



Welcome to the Hook Law Center Seminar Series

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Securing Your Retirement

Transforming Social Security Into a Winning Retirement Strategy

Presented By:

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Financial Advisor

Disclosures

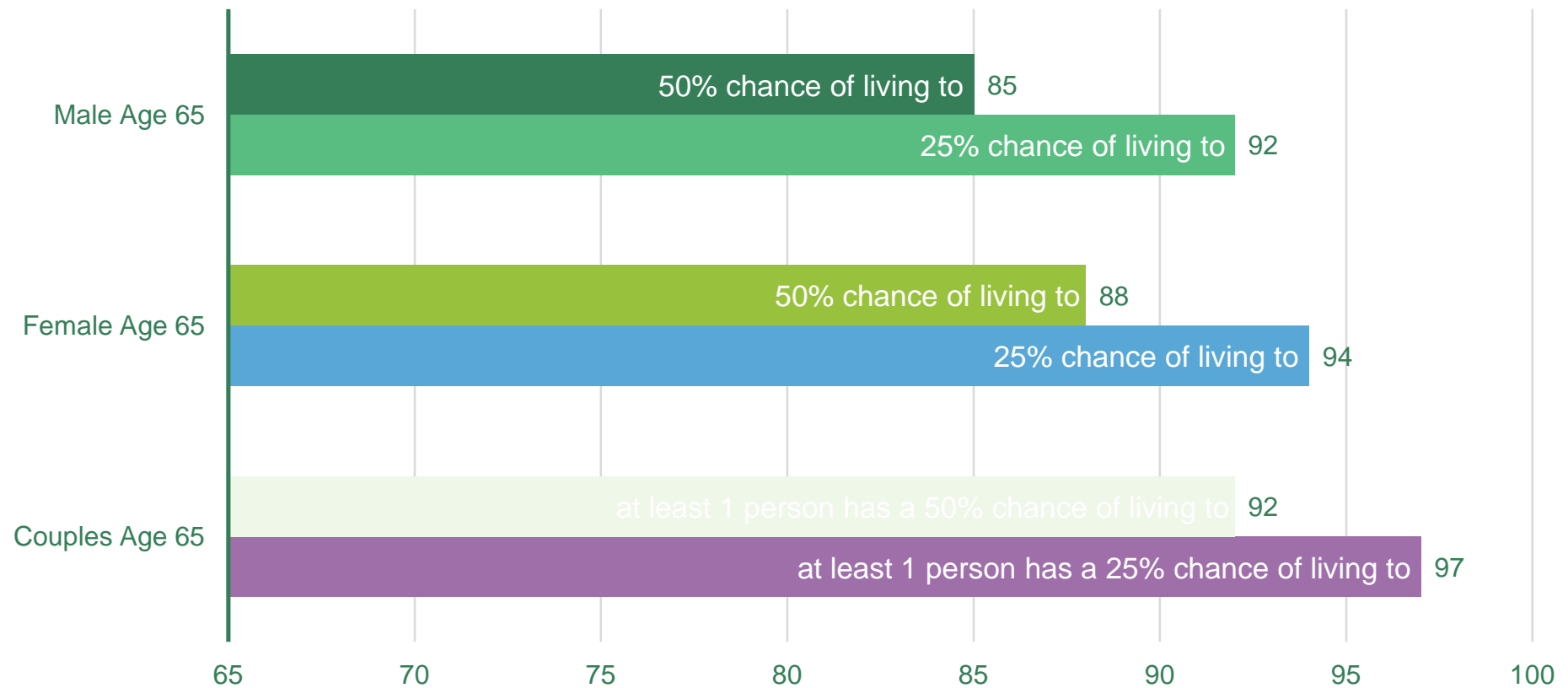
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Living Longer

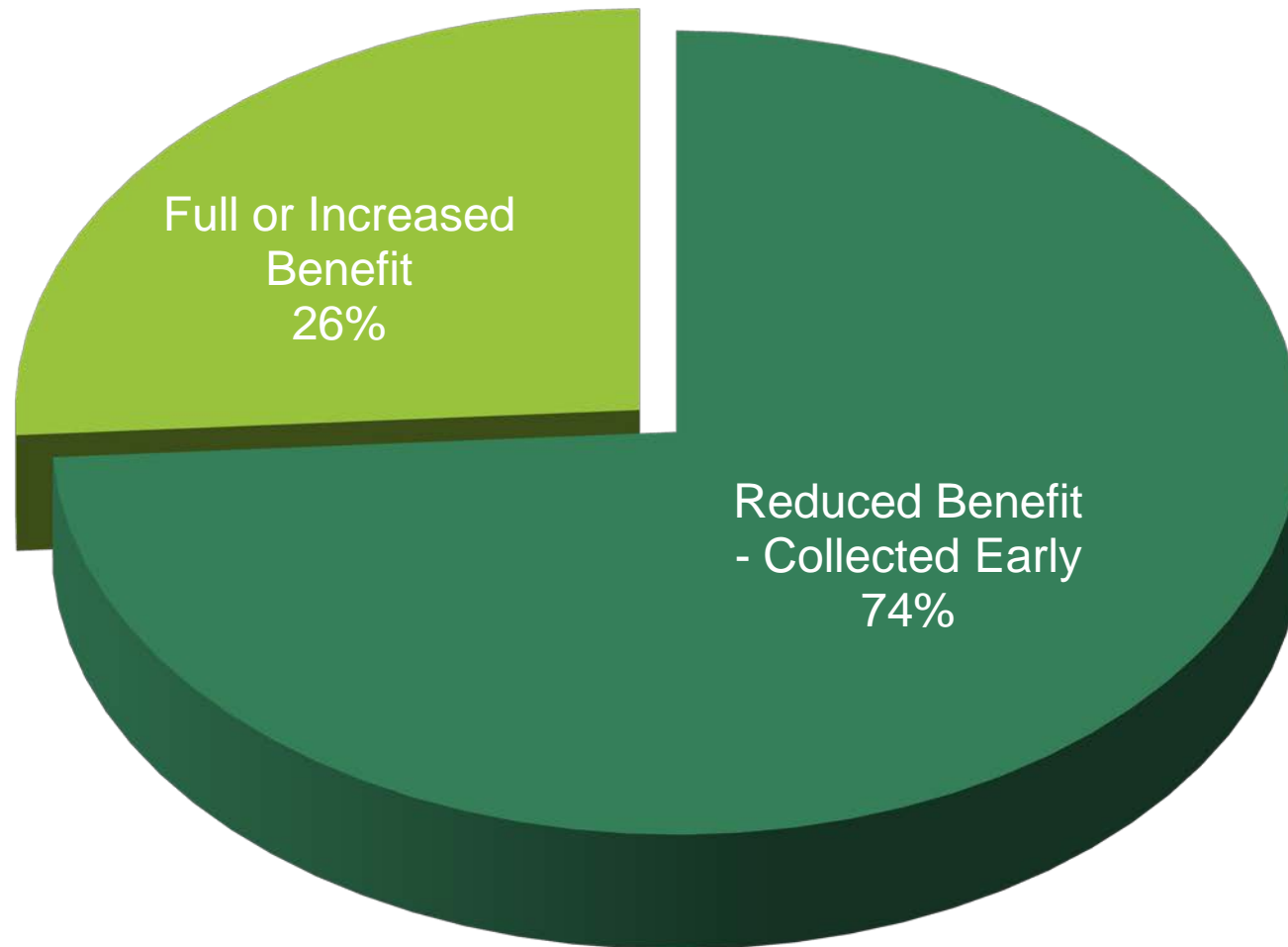
Life Expectancy Upon Retirement at Age 65



A healthy 65-year-old female has a 50% chance of living until age 88 (23 more years).

Source: Annuity 2000 Mortality table, Society of Actuaries. Figures assume you are in good health.

But Still Collecting Early



Source: Social Security Administration's Annual statistical supplement, 2012.

