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Social Security

Analysis & Strategy

United Retirement Advisors
John Kieber
14300 N Northsight Blvd
Suite 122
Scottsdale, AZ 85260
480-448-6270

Prepared for Bill Retiree
and Mary Retiree

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EXECUTIVE SUMMARY

For most Americans, Social Security is a significant retirement asset. Making the best possible selections related to your Social Security options can mean a material difference in the income it provides to you over the course of your retirement years. Our firm uses software created by the industry leader in Social Security claiming strategies.

The purpose of this Social Security Analysis and Strategy Report is to:

- Offer a high-level introduction to and education about your Social Security retirement benefit options.
- Help you determine when to begin benefits.

WHAT YOU WILL FIND IN THE FOLLOWING PAGES

We've provided a great deal of information in this report. Some key highlights are:

- An introduction to Social Security, explanation of key terms, and an explanation about how your benefits are calculated.
- An analysis that compares your cumulative Social Security benefits for different starting dates and life expectancies.
- A retirement needs analysis that compares the cumulative financial needs from your financial portfolio needed to meet your projected expenses.
- A case study that demonstrates how the choice of Social Security starting date can extend the financial portfolio's longevity, that is, how long until your savings is exhausted.

Please read the Important Disclosure section at the end of this report.

KEY ASSUMPTIONS ABOUT THIS REPORT

As you review your Social Security Analysis and Strategy Report, please keep in mind that

1. This report is designed to illustrate the importance of your decision on when to begin Social Security benefits and to help you decide the best strategy for your situation. Detailed analysis is needed to compare different strategies side by side, especially if you are married and spousal benefits are considered.
2. This report is provided for informational purposes only. The information and data should not be acted upon or taken as advice. The purpose of the report is to educate and give general guidance to help you craft a personalized approach in taking Social Security.
3. All the information provided is based on current Social Security rules, benefits calculations, and payout promises on existing funding levels.

KEY TERMS

You may find some of these key terms throughout your report.

Children's (or Family) Benefits: Benefits received by dependent children that supplement family income.

Cumulative Benefits: Lifetime payout of Social Security benefits.

Delayed Retirement Credits: Increases in monthly Social Security benefits if you delay taking benefits.

Delayed Strategy: Claiming benefits after Full Retirement Age (FRA) in order to receive increased benefits.

Divorced Benefits: Benefits paid to the divorced spouse of an eligible worker to whom you were married at least 10 years.

Early Strategy: Claiming benefits at any time before Full Retirement Age (FRA).

Earnings Record: The history of your earnings for the years you have worked in your lifetime.

Earnings Test: The reduction in benefits taken if you continue to work while receiving benefits before you reach Full Retirement Age (FRA). Once you reach FRA, the earnings test does not apply to your income, and there is no limit on your earnings.

File and Suspend: A Social Security policy allowing a worker to file an application for retirement benefits but immediately suspend payments. This makes the worker's spouse eligible to file for and receive spousal benefits. This also allows the worker's benefit to accrue delayed retirement credits. However, the Bipartisan Budget Act of 2015 has altered this policy. Beginning 180 days after the date the act was signed into law, no benefits will be paid to any family members when a worker's benefits are suspended.

Full Retirement Age: The age at which you are eligible for your full monthly benefit.

Government Pension Offset (GPO): A provision that reduces and may eliminate the amount of spousal and survivor benefits paid to an individual who is eligible for a pension from work not covered by Social Security taxes.

Inflation: A decrease in the value and purchasing power of money.

Longevity Risk: The risk of running out of resources in your lifetime.

Monthly Benefit Amount: Also known as your Primary Insurance Amount (PIA), this is the benefit you will receive at your Full Retirement Age (FRA).

Non-Covered Pension: Some workers, especially state government employees including teachers, are eligible for a pension for work where Social Security taxes were not withheld from or paid on earnings. Such a pension is known as a non-covered pension.

Primary Insurance Amount: The monthly benefit amount based on your earnings record if you begin your benefits at your full retirement age.

Restricted Application: When a worker is eligible for both his or her own benefit and a spousal benefit, a restricted application can be filed for spousal benefits only, meaning the worker's own benefit will continue to accrue delayed retirement credits. However, the Bipartisan Budget Act of 2015 has altered this policy. Beginning 180 days after the date the act was signed into law, only people age 62 or older on or before January 1, 2016, will have the option to restrict an application for spousal benefits only.

