Maximize Social Security in Your Retirement Strategy
Interactive experience

Strategies, tools and tips
Key topics

Explore the benefits of waiting to claim Social Security

Discuss strategies to create a comprehensive plan

Take the first step toward creating your plan
Which will contribute to your retirement income plan?

“How can I make my money last while covering my retirement expenses?”

Your Retirement Goals

- Identify your retirement expenses
- Make use of savings and income sources
Allocating your retirement paycheck

Cover essential expenses with Reliable Income

Cover discretionary expenses with Variable Income
Funding your retirement paycheck

Variable Income

Reliable Income

Investment Portfolio

Variable Annuities

Fixed Income Annuities

Social Security and Pensions
Social Security’s Role in Your Retirement Strategy
What is Social Security?

Part of a government social welfare and insurance program

Pays benefits to retirees, disabled people, and survivors of deceased workers

XXX-XX-XXXX
Qualifying for Social Security

1. You worked for a “covered” employer
2. You earned at least 40 “credits”
3. You are at least 62 years old
A covered employer is one that pays Social Security taxes.

You might be able to get some benefits if you didn’t work for a covered employer.
2. You earned at least 40 credits

$10 \times 4 = 40$

QUALIFY FOR SOCIAL SECURITY
3. You are at least 62 years old

You must be at least 62 years old to start claiming benefits.

Full Retirement Age (FRA) ranges from age 66 to 67.

Waiting until age 70 yields the maximum benefit.
### 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
Why it’s better to wait until Full Retirement Age

Your benefit is calculated based on your Full Retirement Age

Eligible to claim at age 62

Not waiting: Permanently reduced benefit amount

Waiting: Benefit increases each year until age 70
Deciding when to claim

- How long you may live
- Your overall financial situation
- Your marital status
Reasons to wait

- You are healthy
- Have longevity in your family
- Have additional income sources
- Plan to continue working
Social Security as part of your retirement paycheck

Your Own Sources: 67%

Outside Sources: 33%

Source: Social Security Administration, "Income of the Aged Chartbook, 2012" published April 2014. Based on highest quintile of $63,648. For illustrative purposes only.
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
When to claim your benefit

- **Earliest age for surviving spouse benefits**
  - Age 60
  - Benefit permanently reduced 25%–30%
  - Can reduce surviving spouse benefit

- **Earliest age to claim**
  - Age 62

- **Medicare eligibility**
  - Age 65

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

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

**Permanent Reduction if claiming before FRA**

**Delayed Retirement Credits**
Claiming before Full Retirement Age

<table>
<thead>
<tr>
<th>AGE</th>
<th>BENEFITS %</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>70%</td>
</tr>
<tr>
<td>63</td>
<td>75%</td>
</tr>
<tr>
<td>64</td>
<td>80%</td>
</tr>
<tr>
<td>65</td>
<td>87%</td>
</tr>
<tr>
<td>66</td>
<td>93%</td>
</tr>
<tr>
<td>67</td>
<td>100%</td>
</tr>
<tr>
<td>68</td>
<td>108%</td>
</tr>
<tr>
<td>69</td>
<td>116%</td>
</tr>
<tr>
<td>70</td>
<td>124%</td>
</tr>
</tbody>
</table>

FULL RETIREMENT AGE OF 67
Waiting to claim

JESSICA

<table>
<thead>
<tr>
<th>Age</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>$1,200</td>
</tr>
<tr>
<td>66 (FRA)</td>
<td>$1,600</td>
</tr>
<tr>
<td>70</td>
<td>$2,112</td>
</tr>
</tbody>
</table>

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.
Source: ssa.gov.
Based on information input to Social Security Quick Calculator for an individual turning 62 in 2016 with earnings of at least $118,500. This hypothetical example is for illustrative purposes only. It is not intended to predict or project your Social Security breakeven age.
Ways to claim Social Security

1. Your own work record
2. A spouse’s work record (current or ex-spouse)
3. A deceased spouse's work record (including ex-spouse)
Spousal benefit

You have a work record and a spouse

- Any additional spousal benefit is added on
- Your benefit is paid first

You do not have a work record, but your spouse does

- If eligible for both, you’ll receive the larger of the two
- Your benefit is based on your spouse’s earning history

Your benefit will be reduced if you claim before your FRA. Your maximum spousal benefit is half of your spouse’s total Social Security benefit.

For illustrative purposes only and based on Social Security rules in effect at the time of publication, and subject to change at any time.
Tips for couples

- Similar ages and incomes: Delay claiming
- Both planning shorter retirements: Claim earlier
- Maximize the survivor benefit: Claim later
Waiting until age 70 would increase the couple’s lifetime benefits and Elaine’s survivor benefits—if she outlives Aaron.

For illustrative purposes only. All lifetime benefits are expressed in present values, calculated using an inflation-adjusted discount rate and life expectancies of 85 and 94 for husband and wife, respectively. The numbers are sensitive to, and would change with, the discount rate and life expectancy assumptions.
Survivor benefit

<table>
<thead>
<tr>
<th>Widow(er) Claims Survivor Benefit At:</th>
<th>% of Deceased Spouse’s Benefit:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 50–59 (only if disabled)</td>
<td>71.5%</td>
</tr>
<tr>
<td>60</td>
<td>71.5%</td>
</tr>
<tr>
<td>61</td>
<td>76.25%</td>
</tr>
<tr>
<td>62</td>
<td>81%</td>
</tr>
<tr>
<td>63</td>
<td>85.75%</td>
</tr>
<tr>
<td>64</td>
<td>90.5%</td>
</tr>
<tr>
<td>65</td>
<td>92.25%</td>
</tr>
<tr>
<td>66+</td>
<td>100%</td>
</tr>
</tbody>
</table>

Two Options for the Survivor

1. Take the survivor benefit at 60
   
   Switch to his or her own benefit at 70

2. Take his or her own benefit at 62
   
   Switch to survivor benefit at 66
Divorce

You and your ex-spouse are age 62 or older

Marriage lasted at least 10 continuous years

You have not remarried
Advantages of working in retirement

- Keep building retirement savings
- Contribute to a workplace savings plan
- Make catch-up contributions
- May increase Social Security benefit
Do you plan on working in retirement?

A

Y

ES

OR

B

N

O

O
Working in retirement

- Working temporarily reduces your benefit
- Claiming early and working part-time hurts twice
- Keeping earnings low can minimize benefit reduction
- Understanding the benefit reduction rules
## Tax considerations

### 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 income limit</td>
</tr>
<tr>
<td>Reach FRA during year</td>
<td>$1 for every $3 over income limit</td>
</tr>
<tr>
<td>Reach the month of FRA</td>
<td>No reduction</td>
</tr>
</tbody>
</table>

- A portion of your Social Security benefit might be taxable
- The higher your income, the more likely your benefit will be taxed

[VIEW IRS.GOV FOR ANNUAL LIMITS](https://www.irs.gov)
Bridge strategy

- **AGE 62**: Retire at 62
- **AGE 63**
- **AGE 64**
- **AGE 65**
- **AGE 66**
- **AGE 67**: Claim Full Benefit at 67

**BRIDGE**
Take the first step
Next steps

Provide a comprehensive view of your retirement plan

Review and evaluate investment strategies

Are available for help; call 800.343.0860 or 800.603.4015
Next steps

Visit www.SSA.gov

Explore tools and resources
Resources

Screenshot is for illustrative purposes only.
Thank You!
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Note: Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for Social Security retirement benefits. People born before 1929 need fewer years of work. Contact the Social Security Administration for more details.

The PDF of today’s presentation available for download should not be circulated any further and this content is only current for the next 30 days.

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