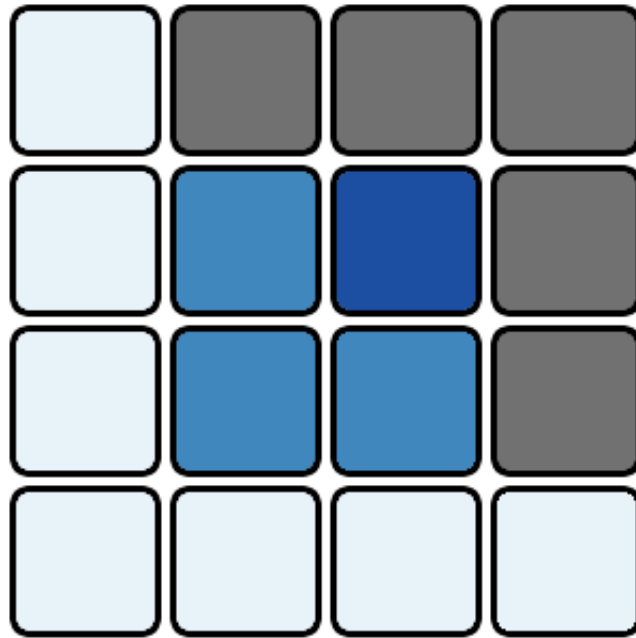


# *Social Security*



## **Choices**

### **Maximizing Your Social Security Benefits**

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*Your Personal Roadmap*

## WHAT YOU'LL FIND IN THIS GUIDE

1. **Introduction:** You Personal Roadmap to Maximizing Your Social Security Benefits, and a Chance to Review the Information You Gave Us
  
2. **Your Optimal Claiming Strategies:** A Summary of the Actions You Should Take to Optimize Your Social Security Benefits
  1. Short Life Expectancy
  2. Exceptional Life Expectancy
  3. Long Life Expectancy
  
3. **The Details Behind the Numbers:** Explanation of Your Strategies and Alternative Strategies Available to You
  1. Short Life Expectancy
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  3. Long Life Expectancy
  
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## Your Personal Roadmap to Maximizing Your Social Security Benefits

One of the most important financial decisions you will ever make is when to start taking your Social Security benefits. Using the information you provided, we've analyzed every one of your options (also known as claiming strategies) and outlined your Optimal Claiming Strategy (the actions you should take to maximize your Social Security benefits) as it pertains to three life expectancy scenarios.

We used this information to get started:

Your year of birth:	1952
Your Full Retirement Age (FRA):	66.00
Your monthly Social Security payment at FRA:	\$1,015
Maximum ex-spouse benefit (at your FRA):	\$1,009
Ex-spouse's year of birth:	1957
Ex-spouse's Full Retirement Age (FRA):	66.50
Ex-spouse's actual or estimated age of claiming retirement benefits:	66
Ex-spouse's life expectancy:	92

Your monthly benefit is increased by 8% for each year you wait to start claiming your Social Security benefits after your FRA, up to age 70. Conversely, depending on your individual FRA, you'll get 25% - 30% less than your FRA benefit if you cash in at 62.

Next we looked at several life expectancy scenarios. These scenarios enable you to think about the number of years you expect to collect Social Security benefits. For your report, a "normal" lifespan is based on the typical life expectancies of men and women approaching full retirement age. A "long" lifespan makes the assumption that 25% of men or women will outlive you. Finally, a "short" lifespan makes the assumption that 75% of men or women will outlive you.

You chose to analyze these scenarios:

1. Short:

You collect until age 75

2. Exceptional:

You collect until age 96

3. Long:

You collect until age 88

Now let's take a look at what you need to do to maximize your Social Security benefits.

## Your Optimal Claiming Strategies: A Summary of the Actions You Should Take to Optimize Your Social Security Benefits

### 1. SHORT LIFE EXPECTANCY

In this scenario you wanted to consider a Short life expectancy. Let's see how your claiming strategy, and your lifetime benefits, will change if you expect to live to age 75.