Spousal Benefits: Benefits paid to the spouse of an eligible worker. You must be at least age 62 to claim spousal benefits.

Survivor Benefits: Benefits paid to the surviving spouse of a deceased eligible worker.

WEP-PIA: This term applies to someone who is eligible for a pension from work not covered by Social Security taxes. The WEP-PIA reflects the adjustment to your Primary Insurance Amount because of the Windfall Elimination Provision (WEP).

Windfall Elimination Provision (WEP):A provision that may reduce Social Security benefits based on your earnings history if you are eligible to receive a pension from work not covered by Social Security.

LET'S START WITH THE BASICS...

When you elect to begin receiving Social Security payments is important. You may retire from a career at age 62, but beginning benefits at age 62 may not be the best choice. The age at which you begin will impact your benefits for the rest of your life -- and potentially benefits available to your spouse if you are married.

There are several factors that should be considered before selecting the optimal date to begin benefits. Your health status, life expectancy, need for income, whether or not you plan to continue working, and how concerned you are about running out of money in your lifetime should all be considerations in determining your date to begin benefits. Analysis requires careful consideration of the inputs, assumptions and other factors that will impact your Social Security benefits including the taxation of those benefits.

While having a strategy for when to begin Social Security benefits is important, it is critical to consider Social Security benefits in conjunction with all of your retirement assets for an optimal strategy. Incorporating your benefits into an overall retirement income plan may make a material difference in the amount of income available to you in retirement.

THE IMPACT OF STARTING AGE ON MONTHLY BENEFITS

Many personal and household factors can influence your Social Security retirement benefits, and perhaps the most significant is the age you begin benefits. You can see below the range of benefits you would receive depending on the age you begin benefits. This does not include the impact of spousal benefits if you are married, which can make a significant difference when added in. The information below was created from information you provided.

Bill Retiree	
Monthly benefits if begun at 62	$2,239
Monthly benefits if begun at Full Retirement Age 66	$2,985
Monthly benefits if begun at 70	$3,940
Mary Retiree	
Monthly benefits if begun at 62	$1,420
Monthly benefits if begun at Full Retirement Age 66 and 6months	$1,959
Monthly benefits if begun at 70	$2,508

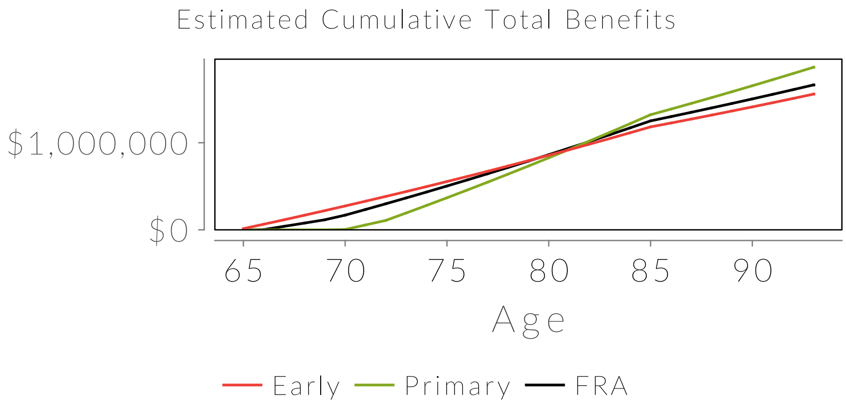
Benefit projections above are based on the estimated Primary Insurance Amount at Full Retirement Age that you provided. Benefit amounts may change based on additional earnings or changes in earnings that can impact the Primary Insurance Amount. If you are already receiving benefits, your actual benefit payments may differ from the estimates above based on when you began collecting. All benefits levels in the table above are expressed in today's dollars. All payments will increase with Cost of Living Adjustments (COLAs). If older than age 62 or if benefits have already started, the amount reflected as the age 62 monthly benefit will be the current benefit eligibility amount.

Not only does the age you begin benefits impact your monthly payments, it also affects your "longevity risk" - the risk of outliving your resources. If you choose to begin receiving Social Security benefits before your Full Retirement Age (FRA), your monthly benefits will be reduced. If you delay the start of benefits until after your Full Retirement Age (FRA), your monthly benefits will be increased. So, the basic tradeoff is between beginning earlier and receiving more but smaller payments or beginning later and receiving fewer but larger payments.

