# DAWSON WEALTH MANAGEMENT LLC

www.dawsonwealth.com

\*Since 1985

Dawson Wealth Management LLC is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc. member FINRA/SIPC.

# MAXIMIZING YOUR SOCIAL SECURITY RETIREMENT BENEFITS



The information contained herein has been obtained from sources considered reliable, but we do not guarantee that the foregoing is accurate or complete.

©2016 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC ©2016 Raymond James Financial Services, Inc., member FINRA/SIPC Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

Raymond James® is a registered trademark of Raymond James Financial, Inc.

#### WHEN TO START COLLECTING BENEFITS?



An important decision with lifetime consequences

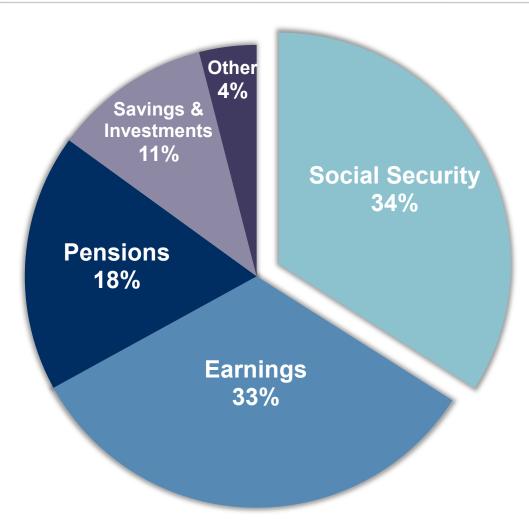


Social Security is a complex and evolving program



Be informed and make a prudent decision

# **RETIREMENT INCOME SOURCES**



Source: Fast Facts & Figures about Social Security, 2015

#### **ADVANTAGES OF SOCIAL SECURITY**













# SOCIAL SECURITY SOLVENCY

- Social Security Old-Age and Survivors Insurance and Disability
   Insurance trust funds are projected to meet funding needs through 2034.
- After 2034, payroll taxes are projected to pay about 79% of benefits through 2089.
- Future reform is likely
- Fears of Social Security reducing benefits should not influence your claiming decision

Source: Fast Facts & Figures about Social Security, 2015

#### YOUR SOCIAL SECURITY ACCOUNT



#### New Users

#### You must be able to verify some information about yourself and:

- · Have a valid E-mail address.
- · Have a Social Security number,
- · Have a U.S. mailing address, and
- · Be at least 18 years of age.



You can only create an account using your own personal information and for your own exclusive use.

You cannot create an account on behalf of another person or using another person's information or identity, even if you have that person's written permission.

For example, you cannot create an account for another person:

- · With whom you have a business relationship
- · For whom you are a representative payee, or
- · For whom you are an appointed representative.

Unauthorized use of this service may subject you to criminal or civil penalties, or both.

**Create An Account** 



2 Learn More



copy of your Statement with your financial records. Social Security is for people of all ages... We're more than a retirement program. Social Security also can provide benefits if you become disabled and help support your family after you die.

Work to build a secure future...

Social Security is the largest source of income for most elderly Americans today, but Social Security was never intended to be your only source of income when you retire. You also will need other savings, investments, pensions or retirement accounts to make sure you have enough noney to live comfortably when you retire.

Saving and investing wisely are important not only for you and your family, but for the entire country. If you want to learn more about how and why to save, you should visit www.mymoney.gov, a federal government website dedicated to teaching all Americans the basics of financial management.

About Social Security's future...

Social Security is a compact between generations. Since 1935, America has kept the promise of security for its workers and their families. Now,

76 cents for each dollar of scheduled benefits. We need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations.

Social Security on the Net...

Visit www.socialsecurity.gov on the Internet to learn more about Social Security. You can read publications, including When To Start Receiving Retirement Benefits; use our Retirement Estimator to obtain immediate and personalized estimates of future benefits; and when you're ready to apply for benefits, use our improved online application-

\* These estimates are based on the intermediate tions from the Social Security Trustees Annual Report to the Congress.