Rules of Retirement Benefits

Individual Benefits

Individual Benefits

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1986	578	578
1987	1,427	1,427
1988	2,534	2,534
1989	4,215	4,215
1990	5,813	5,813
1991	7,199	7,199
1992	9,045	9,045
1993	11,245	11,245
1994	13,585	13,585
1995	15,837	15,837
1996	18,135	18,135
1997	20,718	20,718
1998	23,177	23,177
1999	25,703	25,703
2000	28,197	28,197
2001	29,851	29,851
2002	30,982	30,982
2003	32,430	32,430
2004	34,617	34,617
2005	36,544	36,544
2006	38,822	38,822
2007	41,162	41,162
2008	42,601	42,601
2009	42,492	42,492
2010	Not yet recorded	Not yet recorded

Best 35 Years

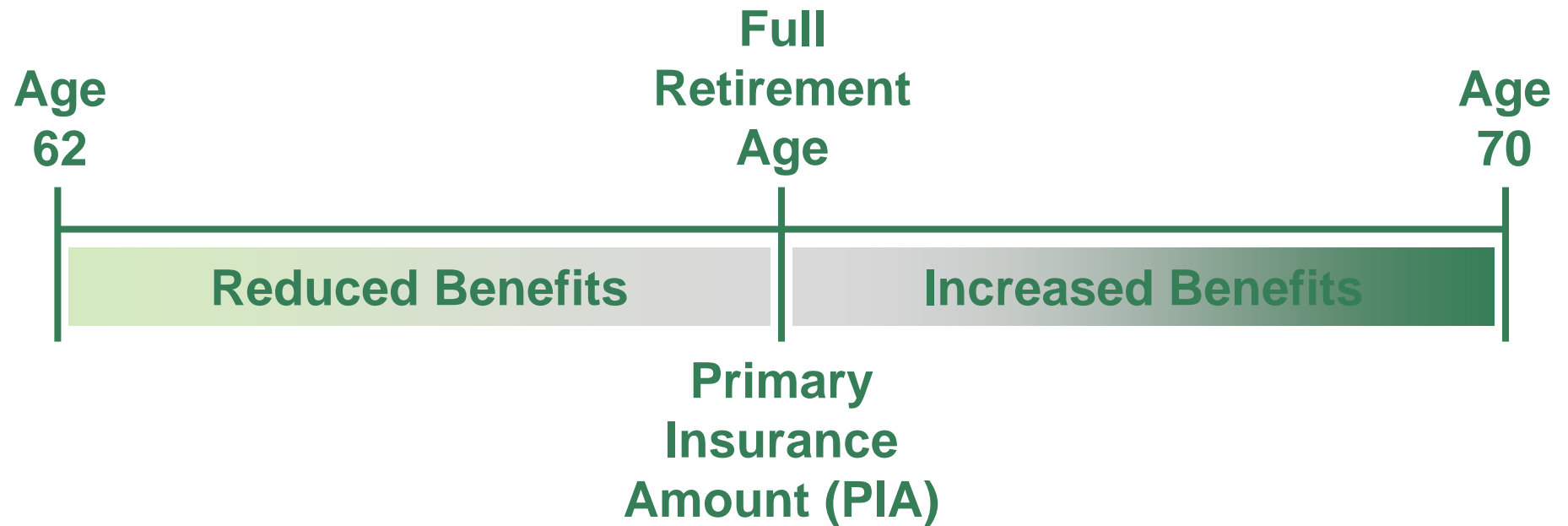
Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until... your full retirement age (67 years), your payment would be about.....	\$ 1,554 a month
	age 70, your payment would be about.....	\$ 1,938 a month
	age 62, your payment would be about.....	\$ 1,072 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	\$ 1,419 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	You have earned enough credits for your family to receive survivors benefits if you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 1,107 a month
	Your spouse who is caring for your child.....	\$ 1,107 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,477 a month
	Total family benefits cannot be more than.....	\$ 2,720 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	

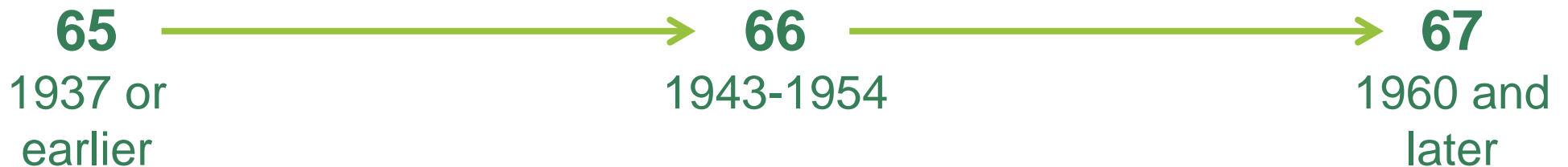
...\$ 1,554 a month
...\$ 1,938 a month
...\$ 1,072 a month

Online Statements or Retirement Estimator
www.ssa.gov

The Tradeoff for Individual Benefits

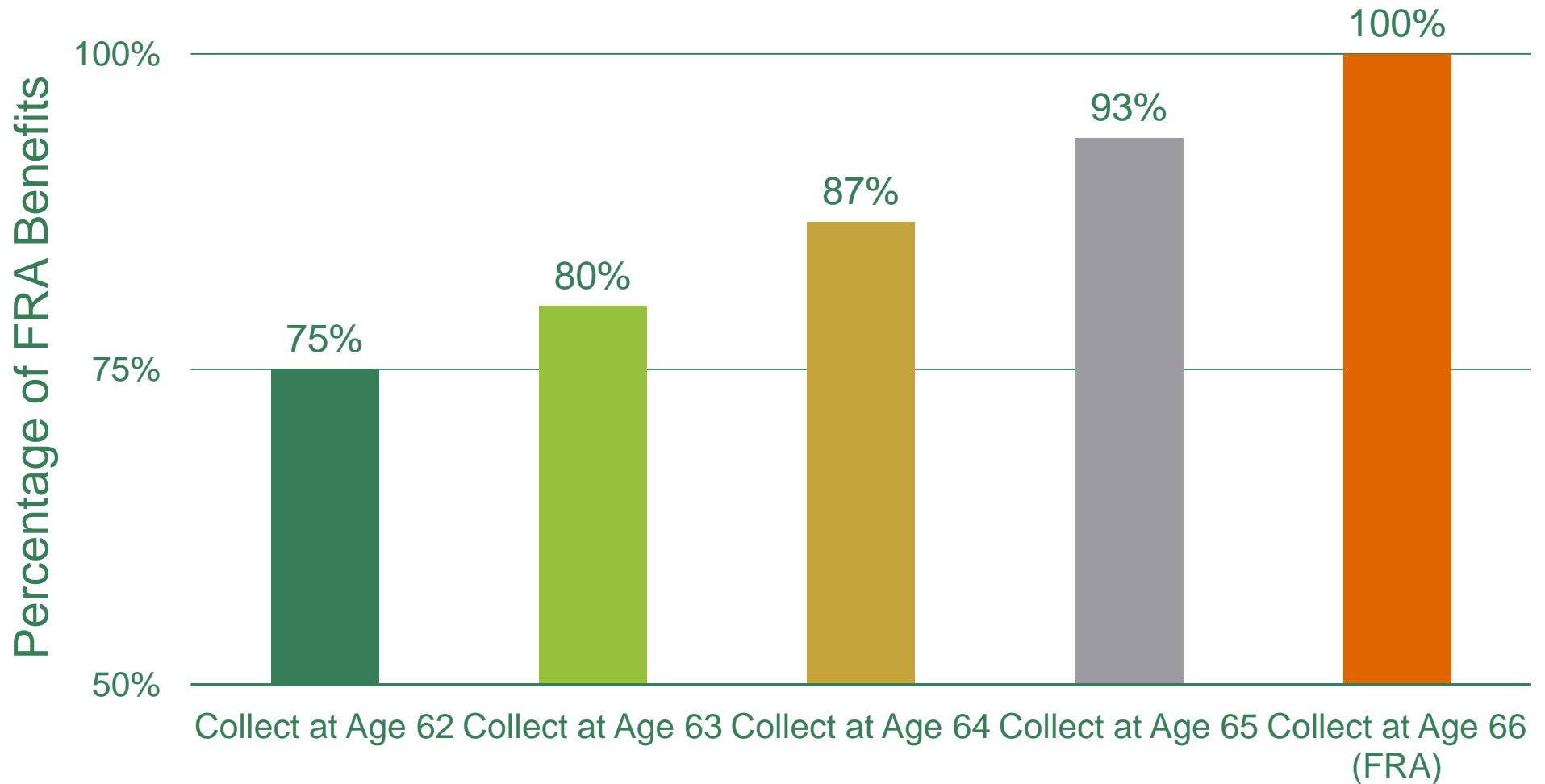


Full Retirement Age (FRA)



Collecting Early: The Cost

Cost of Collecting Early



Source: Social Security Administration (www.ssa.gov). Assumes full retirement age of 66.