1. You file for and begin to receive retirement benefits at age 62, year 2014.

Let's take a look at what your monthly benefits will be using this strategy:

Your Age	Ex-spouse's Age	Your Retirement Benefit	Your Ex-spouse Benefit	Total Monthly Benefits	Claiming Action
60	55	\$0	\$0	\$0	-
61	56	\$0	\$0	\$0	-
62	57	\$761	\$0	\$761	You claim retirement benefits.
63	58	\$761	\$0	\$761	-
64	59	\$761	\$0	\$761	-
65	60	\$761	\$0	\$761	-
66	61	\$761	\$0	\$761	-
67	62	\$761	\$0	\$761	-
68	63	\$761	\$0	\$761	-
69	64	\$761	\$0	\$761	-
70	65	\$761	\$0	\$761	-

After taking the above actions your Total Monthly Benefits under this strategy will be \$761. **The total lifetime value of this strategy is \$106,000 in today's dollars.**

## 2. EXCEPTIONAL LIFE EXPECTANCY

In this scenario you wanted to consider a Exceptional life expectancy. Let's see how your claiming strategy, and your lifetime benefits, will change if you expect to live to age 96.

1. Provided your ex-spouse has reached 62, you file for an ex-spousal benefit on their record. You should be careful to apply for the ex-spousal benefit only, and not for your own retirement benefits at this time.
2. You file for and begin to receive retirement benefits at age 70, year 2022.

Let's take a look at what your monthly benefits will be using this strategy:

Your Age	Ex-spouse's Age	Your Retirement Benefit	Your Ex-spouse Benefit	Total Monthly Benefits	Claiming Action
60	55	\$0	\$0	\$0	-
61	56	\$0	\$0	\$0	-
62	57	\$0	\$0	\$0	-
63	58	\$0	\$0	\$0	-
64	59	\$0	\$0	\$0	-
65	60	\$0	\$0	\$0	-
66	61	\$0	\$0	\$0	-
67	62	\$0	\$1,009	\$1,009	You file a restricted application for ex-spousal benefits.
68	63	\$0	\$1,009	\$1,009	-
69	64	\$0	\$1,009	\$1,009	-
70	65	\$1,339	\$0	\$1,339	You claim retirement benefits.

After taking the above actions your Total Monthly Benefits under this strategy will be \$1,339. **The total lifetime value of this strategy is \$270,000 in today's dollars.**

### 3. LONG LIFE EXPECTANCY

In this scenario you wanted to consider a Long life expectancy. Let's see how your claiming strategy, and your lifetime benefits, will change if you expect to live to age 88.

1. Provided your ex-spouse has reached 62, you file for an ex-spousal benefit on their record. You should be careful to apply for the ex-spousal benefit only, and not for your own retirement benefits at this time.
2. You file for and begin to receive retirement benefits at age 70, year 2022.

Let's take a look at what your monthly benefits will be using this strategy:

Your Age	Ex-spouse's Age	Your Retirement Benefit	Your Ex-spouse Benefit	Total Monthly Benefits	Claiming Action
60	55	\$0	\$0	\$0	-
61	56	\$0	\$0	\$0	-
62	57	\$0	\$0	\$0	-
63	58	\$0	\$0	\$0	-
64	59	\$0	\$0	\$0	-
65	60	\$0	\$0	\$0	-
66	61	\$0	\$0	\$0	-
67	62	\$0	\$1,009	\$1,009	You file a restricted application for ex-spousal benefits.
68	63	\$0	\$1,009	\$1,009	-
69	64	\$0	\$1,009	\$1,009	-
70	65	\$1,339	\$0	\$1,339	You claim retirement benefits.