	Your Earning	S Record Social Security Earnings	Your Total Moleure Eurolege	
\$ 1,578 a month \$ 1,967 a month \$ 1,967 a month \$ 1,988 a month \$ 1,442 a month selfis. \$ 1,425 a month \$ 1,125 a month \$ 1,125 a month \$ 1,25 a month \$ 1,25,762 a month \$ 5,2,762 a month \$ 5,56	7943 7943 7947 7948 7949 7949 7949 7949 7944 7944	560 1,365 2,455 4,336 5,628 6,976 6,639 11,220 15,260 15,260 12,264 16,344 22,364 24,467 36,752	190 1,380 2,485 4,105 5,638 6,978 11,212 13,285 11,286 116,984 22,684 24,487 35,782	You and your family may be eligible for valuable benefits: When you fit, your family may be eligible to receive such not benefit. Secoid Security may help you if you become disabled— corn at 3-young 1600. A young second has been disabled— corn at young 1600 and you would and paid Secoid Secord you test in a few as two years can be eligible for disablishy benefit.
c. w in the e, by 2037, needits	2000 2001 2012 2013 2014 2014 2016 2017 2018 2019	26,081 30,099 30,718 33,002 35,209 35,209 30,352 40,667 45,037 Not yet mounded	26,081 30,699 31,739 33,962 35,235 37,096 79,352 41,647 45,117 Non yet neomical	Social Security reades you can more wish you from job to job throughout your career.
sed on current law. ounts may change. ffected by military	Total Social Security at Estimated taxes paid for		paid over your worki	ing career through the last year reported on the chart above: Estimated taxes paid for Medicant:

n ton Becard

Your employers roid:

did not pay Social WEP) - In the future

yment in which you do as some federal, state eprofit organization to qualify for your disability benefit, reduced, but not f the reduction, if any, ber of years in jobs in es, and the year you more information, vision (Publication ly.gov/WEP.

)) - If you receive scal government work cal government work rurity taxes and you ceial Security benefits as a widower, you are likely lies, your Social Security nt equal to two-thirds of d be reduced to zero. Even ou will be eligible for s record. To learn mor

Help Us Keep Your Earnings Record Accurate You, your employer and Social Security share responsibility ssing last year's earnings reports when your Statemen from your company 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. was peepared. 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 co carnings for the year

Note: You currently pay 6.2 percent of your salary, up to \$896,890, in Social Security taxes and 1.45 percent in Medicare

taxes on your entire salars. Your entployer also gaves 6.2 percent in Social Security taxes and 1.45 percent in Medicare taxes

for you. If you are self-employed, you pay the combined employee and employer amount of 12.4 percent in Social Security taxes and 2.9 percent in Medicare taxes on your net earnings.

employed reprince your earnings. Remember, if your earnings, not the amount of taxes you paid or the tumber of credits you've earned, that determine your benefit amount. When we figure that amount, we base to your average earnings over your lifetime. If our foorbit are strong, you may not receive all the benefits to which well to earlier and the property of the pr

Review this chart carefully using your own records to make sore 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 carnings from last year may not be shown on your Statement. It could be that we still were

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 axes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.) Call us right away at 1-808-772-1213 (7 a.m.-7 p.m.

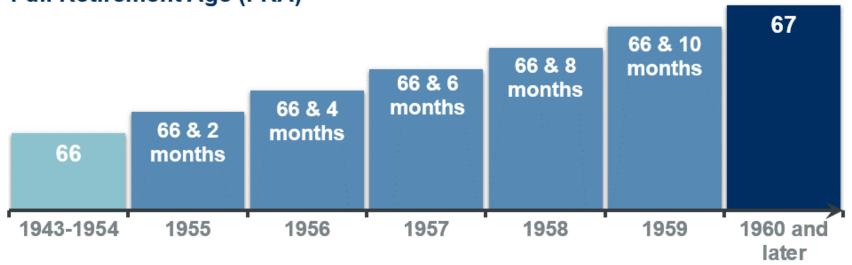
Can us right away at 1-000-7/2-123.5 (1 a.m.-) p.m. your local time) if any carnings for years before last year are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