Since Bill was born in 1955, FRA is 66 and any benefit taken before age 66 will be reduced by 5/9% per month for up to 36 months, plus 5/12% per month for the remaining months of the early claim. So, if benefits are begun at age 62, the monthly benefit level would be $2,239. Benefits delayed beyond FRA will grow by 2/3% per month until age 70. Delaying the start of benefits until age 70 will increase the monthly benefit to $3,940. While we've used Bill's information for the purposes of explanation, the same basic calculations apply also to Mary's benefits. All benefit levels are expressed in today's (i.e., inflation-adjusted) dollars and reflect the current promises of the Social Security system, which can be altered by the U.S. Congress at any time.

HOW YOUR PRIMARY STRATEGY MAKES A DIFFERENCE

Your primary strategy for claiming Social Security benefits is customized to your specific situation and is based on the information you provided. To create your primary strategy, our firm analyzed all the possible claiming strategies available to you and the overall benefit each would render. We weighed many factors in suggesting this strategy for you, including monthly benefit amount, your life expectancy, your marital status and others.



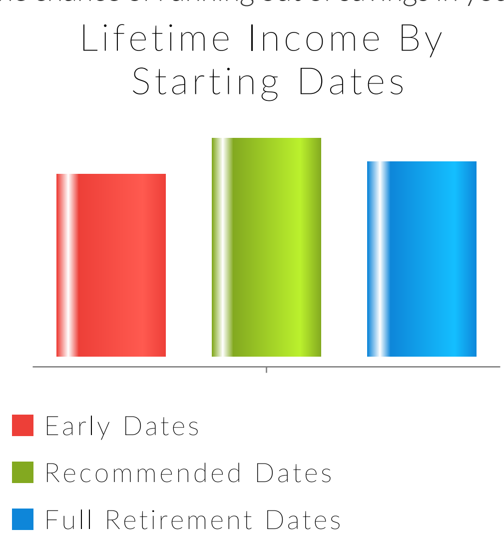
We have suggested a claiming strategy that would pay about

$1,866,231

over your remaining life expectancy. The details of this strategy and how it works are discussed in this report.

Your primary strategy was created using the expected lifetimes of 85 for Bill and 90 for Mary. Given these assumptions, you need to maximize benefits for a potentially long joint life. By maximizing cumulative lifetime benefits, your primary strategy also reduces the chance of running out of savings in your lifetime.

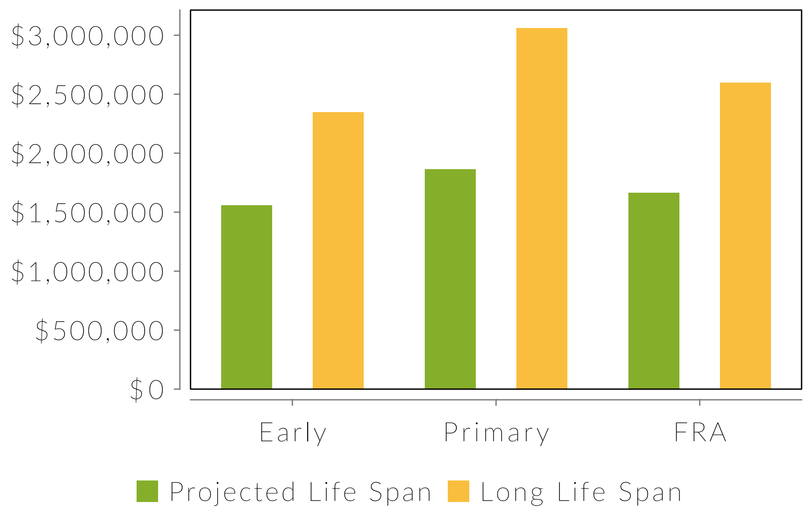
The graph on the right represents the cumulative lifetime benefits you could expect to receive over your life expectancy if you took benefits early (represented by the red bar), at Full Retirement Age (represented by the blue bar), or according to the primary strategy we have created for you (represented by the green bar).



