to 35 years of earnings?
- Did I have any $0 earning years?
### Social Security benefit statement and calculation

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$71,500</td>
</tr>
<tr>
<td>2006</td>
<td>$72,800</td>
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<tr>
<td>2007</td>
<td>$73,600</td>
</tr>
<tr>
<td>2008</td>
<td>$75,000</td>
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<tr>
<td>2009</td>
<td>$76,500</td>
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<tr>
<td>2010</td>
<td>$78,000</td>
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<tr>
<td>2011</td>
<td>$79,300</td>
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<td>2012</td>
<td>$81,500</td>
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<td>$82,900</td>
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<td>2014</td>
<td>$84,210</td>
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<tr>
<td>2015</td>
<td>$88,760</td>
</tr>
<tr>
<td>2016</td>
<td>$91,300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$15,000</td>
</tr>
<tr>
<td>2006</td>
<td>$7,500</td>
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<td>2007</td>
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<td>2011</td>
<td>$34,680</td>
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<td>2012</td>
<td>$37,300</td>
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<tr>
<td>2013</td>
<td>$22,000</td>
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<tr>
<td>2014</td>
<td>$15,300</td>
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<tr>
<td>2015</td>
<td>$45,000</td>
</tr>
<tr>
<td>2016</td>
<td>$46,300</td>
</tr>
</tbody>
</table>

Source: Social Security Administration.
You can’t claim Social Security until you stop working.

**Myth**

**Truth**
### Myth!

#### How Working Affects Your Benefit

<table>
<thead>
<tr>
<th>Age</th>
<th>Benefit reduced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger than FRA</td>
<td>$1 for every $2 over the limit</td>
</tr>
<tr>
<td>Reach FRA during year</td>
<td>$1 for every $3 over the limit</td>
</tr>
<tr>
<td>Reach the month of FRA</td>
<td>No reduction</td>
</tr>
</tbody>
</table>

[VIEW IRS.GOV FOR ANNUAL LIMITS]
Deciding when to claim

- How long you may live
- Impact on your survivors
- Your overall financial situation
Impact of claiming at different ages

<table>
<thead>
<tr>
<th>AGE</th>
<th>BENEFITS %</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>70%</td>
</tr>
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</table>

Full Retirement Age (FRA) of 67

In this model, Full Retirement Age is age 67. Data drawn from www.fidelity.com/whentoclaimss
### Impact of claiming at different ages

<table>
<thead>
<tr>
<th>AGE</th>
<th>BENEFITS %</th>
<th>PER MONTH (FULL RETIREMENT AGE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>70%</td>
<td>$1,260</td>
</tr>
<tr>
<td>67</td>
<td>100%</td>
<td>$1,800</td>
</tr>
<tr>
<td>70</td>
<td>124%</td>
<td>$2,232</td>
</tr>
</tbody>
</table>
When should you claim SOCIAL SECURITY?

If you are 50 or over, it's a good time to start thinking about how Social Security fits into your overall plan. The right strategy could mean a significant difference in your retirement benefits, so let us show you an example of how you can get the most for your future.

I WAS BORN ☠️ 💑  MM/DD/YYYY

SUBMIT ➔
Waiting to claim

- You are healthy
- Expect to live longer
- Have enough money
- Plan to work until age 70

Larger Monthly Benefit
All figures are in today’s dollars and before tax; the actual benefit would be adjusted for inflation and would possibly be subject to income tax. The hypothetical examples were calculated by Strategic Advisers, Inc., based on Social Security payout tables, as of May 2014. Strategic Advisers, Inc., is a registered investment adviser and a Fidelity Investments company. Lifetime benefits are determined by calculating the present values of the Social Security payments over time. The present values are calculated by discounting the Social Security payouts by an inflation-adjusted rate of return. The illustrations use the historical average yield of U.S. 10-Year TIPS for discounting. All lifetime benefits are expressed in present values, calculated using an inflation-adjusted discount rate and life expectancy of 89. The numbers are sensitive to, and would change with, the discount rate and the expectancy assumptions.
When should you claim your benefit?

- **Age 60**: Earliest age for surviving spouse benefits
- **Age 62**: Earliest age to claim
  - Lock in 25%–30% reduction
  - Can reduce surviving spouse benefit
- **Age 65**: Medicare eligibility
- **Full Retirement Age (FRA)**
  - Age 66–67: Full Social Security benefit available
- **Age 70**: Maximum benefit
  - Maximum surviving spouse benefits

**Permanent Reduction if Claiming Before FRA**

**Delayed Retirement Credits**

Source: Social Security Administration.
Review

Important part of retirement income
Basic eligibility
Spousal benefits
Estimate your benefit
Decide when to claim
Take the next steps
Next steps

Visit NetBenefits.com

Estimate your benefit Fidelity.com/whentoclaimSS

Visit SSA.gov

Call for support 800-603-4015
Thank You!
The retirement planning information contained herein is general in nature and should not be considered legal or tax advice. Fidelity does not provide legal or tax advice. This information is provided for general educational purposes only and you should bear in mind that laws of a particular state, changes in Social Security rules, and your particular situation may affect this information. You should consult your attorney or tax advisor regarding your specific legal or tax situation.

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