# **TERMS TO KNOW**

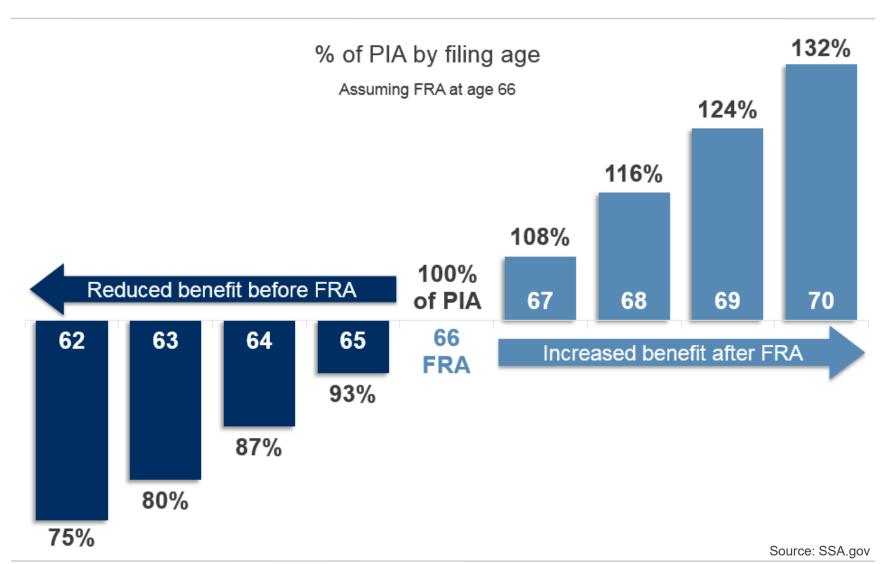
# **Primary Insurance Amount (PIA)**

- Monthly benefit you are eligible to collect at your full retirement age (FRA)
- Determined by your 35 highest earning years
- 2016 Max PIA = \$2,787.80 per month or \$33,453.60 per year

# Full Retirement Age (FRA)



# **EARLY VS. DELAYED FILING**



# YOUR BENEFITS INFORMATION

#### **Your Estimated Benefits**

#### \*Retirement

You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...

ı	your full retirement age (67 years), your payment would be about\$	1,680 a month
ı	age 70, your payment would be about\$	2,094 a month
ı	age 62, your payment would be about\$	1,159 a month

#### Retirement

You have earned enough credits to qualify for retirement benefits. At your current earnings rate, your estimated payment would be:

At full retirement age (67): \$1,959 a month

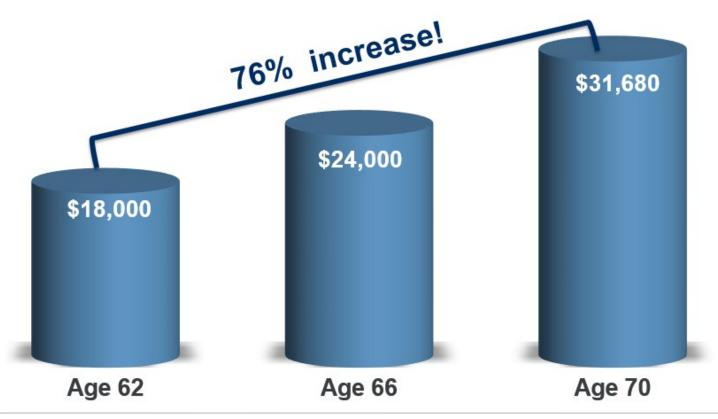
At age 70: \$2,454 a month

At early retirement age (62): \$1,327 a month

Your estimates are based on the assumption that you will earn \$61,378 a year from now until retirement.

