

Make the Most of Social Security

Imagining
tomorrow.





Did you know?

Average annual Social Security benefit?

\$18,228 (men)
\$14,424 (women)

What percent fail to maximize their benefits?

71%

Maximum monthly benefit in 2017?

\$2,788

How much “replacement income” can highest wage earners expect?

15%

Source: Social Security Fact Sheet, 2018. Annual Statistical Supplement to the Social Security Bulletin, 2017 (released March 2018). Income of the Aged Chartbook, 2014, published 2016.

Social Security decisions are inherently complex.



Delayed Retirement Credits Non-covered pension

Survivor Benefits Windfall Elimination Provision **FRA**

WEP-PIA “2/3% per month for up to 48 months” Disability Benefits
“5/9% for up to 36 months, plus 5/12% for the next 12 months”

“People born on January 1 of any year should refer to the previous year to determine their FRA.”

Primary Insurance Amount **Earnings Record** Spousal Benefits

Retirement Benefits “...benefits will be reduced by \$1 for every \$2 you earn over the annual limit, or \$1 for every \$3 you earn after FRA.”

Taxes may be owed on up to 85% of your benefits

Government Pension Offset

PIA

Divorced Benefits

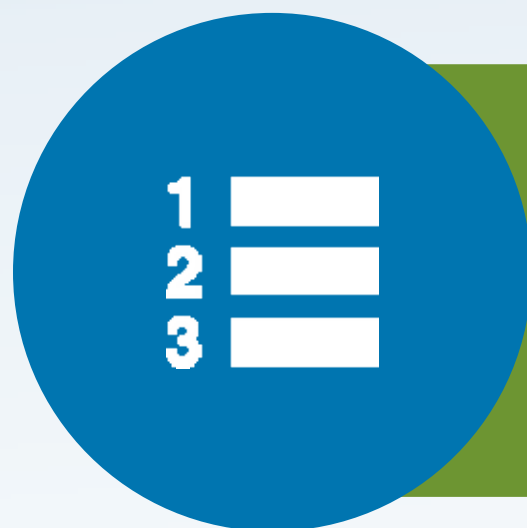
Delay Strategy

“...If you remarry before age 60...”
“...If you were married for 10 years...”
“...If you work less than 35 years...”



Let's talk about Social Security

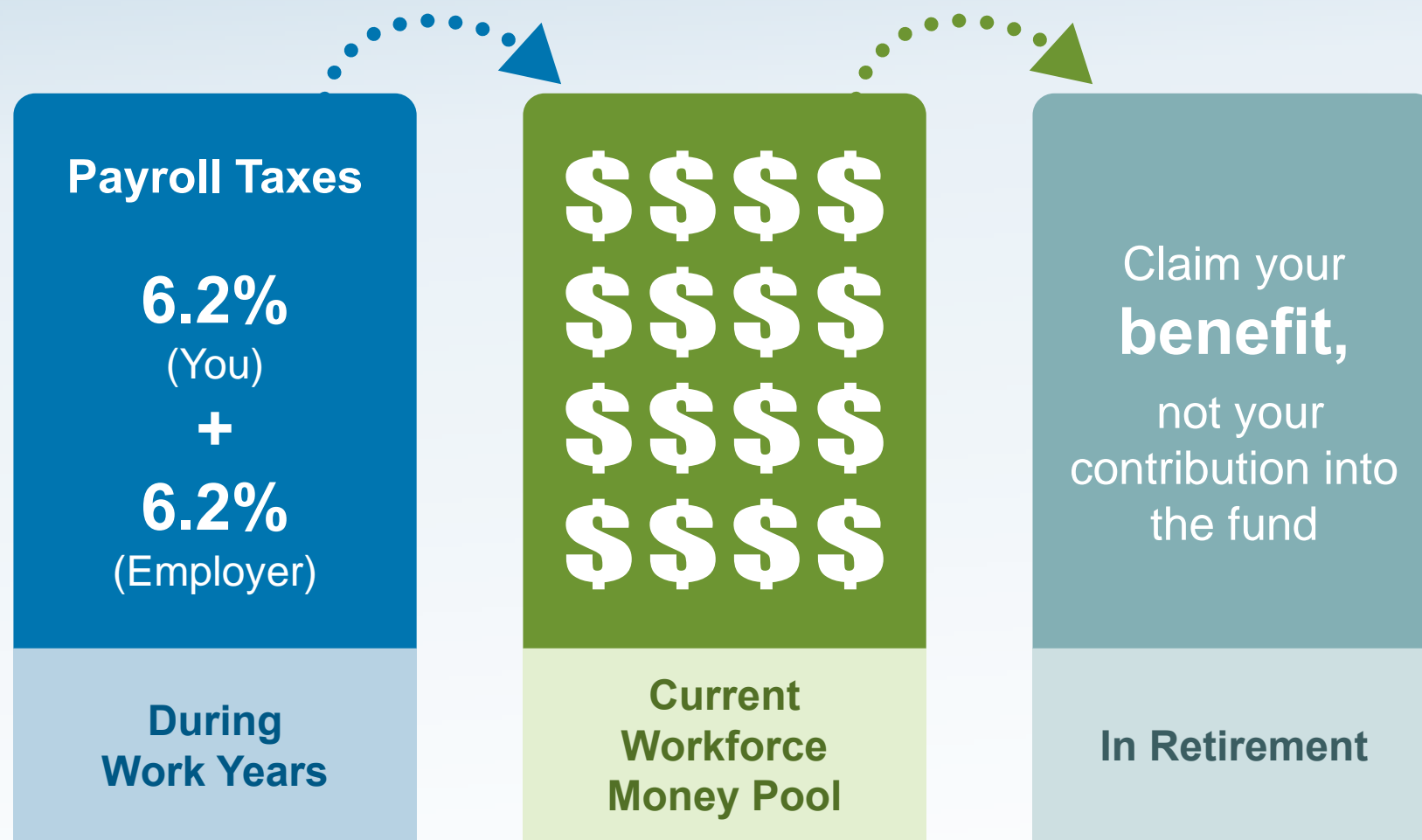
- The basics
- Calculating your benefit
- Your personal situation and claiming options
- Considerations before you claim
- Steps you can take
- Q&A



The basics



Isn't it my money?