Collecting Early: Consider These Questions

Working

- Are you actually retiring?
- Will you work, even part-time, before FRA?


Longevity

- How is your health?
- Is there an expectation of longevity?

Spouse

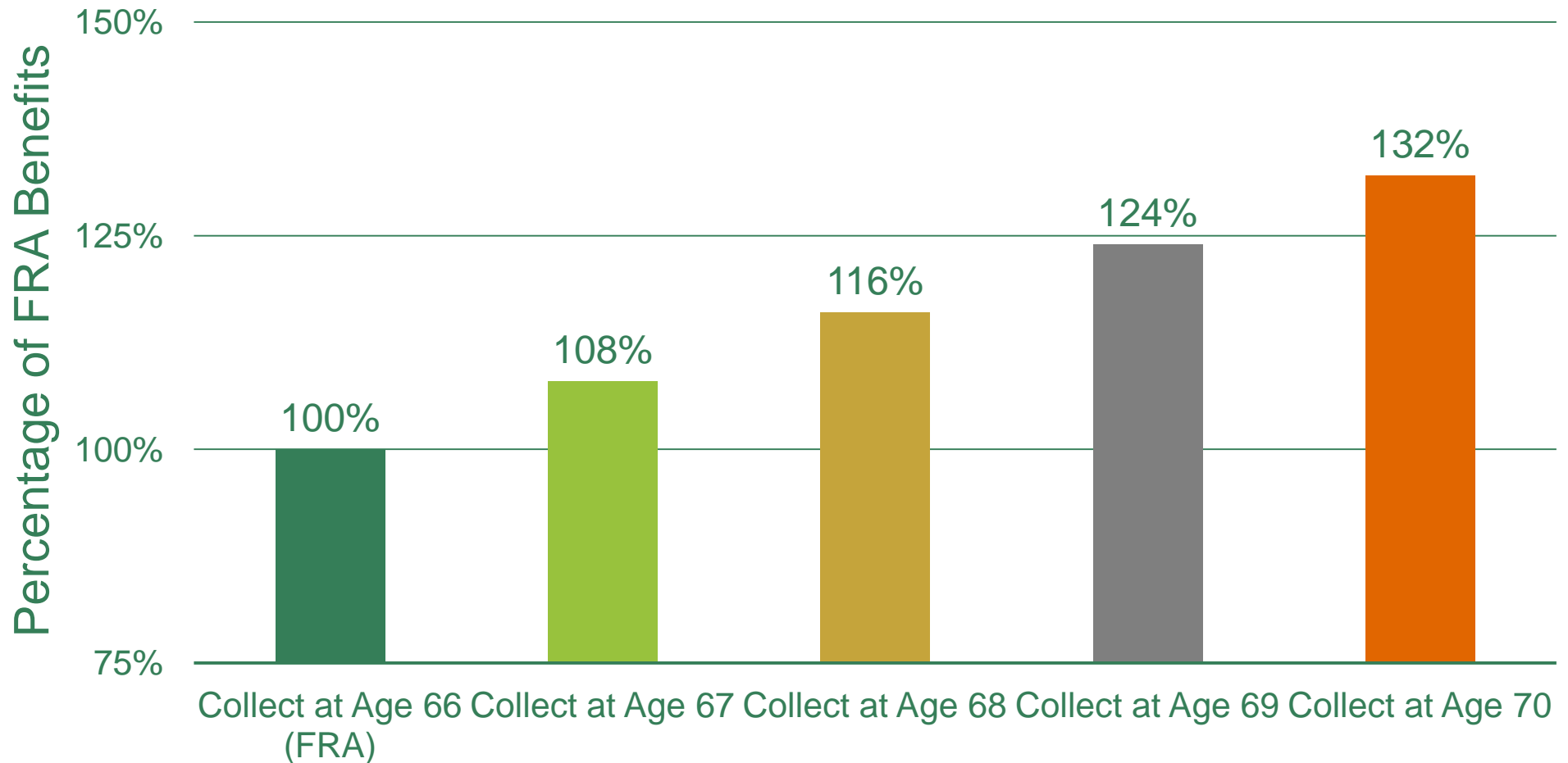
- Are you married?
- What is the age difference between spouses?
- Whose benefits can the spouse collect?

Changing Your Mind

SOCIAL SECURITY ADMINISTRATION		TOE 420	Form Approved OMB No. 0960-0015
REQUEST FOR WITHDRAWAL OF APPLICATION		Do not write in this space	
<p>IMPORTANT NOTICE.— This is a request to cancel your application. If it is approved, the decision we made on your application will have no legal effect, all rights attached to an application, including the rights of reconsideration, hearing, and appeal will be forfeited, and any payments we made to you or anyone else on the basis of that application will have to be returned. You must then reapply if you want a determination of your Social Security rights at any time in the future but any subsequent application may not involve the same retroactive period. This procedure is intended to be used only when your decision to file has resulted, or will result, in a disadvantage to you. Your local Social Security office will be glad to explain whether, and how, this procedure will help you.</p>			
NAME OF WAGE EARNER, SELF-EMPLOYED INDIVIDUAL, OR ELIGIBLE INDIVIDUAL		SOCIAL SECURITY NUMBER	
PRINT YOUR NAME <i>(First name, middle initial, last name)</i>		DATE OF APPLICATION	TYPE OF BENEFIT
		TYPE OF APPLICATION	
<p>I hereby request the withdrawal of my application, dated as above, for the reasons stated below. I understand that (1) this request may not be cancelled after 60 days from the mailing of notice of approval; and (2) if a determination of my entitlement has been made, there must be repayment of all benefits paid on the application I want withdrawn, and all other persons whose benefits would be affected must consent to this withdrawal. I further understand that the application withdrawn and all related material will remain a part of the records of the Social Security Administration and that this withdrawal will not affect the proper crediting of wages or self-employment income to my Social Security earnings record.</p>			
Give reason for withdrawal. <i>(If you need more space, use the reverse of this form.)</i>			
<p>1. <input type="checkbox"/> I intend to continue working. (I have been advised of the alternatives to withdrawal for applicants under full retirement age and still wish to withdraw my application.)</p> <p>2. <input type="checkbox"/> Other (Please explain fully): _____</p> <p>_____</p> <p>_____</p>			
			<input type="checkbox"/> Continued on reverse
SIGNATURE OF PERSON MAKING REQUEST			
Signature <i>(First name, middle initial, last name)</i> <i>(Write in ink)</i>		Date <i>(Month, day, year)</i>	
SIGN HERE 		Telephone Number <i>(include area code)</i>	
Mailing Address <i>(Number and Street, Apt. No., P.O. Box, or Rural Route)</i>			
City and State		ZIP Code	Enter Name of County (if any) in which you now live
<p>Witnesses are required ONLY if this request has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person making the request must sign below, giving their full addresses.</p>			
1. Signature of Witness		2. Signature of Witness	
Address <i>(Number and Street, City, State and ZIP Code)</i>		Address <i>(Number and Street, City, State and ZIP Code)</i>	
FOR USE OF SOCIAL SECURITY ADMINISTRATION			
<input type="checkbox"/> APPROVED	<input type="checkbox"/> NOT APPROVED BECAUSE _____	<input type="checkbox"/> BENEFITS NOT REPAID	<input type="checkbox"/> CONSENT(S) NOT OBTAINED
		<input type="checkbox"/> OTHER <i>(Attach special determination)</i>	
SIGNATURE OF SSA EMPLOYEE		TITLE <input type="checkbox"/> CLAIMS AUTHORIZER <input type="checkbox"/> OTHER <i>(Specify)</i>	DATE