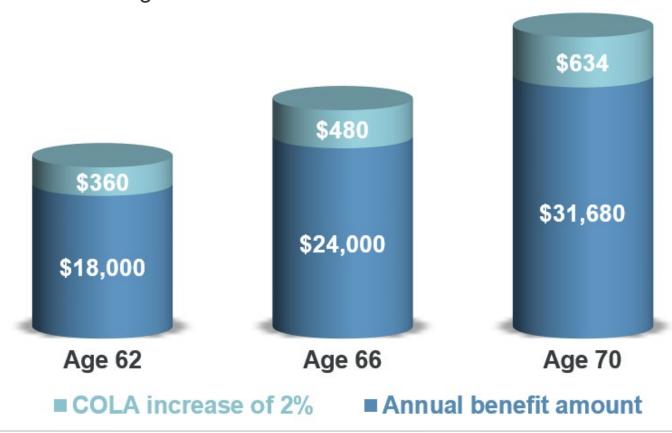
# **EARLY VS. DELAYED CLAIMING**

FRA at age 66
PIA = \$2,000 per month
\$24,000 annually



# **COST OF LIVING ADJUSTMENTS (COLA)**

- Annual inflation adjustment to Social Security benefits
- All recipients receive the same COLA % increase, but those with higher benefits receive a larger dollar increase.



### **WORKING AND RECEIVING BENEFITS**

# Under FRA for the full year

\$1 of benefits withheld for every \$2 in earnings above \$15,720

# Year individual reaches FRA

\$1 of benefits withheld for every \$3 in earnings above \$41,880

# Month of FRA and beyond

No earnings limit and withheld benefits are paid back monthly

# **TAXATION OF SOCIAL SECURITY BENEFITS**

Taxation of benefits is determined by your provisional income

Up to 85% of benefits can be taxed



# IF YOU HAVE A GOVERNMENT PENSION

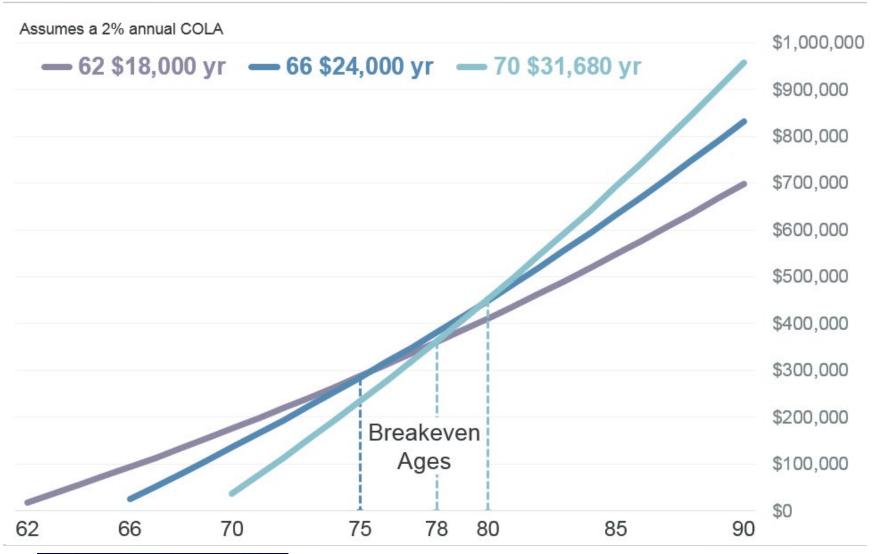
# **Government Pension Offset (GPO)**

- 2/3 of what you receive from your government pension will be subtracted from your Social Security benefit
- Affects spousal and survivor benefits