Will Social Security be there?

Imagining
tomorrow.



Social Security is a critical component of your retirement income plan.



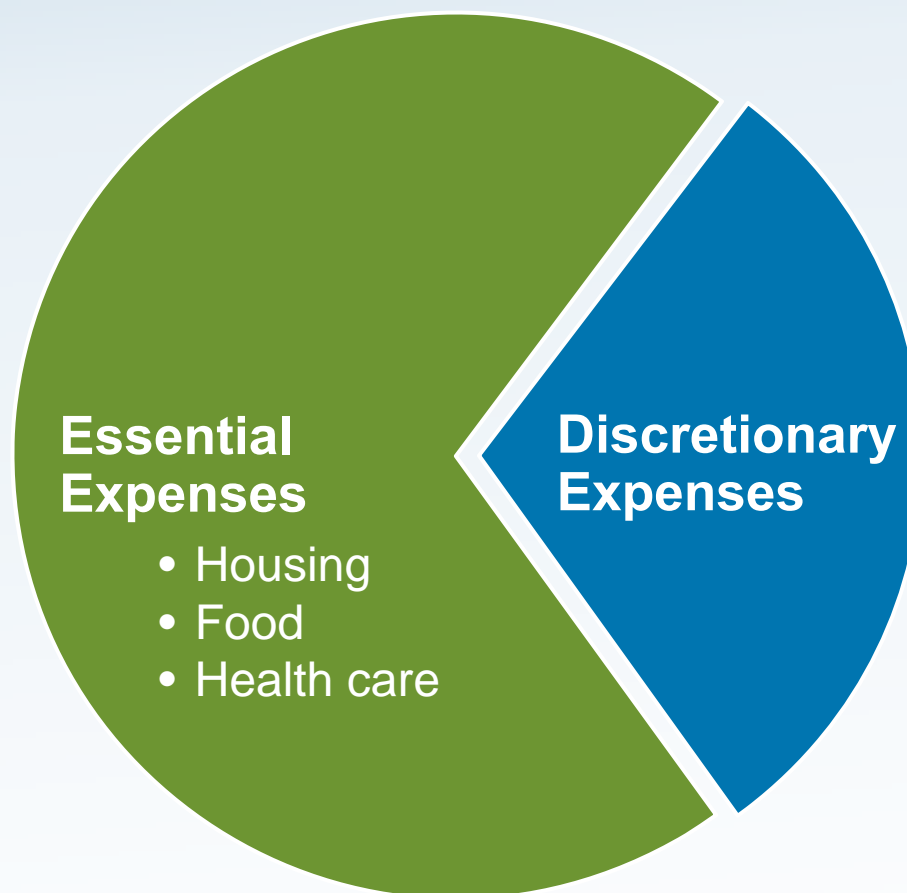
A detailed **plan** that can help you determine how to use your **financial resources** to generate **income to last** the rest of your life

Social Security income is best used to cover essential expenses.



Hard to beat its combination of:

- Monthly income
- Longevity protection
- Spousal coverage
- Cost-of-living adjustments (COLAs)



Get to know www.SSA.gov.



The screenshot shows the homepage of the Social Security website. At the top is a dark blue header with the Social Security Administration logo, the text "Social Security", and navigation links for "SEARCH", "MENU", "LANGUAGES", and "SIGN IN/UP". Below the header is a large banner area. On the left is a large image of a globe in a field of green grass with the text "Earth Day Go Green! Use our online services". To the right are four smaller images: "Retirement" (an elderly couple), "Disability" (a family), "Change of Address" (a couple moving), and "What You Can Do Online" (a couple looking at a laptop). Below these are four service tiles, each with an icon, a title, and a description:

- my Social Security** (hand icon): Check out your *Social Security Statement*, change your address & manage your benefits online today.
- Social Security Number** (ID card icon): Your Social Security number remains your first and continuous link with Social Security.
- Retirement Estimator** (calculator icon): Calculate your benefits based on your actual Social Security earnings record.
- FAQs** (question mark icon): Get answers to frequently asked questions about Social Security.

Determining your Full Retirement Age (FRA)



You are eligible for full Social Security benefits when you reach your FRA

Unless you have a January 1 birthday!

Year you were born	Your full retirement age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67



How you qualify for retirement benefits

1.

On your own work record

You earned 40 credits
1 credit = \$1,320 in wages

2.