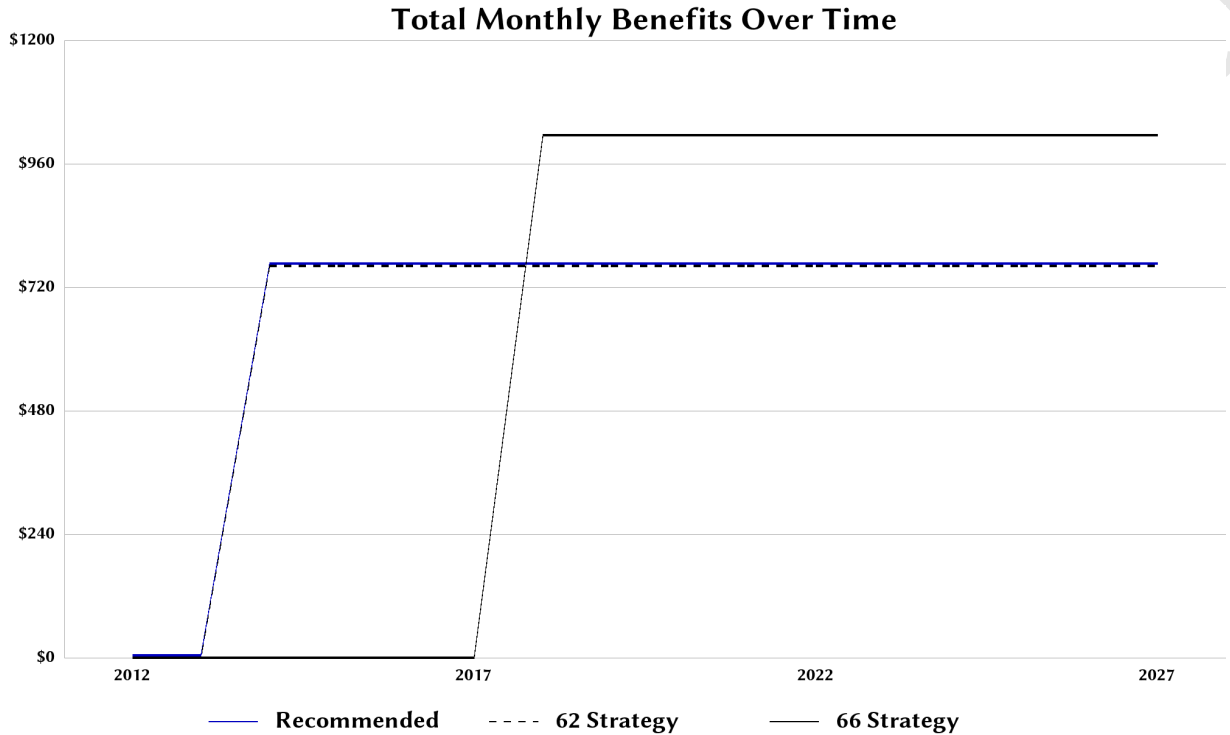
After taking the above actions your Total Monthly Benefits under this strategy will be \$1,339. **The total lifetime value of this strategy is \$218,000 in today's dollars.**

# The Details Behind the Numbers

## 1. SHORT LIFE EXPECTANCY

Now, using today's dollars, let's compare the lifetime value of your benefits under your Optimal Claiming Strategy to the lifetime value you'd receive if you were to claim at 62 or 66 if you live to age 75 and your ex lives to age 92.

This graph approximates the purchasing power of your combined Social Security checks over time. The actual dollar amounts you receive will depend on future COLA adjustments.



<b>Your Lifetime Benefit utilizing your Optimal Claiming Strategy is:</b>	<b>\$106,000</b>
Your Lifetime Benefit claiming at 66 is:	\$95,000
Your Lifetime Benefit claiming at 62 is:	\$106,000

For this scenario, you selected a relatively short planning horizon. As a result your optimum strategy is to claim your benefits at age 62. In this case, the greater monthly benefits you could get by waiting beyond age 62 will not make up for the benefits you forgo by failing to claim at that point.

If you enjoy "what-if" analysis, then we created this next table for you. In it we compare your benefits under the Optimal Claiming Strategy for this scenario (identified in blue) to benefits from other possible age combinations/strategies and show you in an easy-to-understand format the "losses" associated with following strategies other than your Optimal Claiming Strategy. Minimizing the losses at these alternative claiming ages often involves sophisticated claiming strategies. Therefore, make sure to click on the corresponding cell in the table to see the steps involved in implementing the alternative strategy at each age combination.

Retirement Claiming Age	Benefit Implications	Ex-Spousal Claiming Age
62	<b>\$106k</b>	Never
63	-\$3k	Never
64	-\$4k	Never
65	-\$7k	Never
66	-\$11k	Never
67	-\$15k	Never
68	-\$10k	67
69	-\$7k	67
70	-\$5k	67

#### How Can You Use This Table?

In some cases, the variance in benefits you'll receive by using a strategy different from your Optimal Claiming Strategy may be relatively small. This table lets you explore other options that get you very close to the maximum benefits, but might fit better into your overall retirement plan.