PROTECTION AGAINST LONGEVITY RISK

The best strategy for you balances your cumulative lifetime benefits with the income you can expect to receive from Social Security and any other assets should you live longer than the ages you provided, 85 years for Bill and 90 years for Mary. This concept is known as "longevity risk," or the risk that you will run out of money in your lifetime.

The reason this is an important part of your Social Security decision is that, the longer your life, the longer your retirement savings must last. Getting more from your Social Security benefits means that you will need to withdraw less from your portfolio over the years.



The green bar in the graph on the left illustrates the cumulative lifetime benefit you could expect to receive should you live to the exact life expectancy you provided. The orange bar represents the comparative value of the cumulative lifetime benefits should you live 10 years longer than expected.

THE DIFFERENCE A LONG LIFE MAKES

The table below shows the approximate value of your lifetime cumulative benefits over your life expectancy if you choose to take benefits early, at Full Retirement Age or according to the primary strategy we have created for you. The Short Life Span row illustrates the amount if each of you lives 10 years less than you plan. The Projected Life Span row illustrates the amount if each of you lives to the exact age you provided. The Long Life Span row is the amount you could expect if each of you lives 10 years longer than expected.

	Early Age	Primary Age	Full Retirement Age
Short Life Span	$878,396	$837,451	$858,692
Projected Life Span	$1,557,767	$1,866,231	$1,663,516
Long Life Span	$2,346,102	$3,060,014	$2,597,420

IMPORTANT FILING DATES

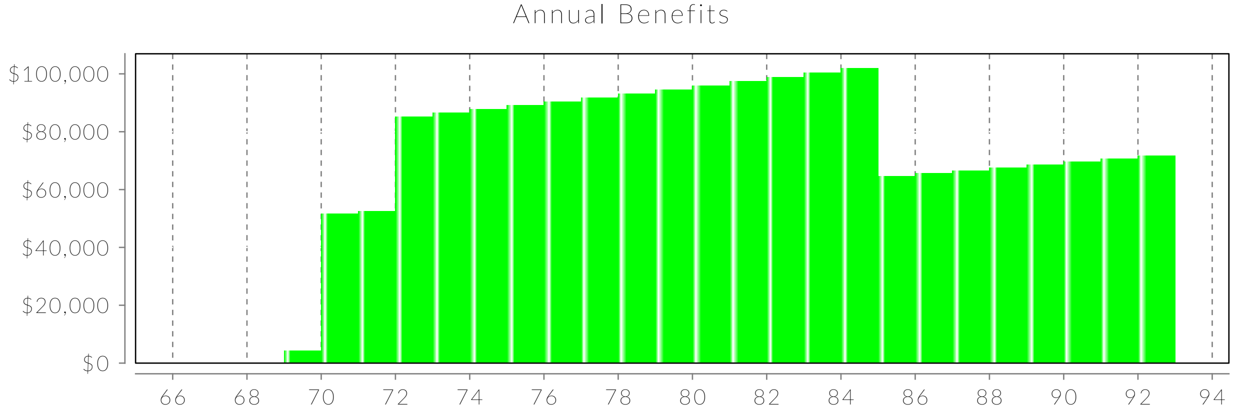
In order for you to take advantage of this strategy, you should pay close attention to these filing dates:

- Bill begins benefits based on his earnings record in the estimated amount of $4,244 in December 2024 at age 70.
- Mary begins benefits based on her earnings record in the estimated amount of $2,662 in January 2027 at age 69 and 1 months.
- In January 2040 Mary switches to survivor benefits in the estimated amount of $5,385.

Be sure to file for benefits about three months before you expect to receive your first payment.