On a spouse's work record

Your current spouse OR An ex-spouse

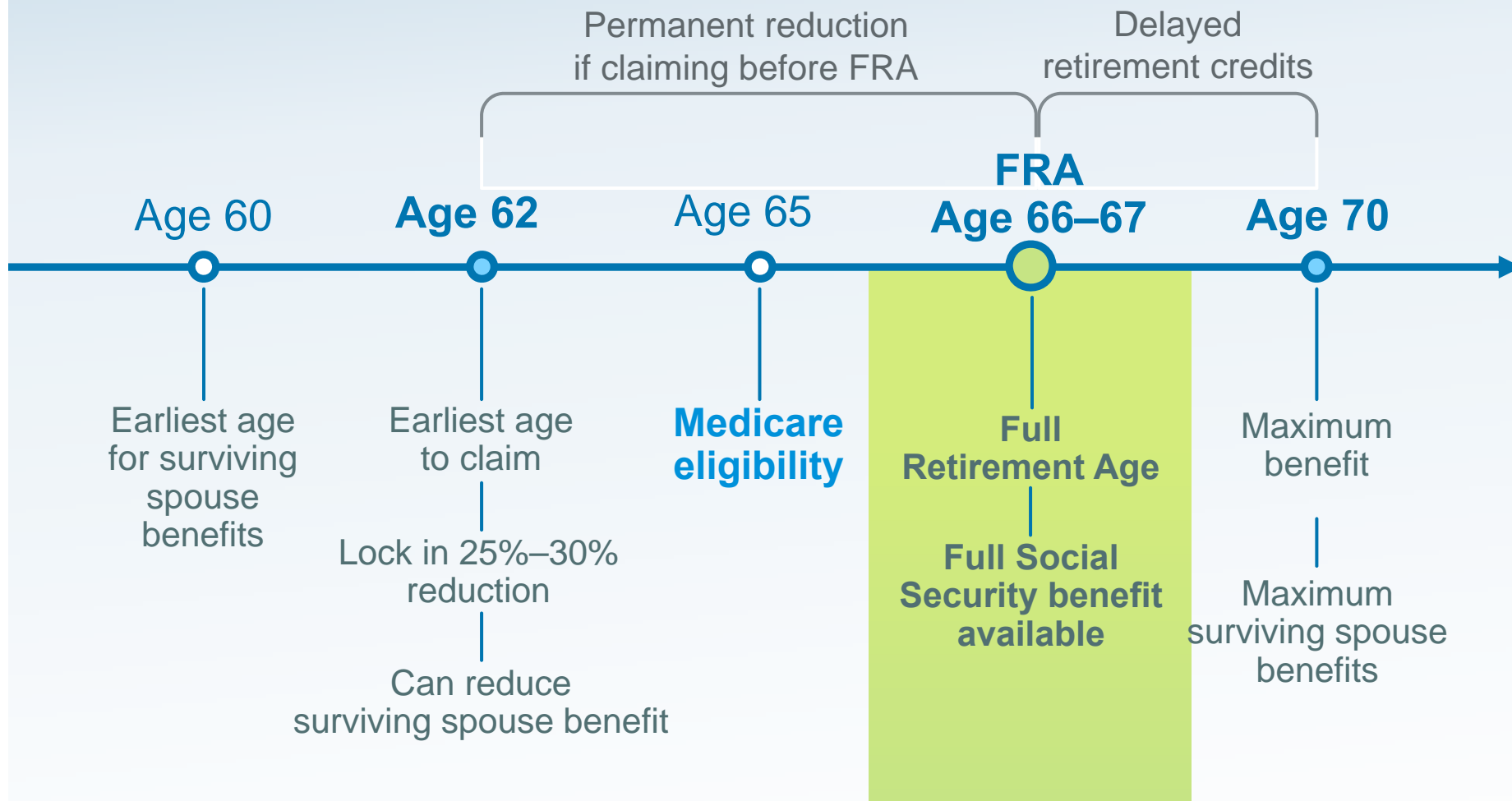
3.

On a deceased spouse's work record

Survivor benefits < Current spouse
Ex-spouse

When to claim?

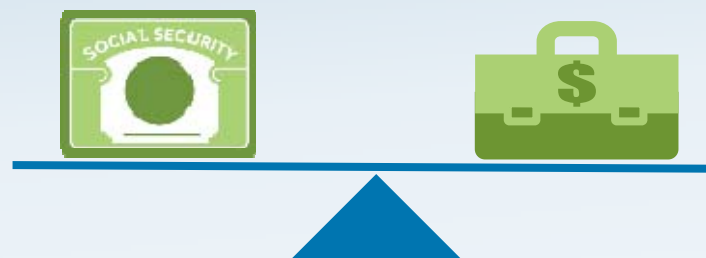
Generally, the later, the better



When you claim Social Security can have a significant impact on your portfolio.



It's a balancing act.

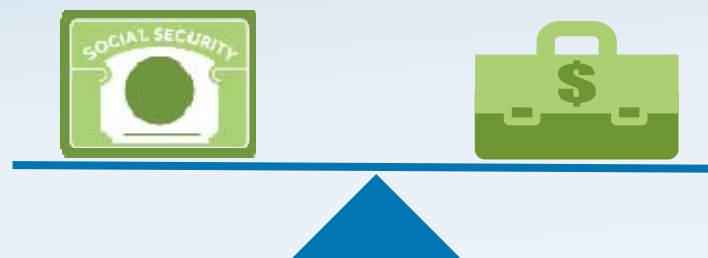


	Social Security	Your portfolio
FRA (Full Retirement Age)	\$1,800	\$2,200
Age 70	\$2,232	\$1,768
Age 62	\$1,260	\$2,740

When you claim Social Security can have a significant impact on your portfolio.



It's a balancing act.



	Social Security	Your portfolio
FRA (Full Retirement Age)	\$1,800	\$2,200
Age 70	\$2,232	\$1,768
Age 62	\$1,260	\$2,740

77%

\$972



Calculating your benefit

Your 35 highest years of earnings: the basis for the calculation



Your Earnings Record

Years You Worked	Your Total Social Security Earnings	Your Total Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,670	4,670
1994	6,367	6,367
1995	7,923	7,923
1996	9,985	9,985
1997	13,095	13,095
1998	16,232	16,232
1999	19,252	19,252
2000	22,240	22,240
2001	24,543	24,543
2002	26,341	26,341
2003	28,412	28,412
2004	30,970	30,970
2005	33,251	33,251
2006	35,799	35,799
2007	38,342	38,342
2008	40,665	40,665
2009	40,191	40,191
2010	41,790	41,790
2011	40,768	40,768
2012	45,718	45,718
2013	Not yet recorded	

You and your family may be eligible for valuable benefits:

When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:

You paid: \$31,322
Your employers paid: \$33,112

Estimated taxes paid for Medicare:

You paid: \$7,744
Your employers paid: \$7,744

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$117,000 of your earnings and a 1.45 percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employee and employer amount, which is a 12.4 percent Social Security tax on up to \$117,000 of your net earnings and a 2.9 percent Medicare tax on your entire net earnings.