Collecting Late: The Guaranteed Increase

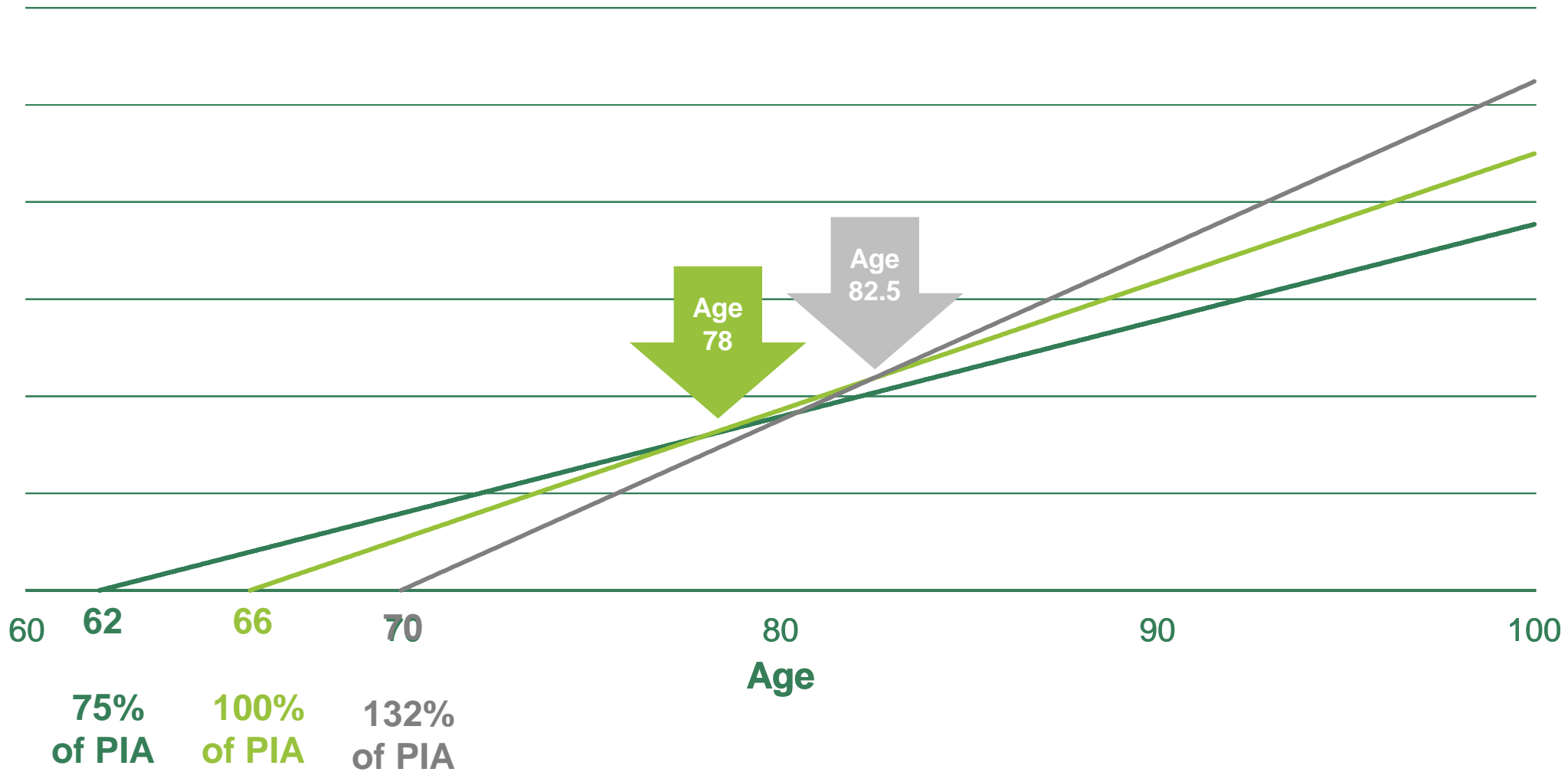
Increases for Collecting Late



Source: Social Security Administration (www.ssa.gov). Assumes full retirement age of 66 and individual born in 1943 or later.

A Question of Longevity

Break Even Analysis



Rules of Retirement Benefits

Spousal and Survivor Benefits

Spousal Benefits

John

PIA: \$2,200

50% x \$2,200

\$1,100

Jane

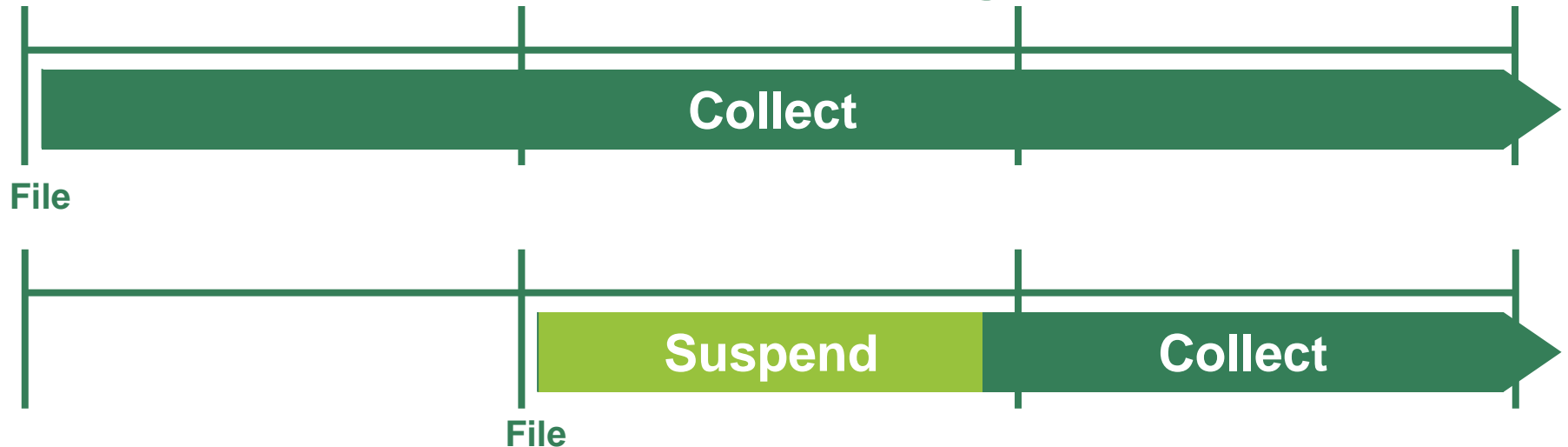
PIA: \$0

Filing and Suspending

Age 62

FRA

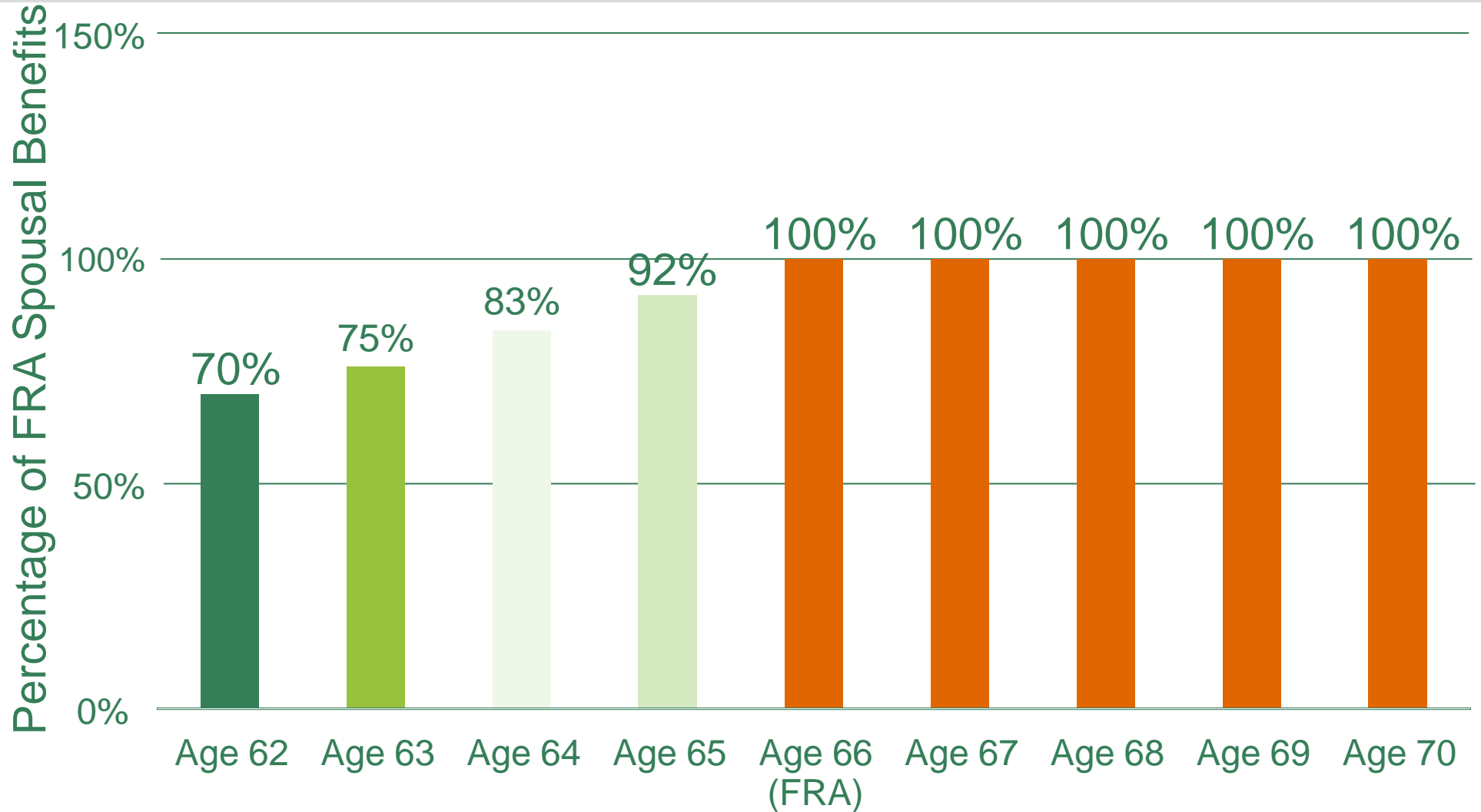
Age 70



Source: Social Security Administration (www.ssa.gov).