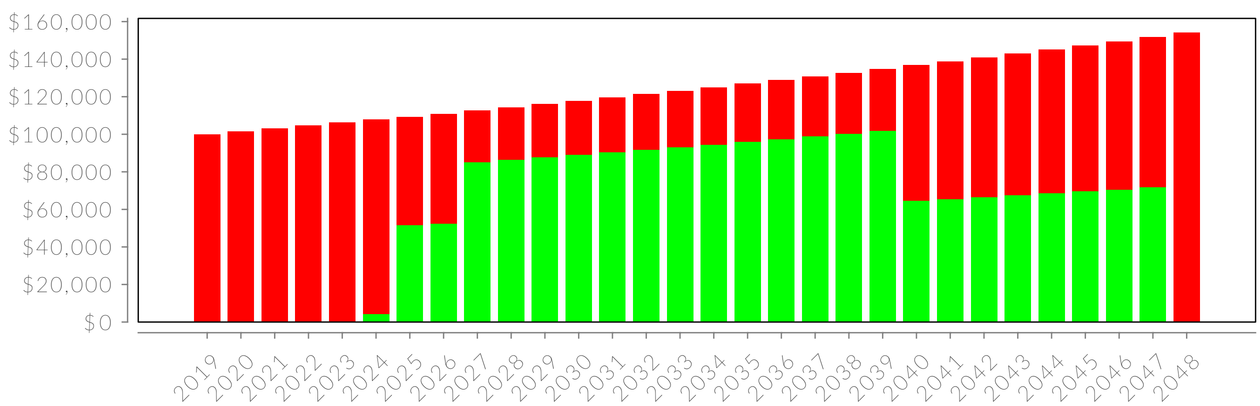
ANNUAL BENEFITS YOU CAN EXPECT BY AGE WITH PRIMARY STRATEGY

The graph below illustrates the annual total income you, or you and your spouse if married, would receive by using the primary strategy.



EXPENSES AND YOUR ANNUAL BENEFITS

The graph below compares your estimated annual spending against your Social Security income. If you are married, the graph illustrates your joint Social Security income. The green lines represent your expected Social Security income, and red lines represent a gap between your income and spending that will need to be addressed. You might have additional savings you can use to meet your spending needs, or you can adjust your spending so that your Social Security income is sufficient. If the graph displays only green bars, your estimated spending does not exceed your social security income.



YOUR PRIMARY SOCIAL SECURITY STRATEGY DETAILS

We've constructed this primary strategy based on the information you provided. Your primary strategy was created to balance two equally important yet separate goals: get the most lifetime income and offer income protection if you live longer than expected. While getting the highest cumulative lifetime benefit may initially seem most important, taking both criteria into account is prudent in the event you live longer than expected. Our tools allow you to compare your primary strategy against other strategies to ensure that the primary strategy is best for your situation.

NOTE: If your selected strategy includes filing a "restricted application for spousal benefits only," be prepared to refer the agent to POMS GN 00204.020 (POMS is the internal process resource used by the Social Security Administration).

- Bill begins benefits based on his earnings record in the estimated amount of $4,244 in December 2024 at age 70.
- Mary begins benefits based on her earnings record in the estimated amount of $2,662 in January 2027 at age 69 and 1 months.
- In January 2040 Mary switches to survivor benefits in the estimated amount of $5,385.

HERE'S WHY YOUR PRIMARY STRATEGY WAS SELECTED:

The primary strategy reflects a specific strategy for claiming your Social Security benefits and is in line with two goals shared by most retirees: maximizing expected lifetime benefits and minimizing longevity risk. It also has incorporated any complicated strategies around spousal benefits that will result in more money for you.

Our primary strategy is based on your life expectancy inputs and is the strategy that will likely provide the greatest cumulative lifetime benefit. However, because you are married, you should also consider survivor benefits in your claiming strategy. A surviving spouse can receive the larger of the two benefit amounts, but not both. If at least the higher earner waits to begin benefits on his or her earnings record until age 70, survivor income will be greatest. However, if you live a short life, waiting may increase survivor benefits, but it may not provide the greatest cumulative lifetime payout over your joint lifetimes. You should carefully consider these factors as you determine your best starting age.

Furthermore, because waiting to claim benefits increases your benefit with delayed retirement credits, it decreases the amount of money that must be withdrawn from savings each month and reduces the chance that a surviving spouse will run out of money in his or her lifetime.

If your primary strategy states that one of you should "file and suspend" or "file a restricted application," be certain that you are clear about this with the agent taking your application. It is not uncommon for an agent to be unfamiliar with a claiming strategy. If the agent is hesitant, ask to speak with a "technical expert" or an office manager. Also note: the Bipartisan Budget Act of 2015 made changes to Social Security law that impact these two strategies. If these are part of your primary strategy, note that there are deadlines that may impact your ability to use them. Before adopting your primary strategy, or any other strategy, talk with your financial professional.

HERE'S WHEN IT MIGHT NOT WORK:

Your primary strategy may not be your best choice if either of you live significantly longer or shorter than projected, or if you continue to work and are younger than Full Retirement Age.