*If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

Your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we have recorded your reported earnings under your Social Security number. We have updated your earnings record for your employer (or you, if you're self-employed) for the year.

When you file your taxes, not the amount of taxes you pay, but the amount of taxes you've earned, that determines your earnings. If our records show you've earned more than the amount you've paid, we have updated your earnings record.

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Use your earnings record to make key decisions

- How much longer do you want to work?
- Do you want to “replace” low earnings years?
- Can you replace any \$0 years with future wages?

Map out a plan for your earnings history: continuous career



Year	#	Earnings	Year	#	Earnings	Year	#	Earnings	Year	#	Earnings
1980	1	\$578	1990	11	\$36,500	2000	21	\$66,000	2010	31	\$78,000
1981	2	\$1,240	1991	12	\$37,450	2001	22	\$66,500	2011	32	\$79,300
1982	3	\$12,400	1992	13	\$39,570	2002	23	\$68,125	2012	33	\$81,500
1983	4	\$13,200	1993	14	\$45,575	2003	24	\$69,750	2013	34	\$82,900
1984	5	\$15,000	1994	15	\$48,900	2004	25	\$70,600	2014	35	\$84,210
1985	6	\$17,500	1995	16	\$51,450	2005	26	\$71,500	2015	36	
1986	7	\$19,500	1996	17	\$54,680	2006	27	\$72,800	2016	37	
1987	8	\$25,000	1997	18	\$57,300	2007	28	\$73,600	2017	38	
1988	9	\$27,610	1998	19	\$62,000	2008	29	\$75,000	2018	39	
1989	10	\$29,430	1999	20	\$65,300	2009	30	\$76,500	2019	40	

Map out a plan for your earnings history: career with breaks



Year	#	Earnings	Year	#	Earnings	Year	#	Earnings	Year	#	Earnings
1980	1	\$578	1990	11	\$0	2000	21	\$16,000	2010	31	\$45,000
1981	2	\$1,240	1991	12	\$17,450	2001	22	\$16,500	2011	32	\$46,300
1982	3	\$12,400	1992	13	\$23,570	2002	23	\$0	2012	33	\$47,500
1983	4	\$13,200	1993	14	\$25,575	2003	24	\$0	2013	34	\$48,900
1984	5	\$15,000	1994	15	\$28,900	2004	25	\$0	2014	35	\$50,210
1985	6	\$7,500	1995	16	\$31,450	2005	26	\$0	2015	36	
1986	7	\$13,500	1996	17	\$34,680	2006	27	\$0	2016	37	
1987	8	\$16,000	1997	18	\$37,300	2007	28	\$0	2017	38	
1988	9	\$8,600	1998	19	\$22,000	2008	29	\$42,000	2018	39	
1989	10	\$0	1999	20	\$15,300	2009	30	\$43,500	2019	40	

Step 1: Calculating your average indexed monthly earnings



Worker needs
40 “credits”
to qualify*

The baseline for determining your benefit is called your **average indexed monthly earnings (AIME)**



Apply an **earnings index** to calculate your AIME



Total the
highest 35 years
of earnings

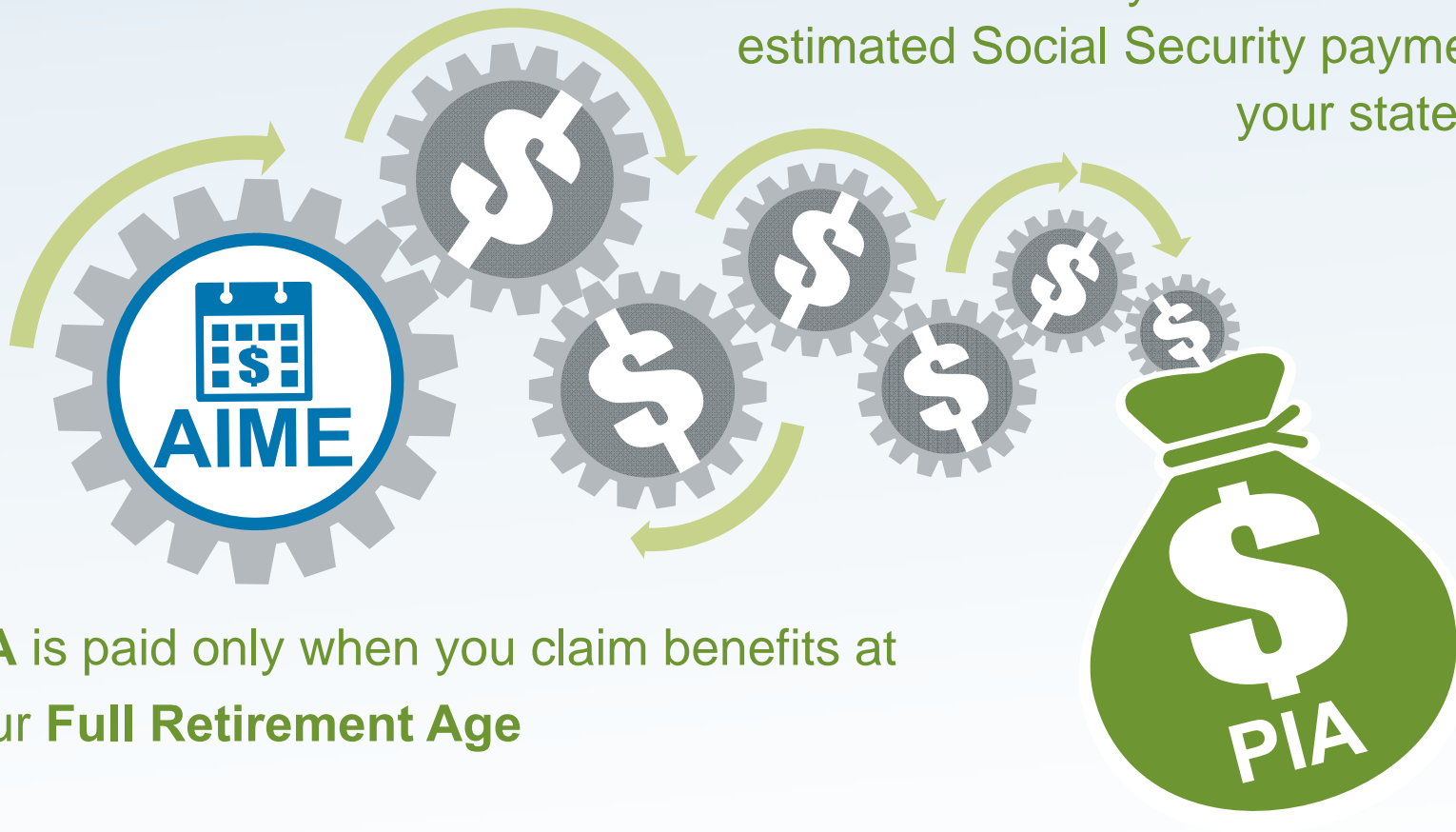
*One credit = \$1,320 in FICA wages/earnings (for 2018)