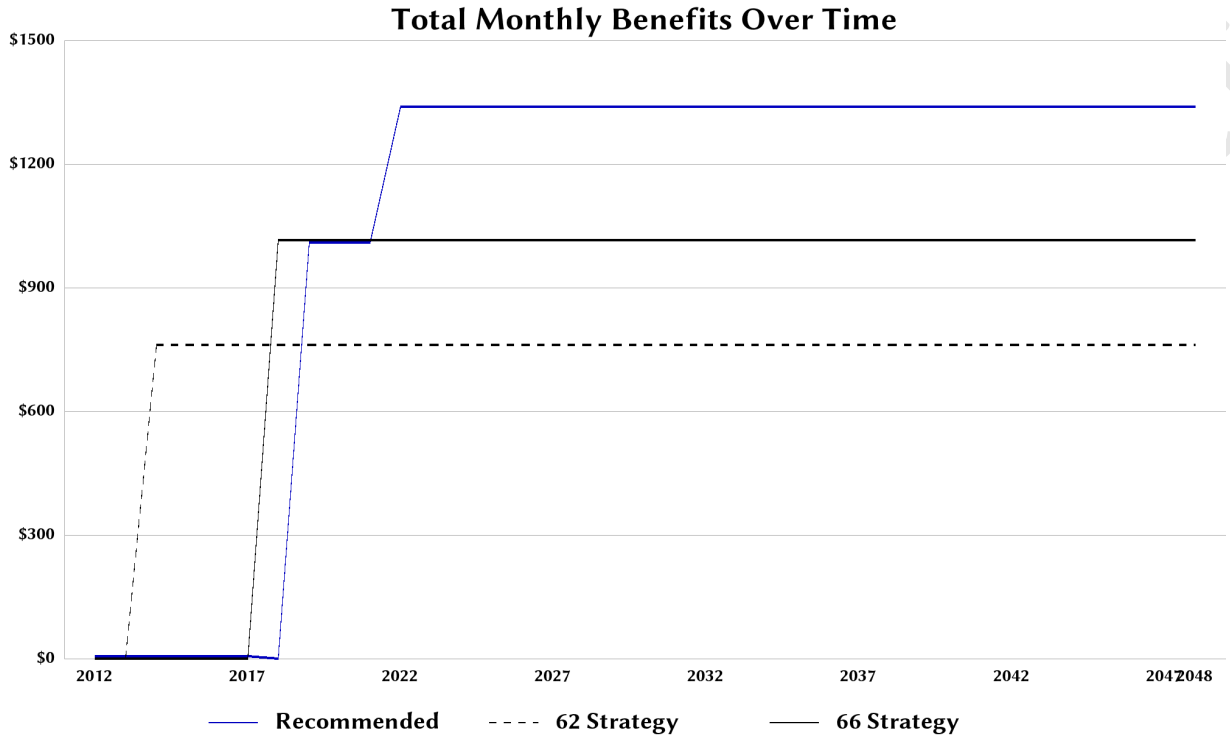
You might also be in a situation where you just can't put your Optimal Claiming Strategy into action. For example, you may not have the financial resources to delay claiming to the optimal age, so you don't have the flexibility to fully coordinate your claiming decisions. For an explanation of how to use the table to find the best strategy in this case, [click here](#).



## 2. EXCEPTIONAL LIFE EXPECTANCY

Now, using today's dollars, let's compare the lifetime value of your benefits under your Optimal Claiming Strategy to the lifetime value you'd receive if you were to claim at 62 or 66 if you live to age 96 and your ex lives to age 92.

This graph approximates the purchasing power of your combined Social Security checks over time. The actual dollar amounts you receive will depend on future COLA adjustments.



<b>Your Lifetime Benefit utilizing your Optimal Claiming Strategy is:</b>	<b>\$270,000</b>
Your Lifetime Benefit claiming at 66 is:	\$223,000
Your Lifetime Benefit claiming at 62 is:	\$202,000

At first your monthly checks will be higher if you claim at 62, but as you implement the recommended strategy, your benefits under the optimal strategy will surpass the others.

So how much better is the Optimal Claiming Strategy? The optimal strategy is far better than claiming at 62. In fact, **if you claim at 62, and you live to 96 and your ex lives to 92, you will lose the equivalent of \$68,000** in today's dollars over your lifetime. That's like offering to pay Uncle Sam an extra \$68,000 in taxes on top of what you already owe!

If you enjoy "what-if" analysis, then we created this next table for you. In it we compare your benefits under the Optimal Claiming Strategy for this scenario (identified in blue) to benefits from other possible age combinations/strategies and show you in an easy-to-understand format the "losses" associated with following strategies other than your Optimal Claiming Strategy. Remember that your Optimal Claiming Strategy is worth \$270,000 in today's dollars? You can see here that if you choose to claim at 62, you'll be leaving approximately \$68,000 on the table. Minimizing the losses at these alternative claiming ages often involves sophisticated claiming strategies. Therefore, make sure to click on the corresponding cell in the table to see the steps involved in implementing the alternative strategy at each age combination.