Spousal Benefits

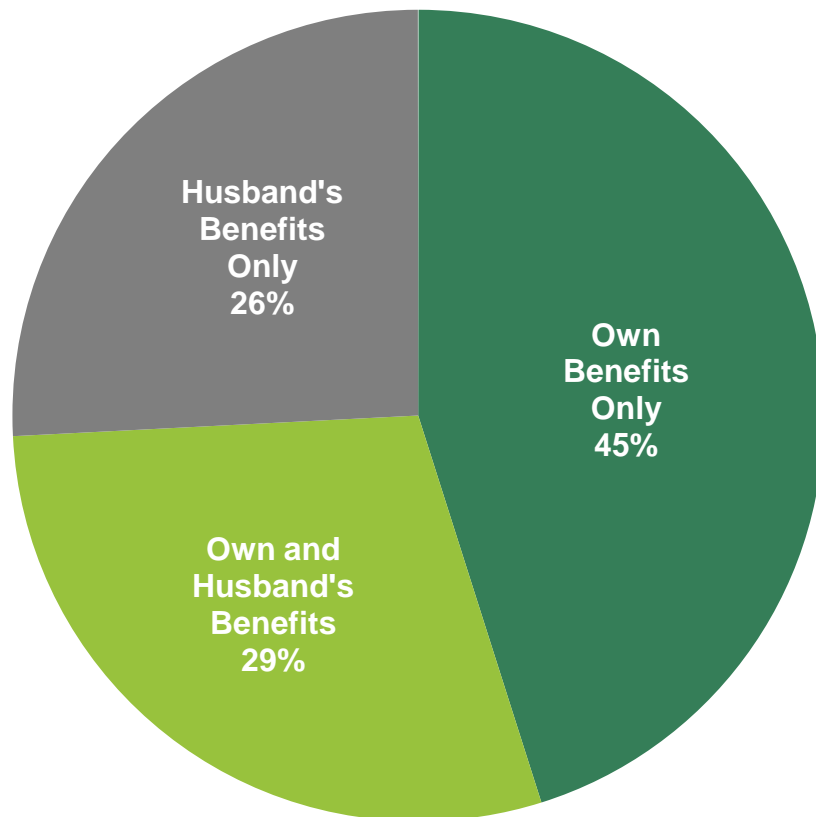
Maximum Spousal Benefit Amount



Source: Social Security Administration (www.ssa.gov).

Survivor Benefits

Women Are Collecting Their Husband's Benefits



John

PIA: \$2,200

Jane

PIA: \$600

John's Benefits
(63, 6 months)
\$1,833

Survivor
Benefits
\$1,833



John's Benefits
(70)
\$2,904

Survivor
Benefits
\$2,904



Collection Strategies

Married Couple – Collect at Age 62

John

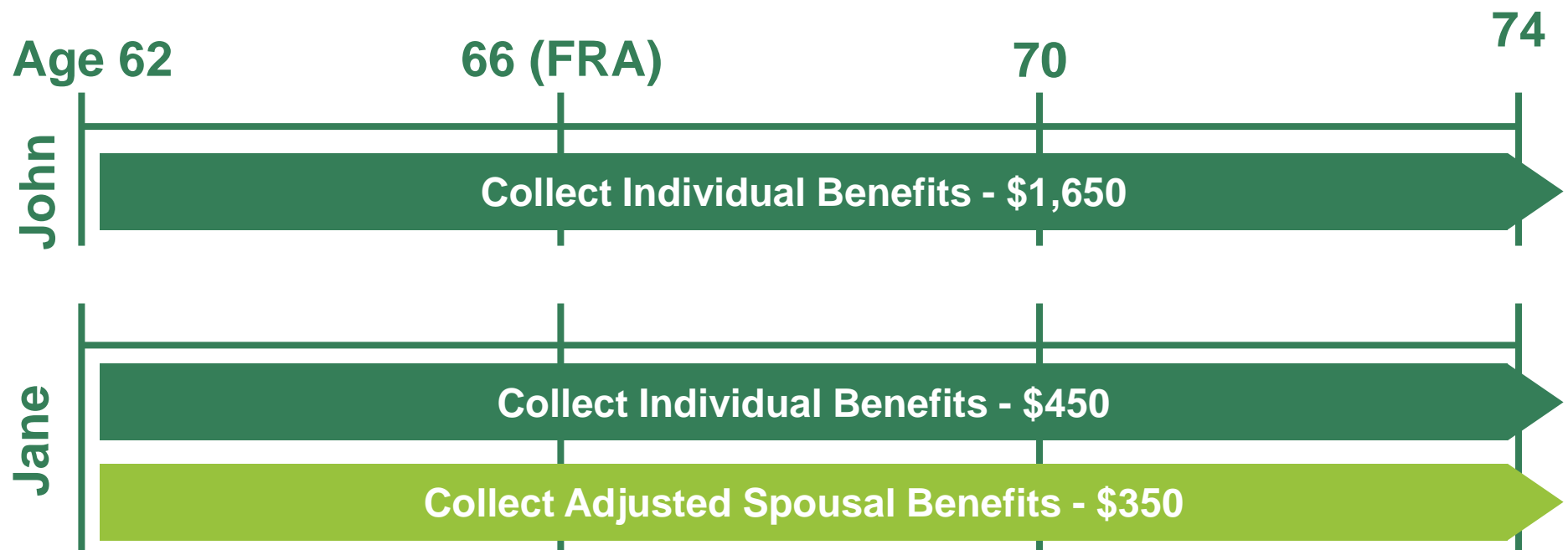
PIA: \$2,200

Lives through age 75

Jane

PIA: \$600

Lives through age 82



John's Benefits	Jane's Benefits	Spousal Benefits	Survivor Benefits	Total
\$277,200	\$75,600	\$58,800	\$152,460	\$564,060

Married Couple – Collect at Age 66 (FRA)