Source: Social Security Administration.

Step 2: Calculating your Primary Insurance Amount



Primary Insurance Amount (PIA) is calculated from your **AIME**. It is your estimated Social Security payment on your statement.



PIA is paid only when you claim benefits at your **Full Retirement Age**

The numbers behind the PIA calculation



2017 Bend Points

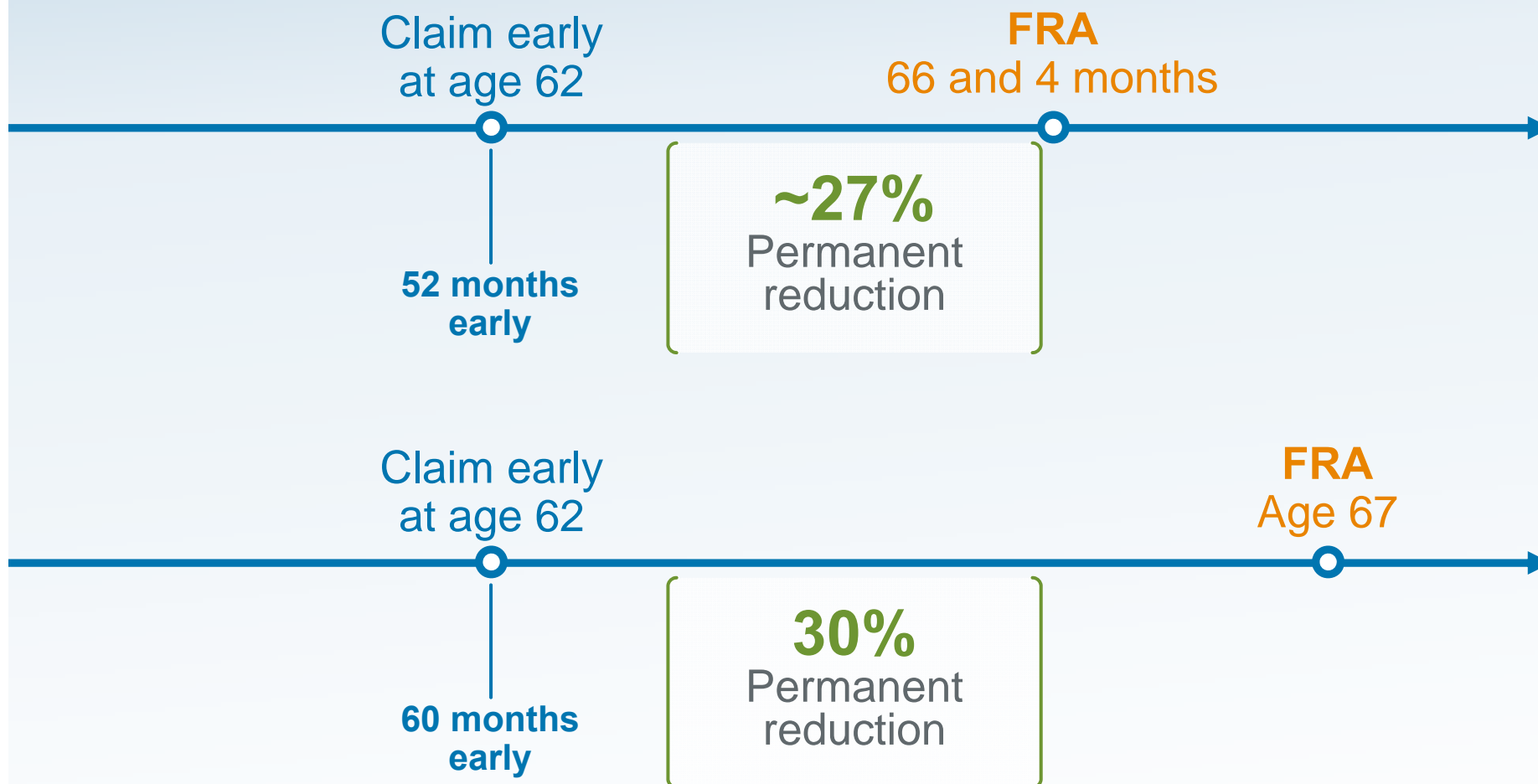
90%	\$0–\$895 of AIME
32%	\$895–\$5,397 of AIME
15%	over \$5,397 of AIME
TOTAL RETIREMENT BENEFIT @ FRA	

The numbers behind the PIA calculation



2017 Bend Points		Example: AIME \$3,500	Example: AIME \$7,500
90%	\$0–\$895 of AIME	\$805	\$805
32%	\$895–\$5,397 of AIME	\$833	\$1,440
15%	over \$5,397 of AIME	n/a	\$315
TOTAL RETIREMENT BENEFIT @ FRA		\$1,638 (47% of AIME)	\$2,560 (34% of AIME)

If you claim your benefit early, there is a permanent reduction in income.