Retirement Claiming Age	Benefit Implications	Ex-Spousal Claiming Age
62	-\$68k	Never
63	-\$64k	Never
64	-\$57k	Never
65	-\$52k	Never
66	-\$47k	Never
67	-\$41k	Never
68	-\$26k	67
69	-\$12k	67
70	<b>\$270k</b>	67

#### How Can You Use This Table?

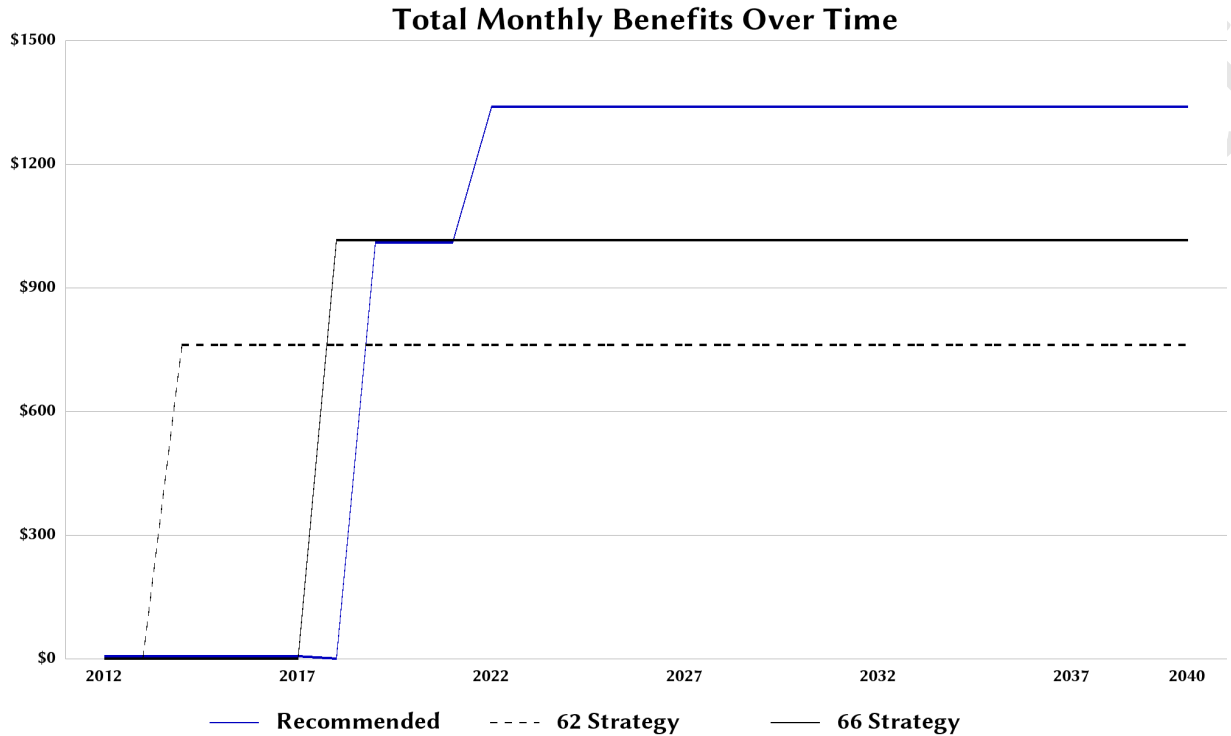
In some cases, the variance in benefits you'll receive by using a strategy different from your Optimal Claiming Strategy may be relatively small. This table lets you explore other options that get you very close to the maximum benefits, but might fit better into your overall retirement plan.

You might also be in a situation where you just can't put your Optimal Claiming Strategy into action. For example, you may not have the financial resources to delay claiming to the optimal age, so you don't have the flexibility to fully coordinate your claiming decisions. For an explanation of how to use the table to find the best strategy in this case, [click here](#).

### 3. LONG LIFE EXPECTANCY

Now, using today's dollars, let's compare the lifetime value of your benefits under your Optimal Claiming Strategy to the lifetime value you'd receive if you were to claim at 62 or 66 if you live to age 88 and your ex lives to age 92.

This graph approximates the purchasing power of your combined Social Security checks over time. The actual dollar amounts you receive will depend on future COLA adjustments.