If you continue to work and are younger than Full Retirement Age:

- Social Security benefits based on your earnings record (including your spouse's spousal benefits) will be subject to an earnings test, which could reduce those benefits. The earnings test does not apply after you reach Full Retirement Age.
- If the earnings test will result in the loss of most or all of these benefits, you should consider waiting until Full Retirement Age (or until you stop working, whichever is sooner) to file for benefits.

*This primary strategy assumes you will not receive a pension from work not covered by Social Security. If this assumption does not apply to you, the primary strategy may not be your best strategy for claiming Social Security benefits.

WHY TAXES MATTER

Many people are not familiar with taxation on Social Security benefits. If Social Security is your only income, benefits will not be taxable. But if you have other income, including income from a pension, withdrawals from a 401(k), or investment income, taxes may be owed on up to 85% of your benefits. For each taxpayer, there is a range of income where 50% or 85% of their Social Security benefit is included in their taxable income. The actual rate that applies depends on your marginal tax rate. This tax effect can make a significant difference in the Social Security benefit you are able to collect and may mean you should use an alternate claiming strategy. If you plan to work after beginning Social Security benefits and before reaching your Full Retirement Age, we may be able to assist with some careful analysis and planning intended to reduce the impact of taxes on your benefits.

ANALYSIS OF CUMULATIVE LIFETIME BENEFITS

On the following pages, you will see schedules that compare the differences between two Social Security claiming strategies.

Schedule 1 illustrates the difference in both monthly and cumulative lifetime benefits between two strategies for claiming benefits. The "breakeven line" indicates the age at which one strategy begins to pay more in benefits than the other, meaning that if you live beyond that age, the primary strategy is probably the best choice for your situation.

Schedule 2 calculates the amount of funds you will need to withdraw from your savings each year to supplement your Social Security benefits in order to meet your expected spending needs. It shows the annual and cumulative withdrawals for each of the two strategies. The breakeven line marks the age at which the two strategies require the same amount of cumulative withdrawals from your financial portfolio.

Typically, starting Social Security benefits early will require smaller withdrawals from your financial portfolio in the early years because the Social Security income is helping to meet your spending needs. In contrast, waiting to begin benefits will provide a significantly higher monthly benefit for the remainder of your lifetime. The result is that your savings may last longer because the larger Social Security benefit allows you to withdraw less from your portfolio over time.

SCHEDULE 1

Breakeven Analysis comparing two strategies:

Year	Bill	Mary	Full Retirement Age				Primary				Difference
			Bill (PIA=2985.0)	Mary (PIA=1959.0)	Annual Benefits	Cumulative Benefits	Bill (PIA=2985.0)	Mary (PIA=1959.0)	Annual Benefits	Cumulative Benefits	
2019	65	62	$0	$0	$0	$0	$0	$0	$0	$0	$0
2020	66	63	$3,030	$0	$3,030	$3,030	$0	$0	$0	$0	($3,030)
2021	67	64	$3,075	$0	$36,901	$39,931	$0	$0	$0	$0	($39,931)
2022	68	65	$3,121	$0	$37,454	$77,385	$0	$0	$0	$0	($77,385)
2023	69	66	$3,168	$0	$38,016	$115,401	$0	$0	$0	$0	($115,401)
2024	70	67	$3,216	$2,110	$53,357	$168,758	$4,244	$0	$4,244	$4,244	($164,514)
2025	71	68	$3,264	$2,142	$64,865	$233,623	$4,308	$0	$51,696	$55,940	($177,683)
2026	72	69	$3,313	$2,174	$65,837	$299,460	$4,373	$0	$52,471	$108,412	($191,048)
2027	73	70	$3,362	$2,206	$66,823	$366,283	$4,438	$2,662	$85,205	$193,616	($172,667)
2028	74	71	$3,413	$2,239	$67,824	$434,107	$4,505	$2,702	$86,482	$280,098	($154,009)
2029	75	72	$3,464	$2,273	$68,839	$502,946	$4,572	$2,743	$87,775	$367,873	($135,073)
2030	76	73	$3,516	$2,307	$69,870	$572,816	$4,641	$2,784	$89,089	$456,962	($115,854)
2031	77	74	$3,568	$2,342	$70,918	$643,733	$4,710	$2,825	$90,426	$547,388	($96,345)
2032	78	75	$3,622	$2,377	$71,981	$715,714	$4,781	$2,868	$91,781	$639,169	($76,545)
2033	79	76	$3,676	$2,412	$73,060	$788,774	$4,852	$2,911	$93,157	$732,326	($56,448)
2034	80	77	$3,731	$2,448	$74,154	$862,928	$4,925	$2,954	$94,552	$826,878	($36,050)
2035	81	78	$3,787	$2,485	$75,265	$938,193	$4,999	$2,999	$95,969	$922,847	($15,346)
Break Even Point											
2036	82	79	$3,844	$2,522	$76,393	$1,014,586	$5,074	$3,043	$97,408	$1,020,254	$5,668
2037	83	80	$3,902	$2,560	$77,538	$1,092,124	$5,150	$3,089	$98,867	$1,119,121	$26,997
2038	84	81	$3,960	$2,598	$78,700	$1,170,824	$5,227	$3,135	$100,349	$1,219,470	$48,646
2039	85	82	$4,019	$2,637	$79,879	$1,250,703	$5,306	$3,182	$101,854	$1,321,323	$70,620
2040	86	83	$0	$4,080	$48,955	$1,299,658	$0	$5,385	$64,620	$1,385,943	$86,285
2041	87	84	$0	$4,141	$49,688	$1,349,347	$0	$5,466	$65,588	$1,451,532	$102,185
2042	88	85	$0	$4,203	$50,434	$1,399,780	$0	$5,548	$66,571	$1,518,103	$118,323
2043	89	86	$0	$4,266	$51,190	$1,450,970	$0	$5,631	$67,570	$1,585,673	$134,703
2044	90	87	$0	$4,330	$51,956	$1,502,926	$0	$5,715	$68,582	$1,654,255	$151,329
2045	91	88	$0	$4,395	$52,735	$1,555,661	$0	$5,801	$69,610	$1,723,865	$168,204
2046	92	89	$0	$4,461	$53,526	$1,609,187	$0	$5,888	$70,654	$1,794,518	$185,331
2047	93	90	$0	$4,527	$54,329	$1,663,516	$0	$5,976	$71,713	$1,866,231	$202,715
2048	93	90	$0	$0	$0	$1,663,516	$0	$0	$0	$1,866,231	$202,715

Important Disclosure

The Balanced Budget Act of 2015 created changes to the rules of Social Security. These rule changes, as interpreted by Social Security Solutions, Inc., have been implemented in the software that produced this report. However, it remains possible that there will be additional changes to the rules and to the software at a later date. You should not proceed with any claiming strategy without seeking advice from a qualified financial professional.

This report is for informational purposes only. All the information provided is based on Social Security rules, benefit calculations, and payout promises of existing Social Security policy at the time this report was printed. The purpose of the report is to educate and give general guidance to help craft a personalized approach to taking Social Security.

The Social Security claiming strategy highlighted in this report was generated based on information you provided. That information included estimates of your and, when applicable, your spouse's Primary Insurance Amount, life expectancy(ies), and date(s) of birth. If this information you provided, including your life expectancy projection(s), should prove wrong after the fact, then the primary strategy may not be the best strategy after the fact. Before selecting this or any other claiming strategy, you should analyze and compare it with other scenarios generated by your financial professional. The optimal strategy for a specific client depends, in part, on that client's tradeoff between the goals of maximizing expected lifetime benefits and minimizing the risk of outliving his or her financial assets. As such, it is ultimately the responsibility of the client to carefully consider the primary strategy before adopting it as his, her or their own. This report should be used only as a general guideline and not as the ultimate source of information about Social Security claiming strategies.

This report was created using software developed by Social Security Solutions, Inc. Social Security Solutions, Inc. shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to be caused, directly or indirectly, by information contained in this report.

This report and the analysis here within are based on certain assumptions selected by the financial professional who produced this report using our software about future economic conditions and events that may not turn out to be correct. The analysis in this report assumes the average wage growth will follow the predictions laid out in 2018 Intermediate, a cost of living adjustment in the amount of 1.5 percent will be given each year in the future, and future dollar amounts are discounted at a rate of 0.0 percent. Social Security Solutions, Inc.is under no obligation to update such written statements if conditions change or unexpected occurrences happen to affect the report afterwards.