If you wait to claim, you earn delayed retirement credits.



Benefits are **increased permanently** if you wait to claim:

If your FRA is 66	If your FRA is 67
And you claim at age 70	And you claim at age 70
32% increase	24% increase

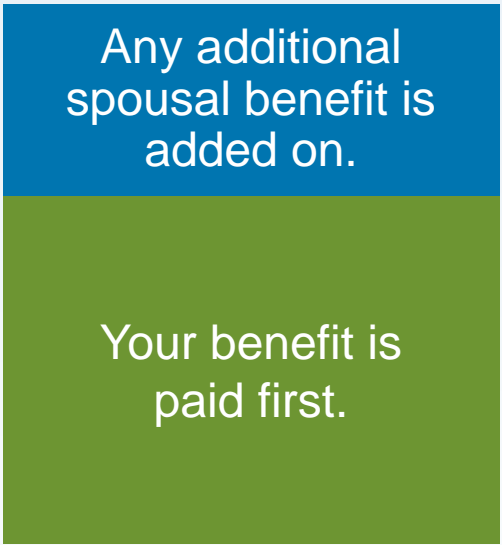


Your personal situation and claiming options



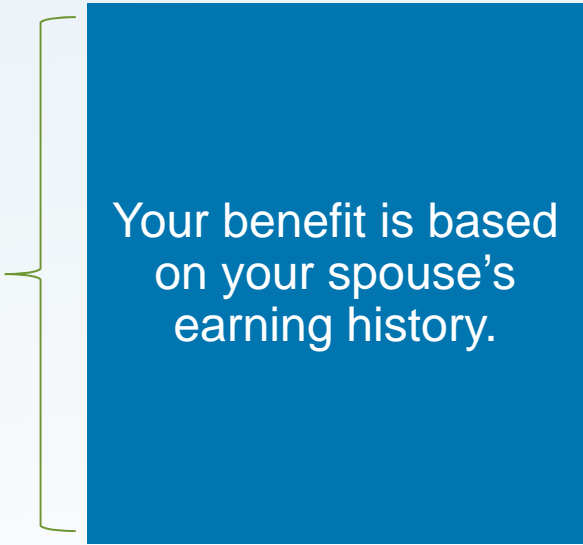
Are you entitled to spousal benefits?

You have a work record and a spouse.



Cannot exceed
50% of
spouse's PIA

You do not have a work record, but do have a spouse.



Your benefit will be reduced if you claim before your FRA.

Planning with your spouse requires thoughtful coordination and timing.



General Rules:

- “Worker” must already be claiming Social Security retirement benefit.
- Spouse must be age 62+.*
- Spouse’s benefit amount based on his/her own FRA (not the worker’s).
- No increase in payment due to delayed retirement credits.

Important strategies to consider:

- Optimizing overall household income
- Maximizing the surviving spouse benefit
- Best timing if there is a large age gap between the spouses
- Who claims first if earnings history is about the same

Can you claim on an ex-spouse's record?



Yes, if you meet certain conditions:

- Were married 10 consecutive years or longer
- Have been divorced for 2 years or longer, or your ex is already claiming
- You have not remarried
- Both you and your ex are at least age 62

Any additional ex-spousal benefit is added on.

Your benefit is paid first.

Cannot exceed 50% of ex-spouse's PIA

Your benefit will be reduced if you claim before your FRA.

What happens when one spouse dies?



There are different rules for “survivor spouse” benefits:

Your current spouse dies

You “step into his/her shoes”

When the higher-earning spouse dies first

Your ex-spouse dies

You “step into his/her shoes” if you were married 10 years or longer and you have not remarried (before age 60).

Your benefit will be reduced if you claim before your FRA.

Planning on your own requires your time and attention to the details...



...and maximizing your guaranteed income.

Important strategies to consider:

- Optimize or maximize your Social Security payments.
- Know your options with an ex-spouse's earnings record.
- Find out about surviving spouse benefits, if applicable.
- Understand the implications of claiming and working.