**Your Lifetime Benefit utilizing your Optimal Claiming Strategy is: \$218,000**  
 Your Lifetime Benefit claiming at 66 is: \$183,000  
 Your Lifetime Benefit claiming at 62 is: \$172,000

At first your monthly checks will be higher if you claim at 62, but as you implement the recommended strategy, your benefits under the optimal strategy will surpass the others.

So how much better is the Optimal Claiming Strategy? The optimal strategy is far better than claiming at 62. In fact, **if you claim at 62, and you live to 88 and your ex lives to 92, you will lose the equivalent of \$45,000** in today's dollars over your lifetime. That's like offering to pay Uncle Sam an extra \$45,000 in taxes on top of what you already owe!

If you enjoy "what-if" analysis, then we created this next table for you. In it we compare your benefits under the Optimal Claiming Strategy for this scenario (identified in blue) to benefits from other possible age combinations/strategies and show you in an easy-to-understand format the "losses" associated with following strategies other than your Optimal Claiming Strategy. Remember that your Optimal Claiming Strategy is worth \$218,000 in today's dollars? You can see here that if you choose to claim at 62, you'll be leaving approximately \$45,000 on the table. Minimizing the losses at these alternative claiming ages often involves sophisticated claiming strategies. Therefore, make sure to click on the corresponding cell in the table to see the steps involved in implementing the alternative strategy at each age combination.

Retirement Claiming Age	Benefit Implications	Ex-Spousal Claiming Age
62	-\$45k	Never
63	-\$43k	Never
64	-\$39k	Never
65	-\$36k	Never
66	-\$34k	Never
67	-\$31k	Never
68	-\$19k	67
69	-\$9k	67
70	<b>\$218k</b>	67

#### How Can You Use This Table?

In some cases, the variance in benefits you'll receive by using a strategy different from your Optimal Claiming Strategy may be relatively small. This table lets you explore other options that get you very close to the maximum benefits, but might fit better into your overall retirement plan.

You might also be in a situation where you just can't put your Optimal Claiming Strategy into action. For example, you may not have the financial resources to delay claiming to the optimal age, so you don't have the flexibility to fully coordinate your claiming decisions. For an explanation of how to use the table to find the best strategy in this case, [click here](#).

## Answers to Frequently Asked Questions

Social Security is a complicated system, so we expect that an attentive reader may have some questions after reading through the above analysis. Below, we answer some common questions, but if you have additional questions, don't hesitate to email us at [help@socialsecuritychoices.com](mailto:help@socialsecuritychoices.com).

### ***Q: How do you determine my optimal strategy?***

A: We evaluate each of the claiming choices you face and rank them based on what we call "Social Security Wealth." Social Security Wealth is based on your lifetime Social Security benefits. It is expressed in today's dollars and takes into account the time value of money by using a 3 percent interest rate. For more, [click here](#).

### ***Q: Does this analysis take into account my other assets?***

A: No. We show you how to maximize your lifetime Social Security Wealth. You may want to consult with a financial planner to see how this information best fits into your personal financial plan. Perhaps our recommended claiming scenario is not appropriate for you. If it's not, we provide detailed information on dozens of other claiming scenarios so that you can find the best one for your overall financial plan.

### ***Q: Why do some of my monthly benefit estimates differ from those from the SSA or from other sources?***

A: These values are an approximation based on the information you gave us. Some other sources base their numbers on assumptions about your future earnings or future cost of living adjustments. Our number represents your purchasing power, assuming your full retirement benefit does not change.

### ***Q: Does my claiming strategy change if I continue to work?***

A: That depends. Earnings have no effect on your benefits if you claim after you reach your full retirement age (FRA). However, if you claim before your FRA, earnings above a modest threshold amount will defer, reduce, or eliminate your benefits. Usually people with substantial earnings between age 62 and their FRA find it financially advantageous to delay claiming until their FRA or later. For more, read [here](#).

### ***Q: I expect my future tax bracket to drop, but only after your recommended claiming age. Should I defer claiming until my tax rates drop?***

A: A substantial reduction in your future tax rates might make it advisable to delay claiming. A modest reduction usually does not alter a person's optimal claiming pattern. For more details, click [here](#).

### ***Q: If I claim ex-spouse benefits, will it reduce the benefits received by my ex-spouse (or, if appropriate, his/her current spouse)?***

A: No. In fact, your former spouse does not even need to know that you are claiming ex-spouse benefits.