John

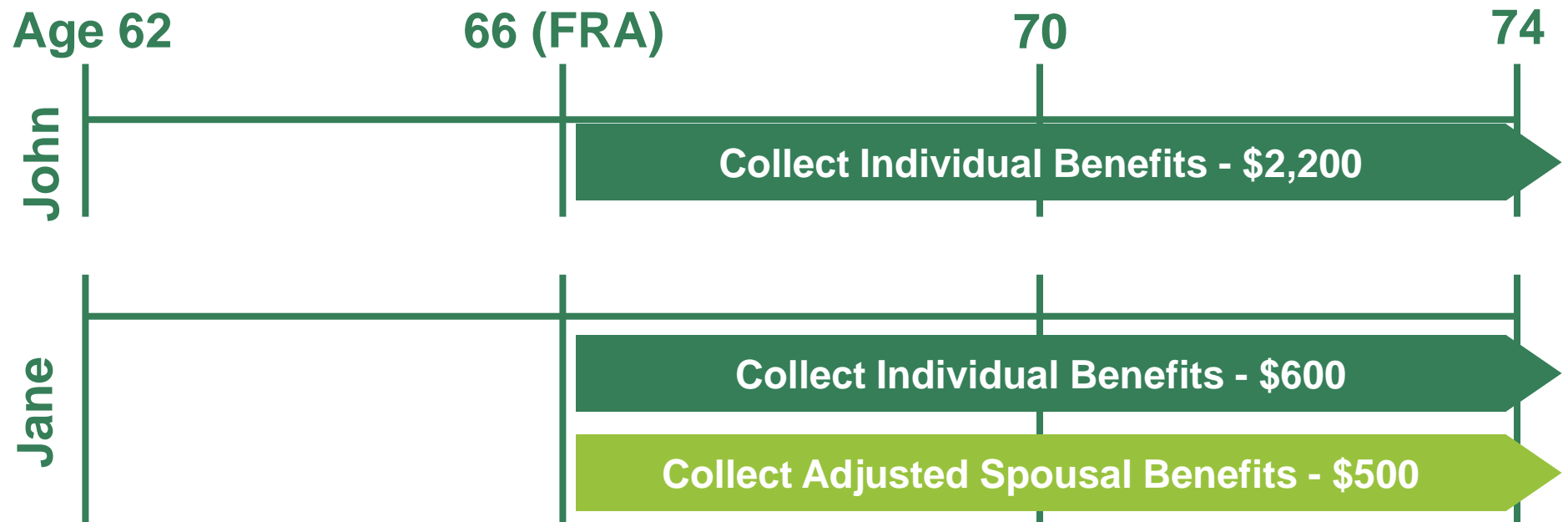
PIA: \$2,200

Lives through age 75

Jane

PIA: \$600

Lives through age 82



Both Age 62

\$564,060

Both FRA

\$580,800

Married Couple – Collect at Age 70

John

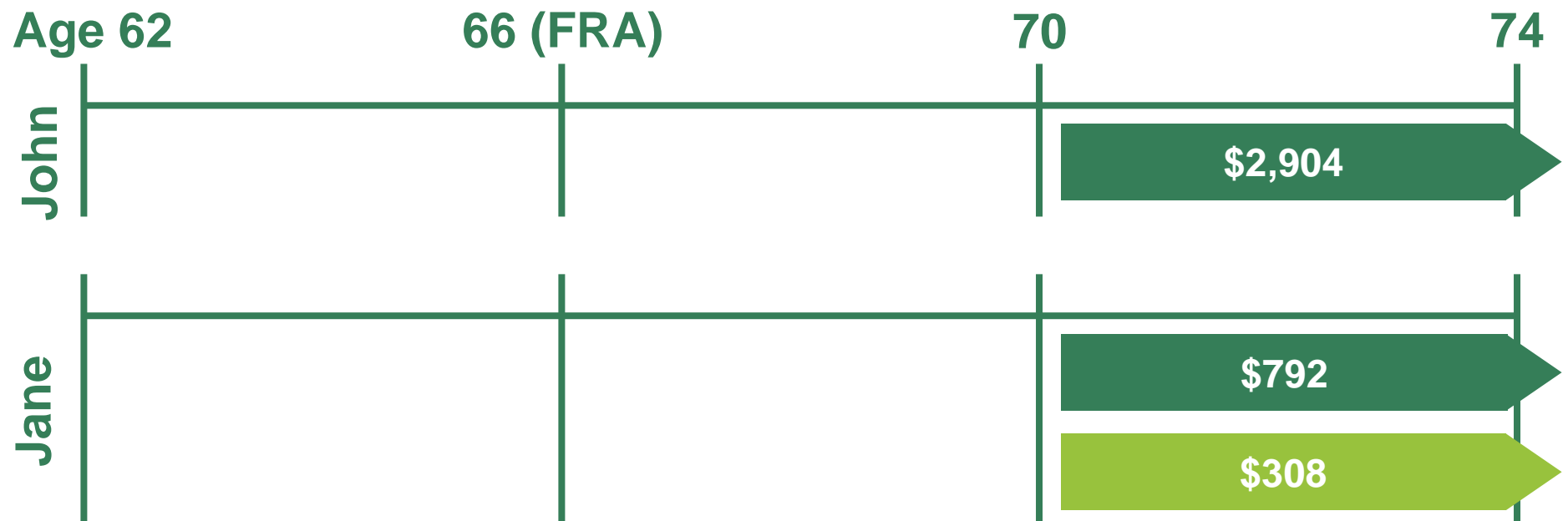
PIA: \$2,200

Lives through age 75

Jane

PIA: \$600

Lives through age 82



Both Age 62

\$564,060

Both FRA

\$580,800

Both Age 70

\$532,224

Married Couple – Large Difference in Benefits

John

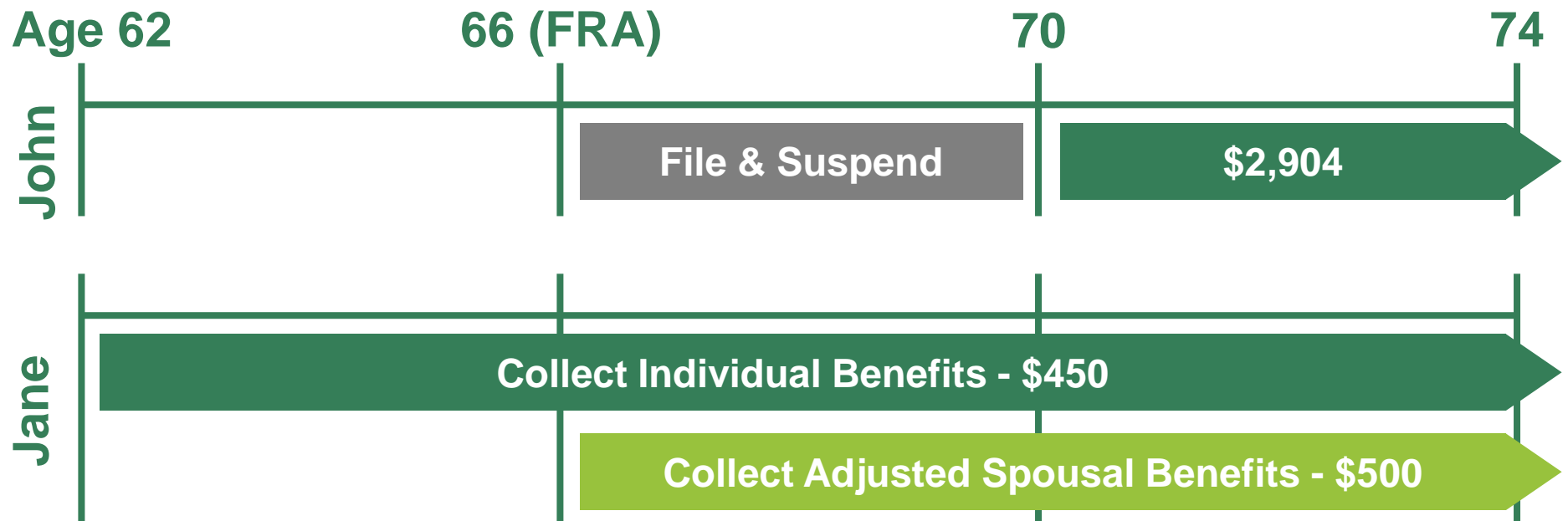
PIA: \$2,200

Lives through age 75

Jane

PIA: \$600

Lives through age 82



Both Age 62	Both FRA	Both Age 70	Strategy
\$564,060	\$580,800	\$532,224	\$588,624