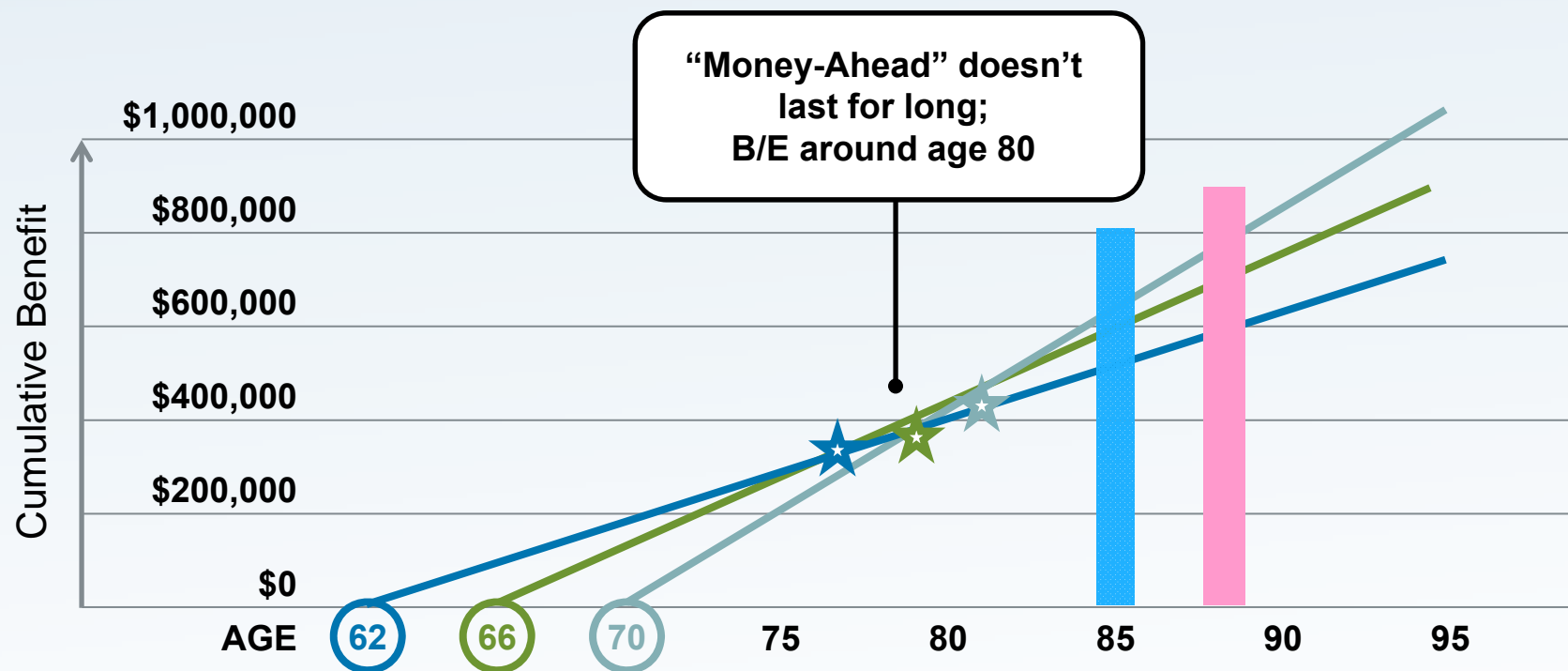


Considerations before you claim

What's your Social Security "breakeven" age?



It's the age that helps you determine when it would be most financially beneficial to start taking Social Security, assuming you'll live a long time.



Source: ssa.gov and Fidelity calculations. Starting point based on SSA's Quick Calculator for an individual turning 62 in 2018 with earnings of \$100,000.

What if you have both Social Security and a state employee pension plan?



Your Social Security benefits will be reduced or eliminated.

Windfall Elimination Provision (WEP)

- Applies if you've earned 40 credits for Social Security and have a pension from a non-Social Security employer
- A different formula is used to calculate PIA.
- Reductions are not reflected on your statement.

Government Pension Offset (GPO)

- Reduces or eliminates spousal or widow(er) benefits if you have a pension
- Public workers receive their full pension benefits first...
- ... and may receive some Social Security spousal benefits after offset is applied.



How does working affect benefits?

It depends on how much you make.

	In 2018, you may earn up to:	Make more, and benefits are withheld...
1	You are younger than FRA for the entire year	\$17,040/yr \$1,420/mo \$1 for every \$2 over the limit
2	You will reach FRA in this year	\$45,360 \$3,780/mo prior \$1 for every \$3 over the limit
3	You reach the month of your FRA	No limit on earnings Benefits not withheld



Are benefits taxed?


It depends on your “combined income.”

$$\text{Adjusted Gross Income} + \text{Nontaxable Interest} + \text{Half Social Security Benefits} = \text{Combined Income}$$

Tax Filing	Combined Income	Taxable % of Benefit
Individual	\$25,000–\$34,000 > \$34,000	Up to 50% Up to 85%
Joint	\$32,000–\$44,000 > \$44,000	Up to 50% Up to 85%



IRS resources




Department of the Treasury
Internal Revenue Service

Publication 915
Jan. 1999

Social Security and Equivalent Railroad Retirement Benefits

For use in preparing
2016 Returns



Old forms and other information listed below are:
• [Available online](#) • [Available by mail](#)
• [Available by phone](#) • [Available by fax](#)
• [Available by email](#) • [Available by mail](#)

Rev. 04/2016

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Reminders

Future developments. For the latest information about developments related to Pub. 915, such as legislation enacted after it was published, go to www.irs.gov/pub915, my Social Security account, Social Security benefits, or see any quickly and easily obtain various information from the SSA's website with a my Social Security account for:

- Keep track of your earnings and verify them every year.
- Get an estimate of your future benefits if you are still working.
- Get a letter with proof of your benefits if you currently receive them.
- Change your address.
- Start or change your direct deposit.
- Get a replacement Medicare card and
- Get a replacement Form SSA-1099 or SSA-1042R for the tax season.

For more information and to set up an account, go to www.ssa.gov/myaccount.

Photographs of missing children. The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children \(NCMEC\)](http://www.fbi.gov/missing). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-462-6878) if you recognize a child.

IRS Form SSA-1099 - annual Social Security Benefits Statement

FORM SSA-1099 – SOCIAL SECURITY BENEFITS STATEMENT

2014 3 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name		Box 2. Beneficiary's Social Security Number
Box 3. Benefits Paid in 2013	Box 4. Benefits Reported to SSA in 2013	Box 5. Net Benefits for 2013 (see instructions)
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
SAMPLE		Box 6. Voluntary Federal Income Tax Withheld
		Box 7. Address
		Box 8. Claim Number (Use this number if you need to contact SSA.)

Form SSA-1099-SSB (1-2014) **DO NOT RETURN THIS FORM TO THE IRS**

Form **W-4V**
(Rev. August 2014)
Department of the Treasury
Internal Revenue Service

Voluntary Withholding Request
(For unemployment compensation and certain federal government and other payments.)
▶ Give this form to your payer. Do not send it to the IRS.