Married Couple – Large Difference in Benefits

John

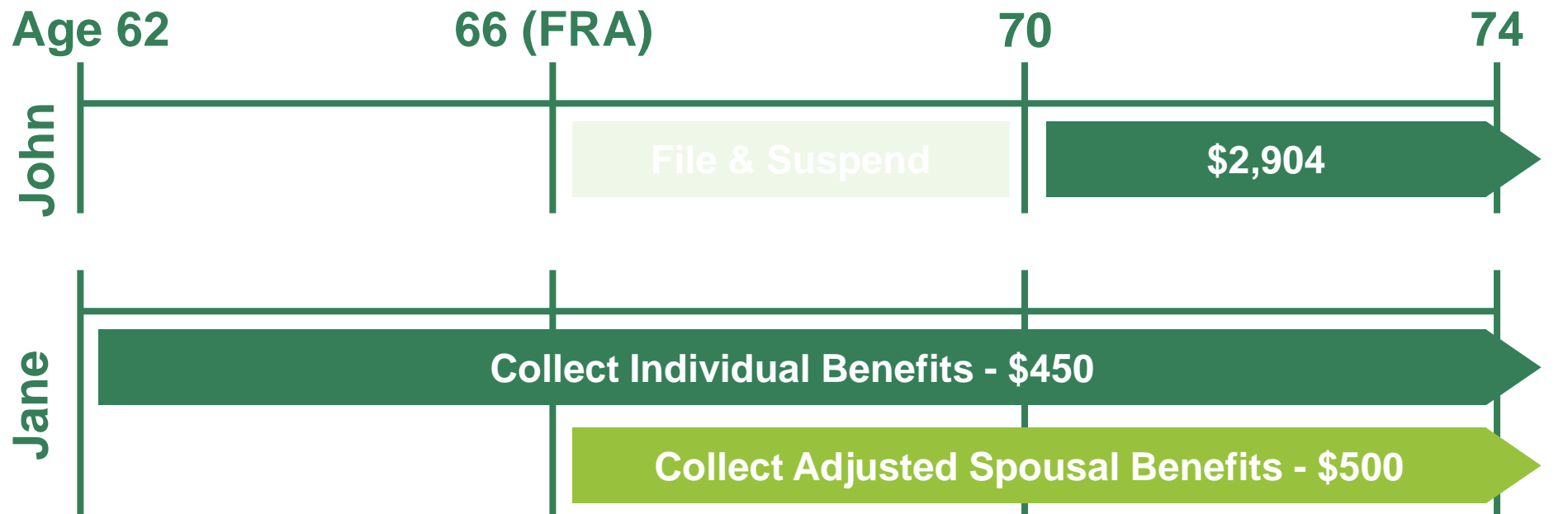
PIA: \$2,200

Lives through age 85

Jane

PIA: \$600

Lives through age 92



Both Age 62

\$858,060

Both FRA

\$976,800

Both Age 70

\$1,012,704

Strategy

\$1,051,104

Married Couple – Small Difference in Benefits

John

PIA: \$2,200

Lives through age 85

Jane

PIA: \$1,400

Lives through age 92



Both Age 62

\$930,060

Both FRA

\$1,048,800

Both Age 70

\$1,156,320

Strategy

\$1,209,120

Married Couple – Intermediate Difference in Benefits

John

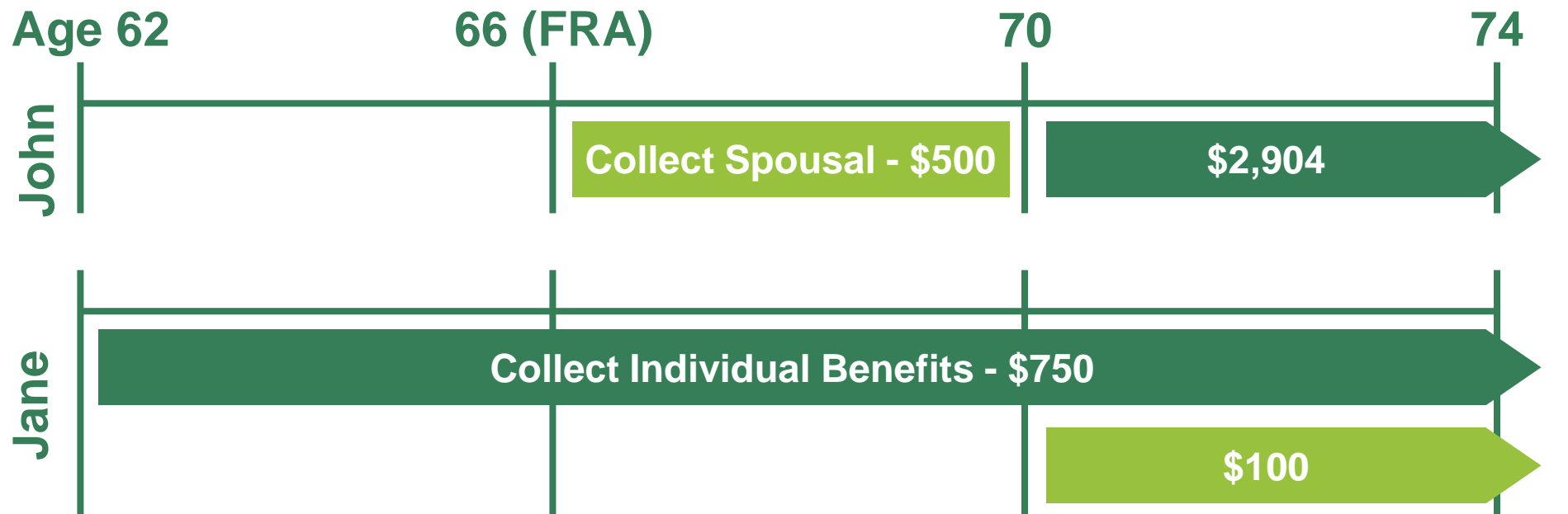
PIA: \$2,200

Lives through age 75

Jane

PIA: \$1,000

Lives through age 82



Both Age 62

\$863,820

Both FRA

\$976,800

Both Age 70

\$1,054,944

Strategy

\$1,060,704

Additional Factor/ Scenarios

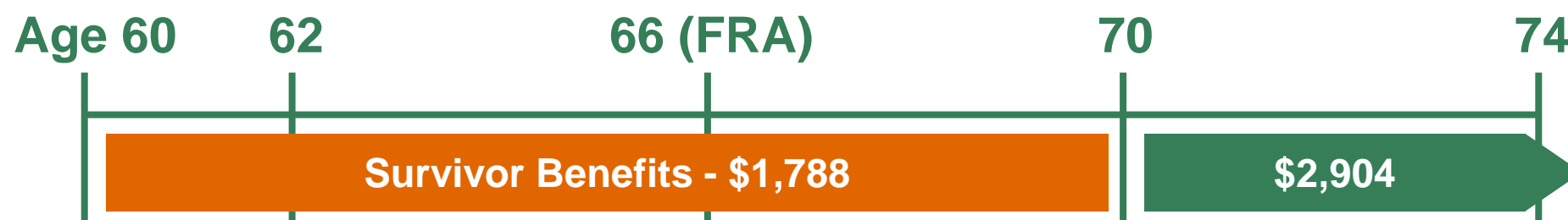
Widow – Significant Individual Benefits

Wendy

PIA: \$2,200

Survivor: \$2,500

Lives through age 92



Age 62
\$753,300

FRA
\$810,000

Age 70
\$801,504

Strategy
\$1,016,004

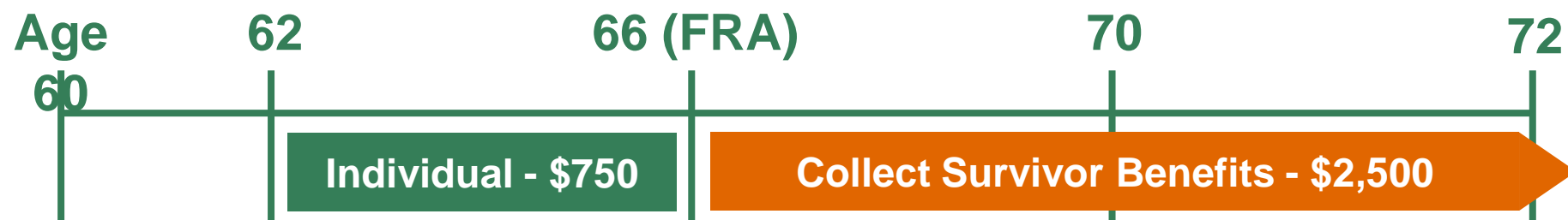
Widow – Lower Individual Benefits

Wendy

PIA: \$1,000

Survivor: \$2,500

Lives through age 92



Age 62
\$753,300

FRA
\$810,000

Age 70
\$690,000

Strategy
\$846,000

Additional Beneficiaries – Divorced Spouse

Spousal Benefits

- ▶ Married to ex-spouse for 10+ years
- ▶ Unmarried
- ▶ Both are at least age 62
- ▶ Divorced for at least 2 years*

Survivor Benefits

- ▶ Married to ex-spouse for 10+ years
- ▶ Unmarried or married after age 60
- ▶ At least age 60

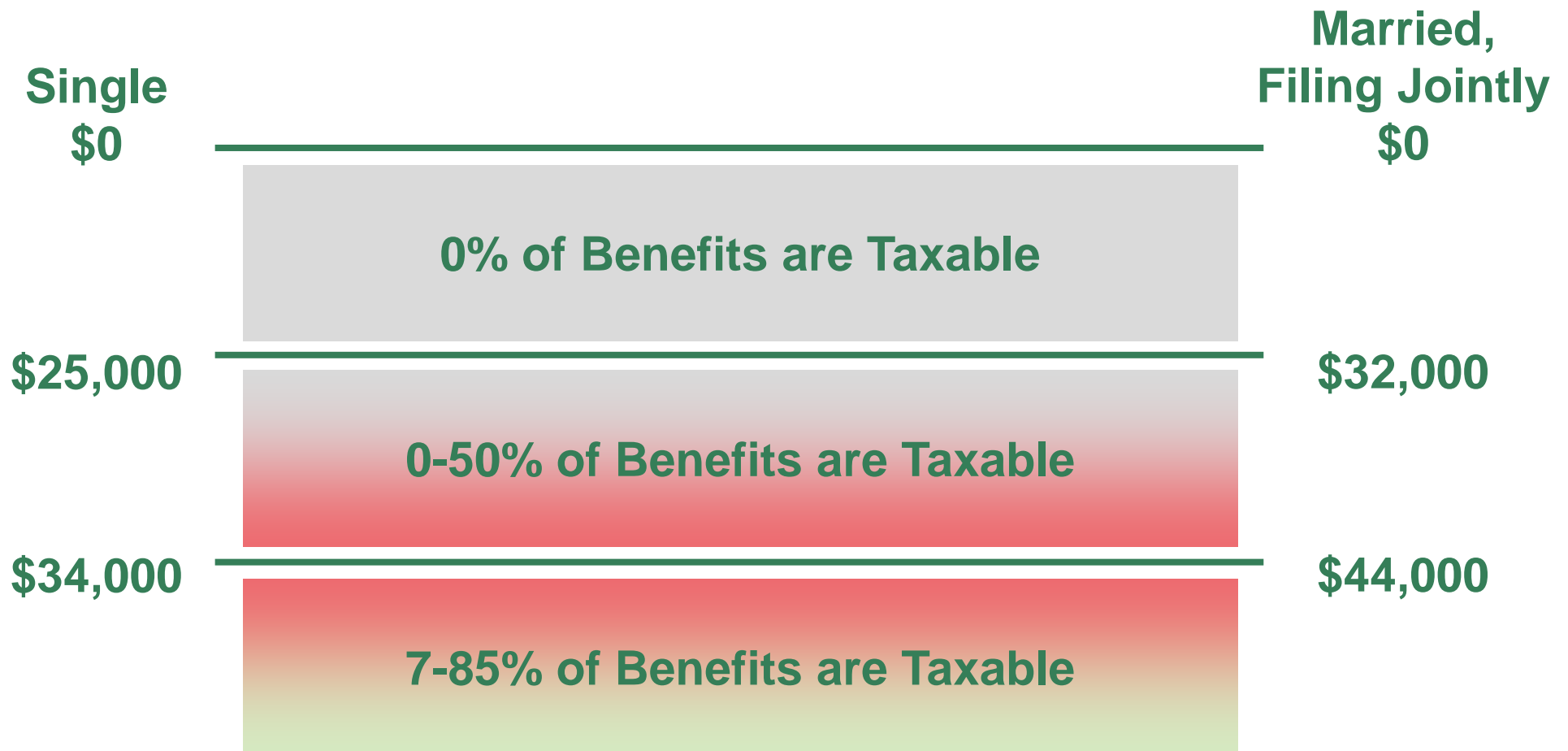
*2 years does not apply if the individual was eligible for spousal benefits at the time of divorce.

Source: Social Security Administration (www.ssa.gov).

Taxation of Social Security benefits

Provisional Income =

$\frac{1}{2}$ Social Security Benefits + Modified Adjusted Gross Income



Source: Social Security Administration (www.ssa.gov).

Government Pension Offset (GPO)

Your pension could reduce your spousal or survivor benefits

$$\begin{array}{r} \text{Pension} \\ \$1,500 \end{array} \quad \times \quad \frac{2}{3} \quad = \quad \begin{array}{r} \text{Offset} \\ \$1,000 \end{array}$$

Spousal Benefits

\$1,100



\$100

Survivor Benefits

\$2,200



\$1,200

Next steps

1. Understand the fundamental rules
2. Recognize the options and benefits available
3. Work with your financial professional to make the best collection decision for your retirement plan
4. Get Social Security Benefits Analysis

Social Security Tool Output

REPORT GENERATED ON 5/17/12

SOCIAL SECURITY BENEFITS ESTIMATOR

BLACKROCK®

Prepared for John Smith | Prepared by Jane Doe

Estimated Monthly Benefits

WIFE'S EARNINGS HISTORY

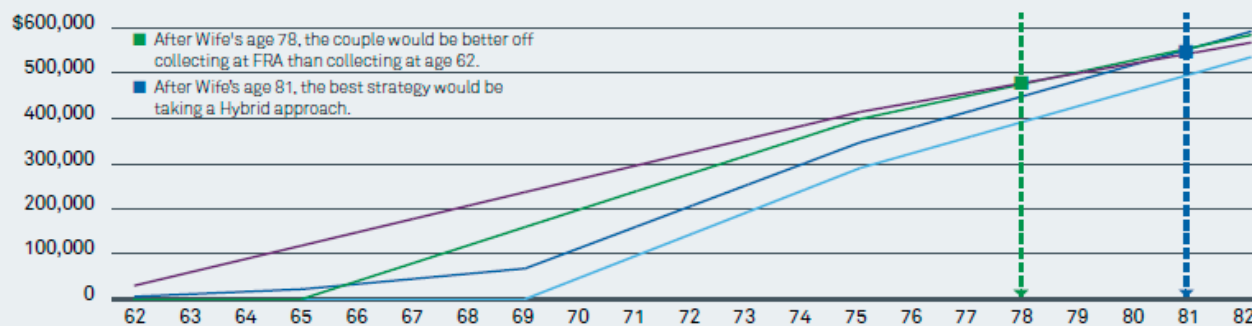
Retirement Age	Monthly Benefits
62	\$450
66 (FRA)	\$600
70	\$792
Full Spousal Benefits for Husband	\$300

HUSBAND'S EARNINGS HISTORY

Retirement Age	Monthly Benefits	Adjusted Spousal Benefits for Wife ¹	Survivor Benefits for Wife
62	\$1,650	\$350	\$1,815
66 (FRA)	\$2,200	\$500	\$2,200
70	\$2,904	\$308	\$2,904
Full Spousal Benefits for Wife	\$1,100		

Estimated Lifetime Benefits

SCENARIO 1: LONGEVITY ASSUMPTIONS: HUSBAND 75, WIFE 82



	Both Collect at Age 62 ²	Both Collect at FRA	Both Collect at Age 70 ²	Custom Hybrid
Wife's Benefits	\$75,600	\$72,000	\$57,024	\$75,600
Wife's Spousal Benefits	\$58,800	\$60,000	\$22,176	\$60,000
Husband's Benefits	\$277,200	\$264,000	\$209,088	\$209,088
Husband's Spousal Benefits	\$0	\$0	\$0	\$0
Wife's Survivor Benefits	\$152,460	\$184,800	\$243,936	\$243,936
Total Benefits Received	\$564,060	\$580,800	\$532,224	\$588,624

Husband's Information

Year of Birth	1950
Full Retirement Age (FRA)	66
Primary Insurance Amount (Benefit at FRA)	\$2,200
Monthly Government Pension Benefits ³	\$500

Wife's Information

Year of Birth	1950
Full Retirement Age (FRA)	66
Primary Insurance Amount (Benefit at FRA)	\$600
Monthly Government Pension Benefits ³	\$200

Assumed Growth Rate

Cost-of-Living Adjustment (COLA)	3%
Investment Return	2%

Hybrid Assumptions

Age Husband Collects	70
Age Husband Collects Spousal	-
Age Wife Collects	62
Age Wife Collects Spousal	66

¹ Spousal benefits are 50% of the spouse's FRA benefits, but are reduced by any amount the individual is entitled to based on his or her own record as well as by two-thirds of any applicable government pension. They are further reduced if spousal benefits are collected prior to the individual reaching FRA. ² If the higher earner is younger, but reaches age 62 before the lower earner has reached FRA, estimates of spousal benefits are discounted based on when the higher earner reaches age 62. ³ The Government Pension Offset amount, which is 2/3 of this value, has been subtracted from the spousal and survivor benefits for this individual.

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