CMS No. 1545-007-6

1 Your first name and middle initial	Last name	2 Your social security number	
3 Home address (number and street or rural route)	City or town	State	ZIP code
4 Claim or identification number (if any) you use with your payer			
5 <input type="checkbox"/> I want federal income tax withheld from my unemployment compensation at a rate of 10% of each payment.			
6 I want federal income tax withheld from (a) my social security benefits, (b) my social security equivalent Tier 1 railroad retirement benefits, (c) my Commodity Credit Corporation loans, (d) certain crop disaster payments under the Agricultural Act of 1949 or under Title II of the Disaster Assistance Act of 1985, or (e) dividends and other distributions from Alaska Native Corporations to its shareholders, at the rate of (check one): 7% <input type="checkbox"/> 10% <input type="checkbox"/> 15% <input type="checkbox"/> 25% <input type="checkbox"/>			
7 <input type="checkbox"/> I want you to stop withholding federal income tax from my payment(s).			

Your signature ▶ Date ▶
For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 22987V Form **W-4V** (Rev. 08-2014)

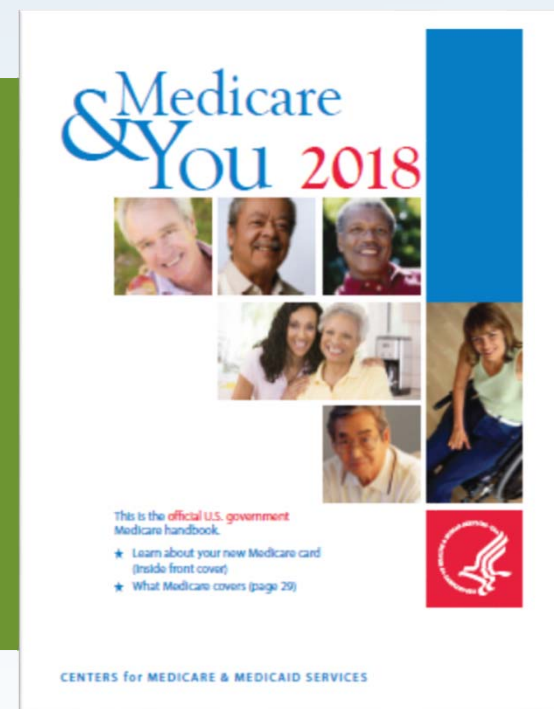
IRS Publication 915—includes important worksheets to estimate your taxable Social Security benefits

IRS Form W—4V—choose a withholding amount from Social Security benefits

Why is Medicare integrated with Social Security?



- Medicare and Social Security are managed centrally.
- You apply for Medicare through Social Security.
- Costs for Medicare premiums are automatically deducted from Social Security payments.





Steps you can take

Step 1: Find your Social Security statement



- Go to SSA.GOV to download and print your current version.
- You may receive it in the mail, or get an email notification.

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,678	4,678
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1995	7,923	7,923
1996	9,985	9,985
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When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:		Estimated taxes paid for Medicare:	
You paid:	\$31,322	You paid:	\$7,744
Your employers paid:	\$33,112	Your employers paid:	\$7,744

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$117,000 of your earnings and a 1.45 percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employee and employer amount, which is a 12.4 percent Social Security tax on up to \$117,000 of your net earnings and a 2.9 percent Medicare tax on your entire net earnings.

*If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from last year may not be shown on your Statement. It could be that we still were

processing last year's earnings reports when your Statement was prepared. Your complete earnings for last year will be shown on next year's Statement. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

There's a limit on the amount of earnings on which you pay Social Security taxes each year. The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

Call us right away at 1-800-772-1213 (7 a.m.-7 p.m. your local time) if any earnings for years before last year are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

Step 2: Organize your financial picture



Use the budget worksheet to:

- Estimate your essential expenses
- Include your Social Security estimate
- Assess the impact on your portfolio to “pay for” retirement

3. IDENTIFY YOUR RETIREMENT INCOME (continued) 7

Federal Tax Filing Status**

☐ Single ☐ Married Filing Jointly ☐ Qualified Widow/Widower/Dependent Child
☐ Head of Household ☐ Married Filing Separately

State of residence for income taxes: Local income tax rate, if any: %

Work in Retirement (part-time jobs or other work income before taxes)

You: \$, per month From age: To age:
 Spouse/Partner: \$, per month From age: To age:

Lifetime Income

Social Security

You: \$, per month Beginning at age:
 Spouse/Partner: \$, per month Beginning at age:

TIP To help determine your Social Security benefits, please contact the Social Security Administration at 800-772-1213 or www.ssa.gov/retirement.

Pension Income**

You: \$, per month Beginning at age:
 Is there a Cost of Living Adjustment with pension? ☐ Yes ☐ No
 Spouse/Partner: \$, per month Beginning at age:
 Is there a Cost of Living Adjustment with pension? ☐ Yes ☐ No

Annuity Income

You: \$, per month Beginning at age:
 Spouse/Partner: \$, per month Beginning at age:

*Information required to complete the Retirement Income Planner.
 **Tax information you provide here will be used by Fidelity's Retirement Income Planner tool to estimate certain taxes associated with your income and distribution needs during retirement, as calculated by the tool.
 †For purposes of this income plan, pensions are assumed to be tax deferred, and distributions are therefore taxed as ordinary income. Please consult your tax advisor if you have any questions regarding the taxability of your pension benefits.
 ‡If your pension is from an employer that recordkeepers with Fidelity please do not enter it as it should automatically be fed into the tool.

Step 3: Schedule a retirement income planning meeting today



Fidelity Representatives

Our service is offered at no additional cost as an employee benefit to you.



Make an appointment today to meet in person



Or meet over the phone:
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