# **Windfall Elimination Provision (WEP)**

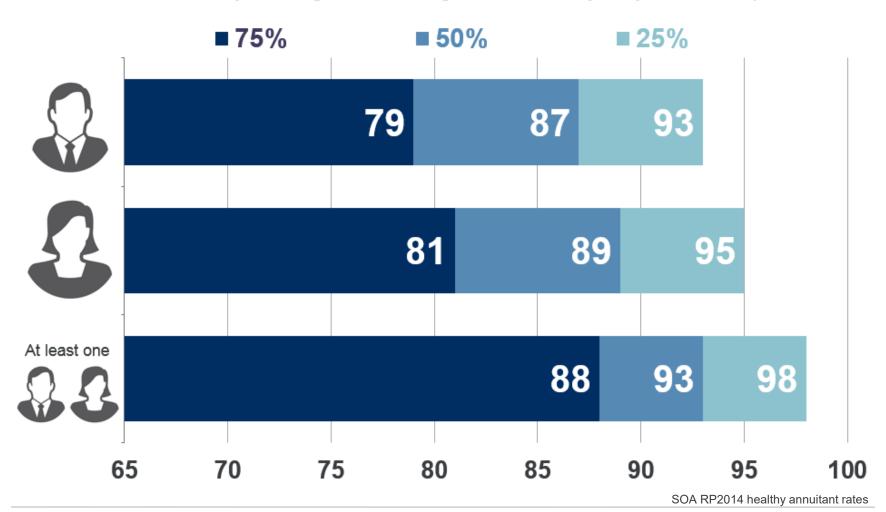
If you receive a pension from an employer who did not withhold Social Security taxes from your pay, your Social Security benefit can be reduced up to 50%

# **CUMULATIVE BENEFITS OVER TIME**



# **LONGEVITY**

# Probability of living to various ages for a healthy 65-year-old couple



# **SPOUSAL BENEFITS**

Married individuals can collect Social Security benefits on their spouse's earning record if:

- Married for at least one year
- At least age 62
- The other spouse has started collecting their individual benefits



# **DIVORCED SPOUSAL BENEFITS**

A divorced spouse can receive benefits on an ex-spouse's earnings record if:

- Married for at least 10 years
- Divorced for at least 2 years
- Currently unmarried
- At least age 62

Claim is confidential



# **SURVIVOR BENEFITS**

A surviving spouse can receive the deceased spouse's benefit if:

- Married for at least 9 months
- At least 60 years old, unless disabled or caring for deceased spouses child



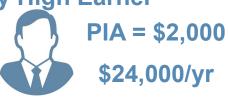


# MARRIED COUPLE EXAMPLE

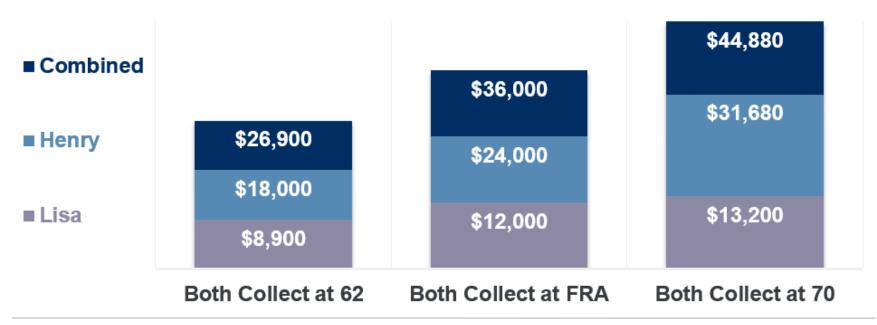
## **Lisa Lower Earner**



# **Henry High Earner**



#### **Annual Benefits**



# MARRIED COUPLE EXAMPLE

**Lisa Lower Earner** 



**PIA = \$833** 

\$10,000/yr

**Henry High Earner** 



PIA = \$2,000

\$24,000/yr

\$24,000

Henry collects 100% of PIA

\$24,000

Lisa collects the amount Henry was receiving at time of death

\$7,500 Lisa collects reduced individual

ets reduced individua benefits \$9,500

Lisa collects spousal benefits

At FRA

Survivor Benefits

Age 62

DAWSON WEALTH MANAGEMENT LLC
www.dawsonwealth.com

Since 1985
Dawson Wealth Management LLC is not a registered brokey/dealer and is independent

**RAYMOND JAMES®** 

# MARRIED COUPLE EXAMPLE

#### **Lisa Lower Earner**



**PIA** = \$833

\$10,000/yr

# **Henry High Earner**



PIA = \$2,000

\$24,000/yr

\$31,680

Henry collects 132% of his PIA

\$31,680

Lisa collects the amount Henry was receiving at time of death

\$10,000

Lisa collects 100% of her PIA

\$12,000

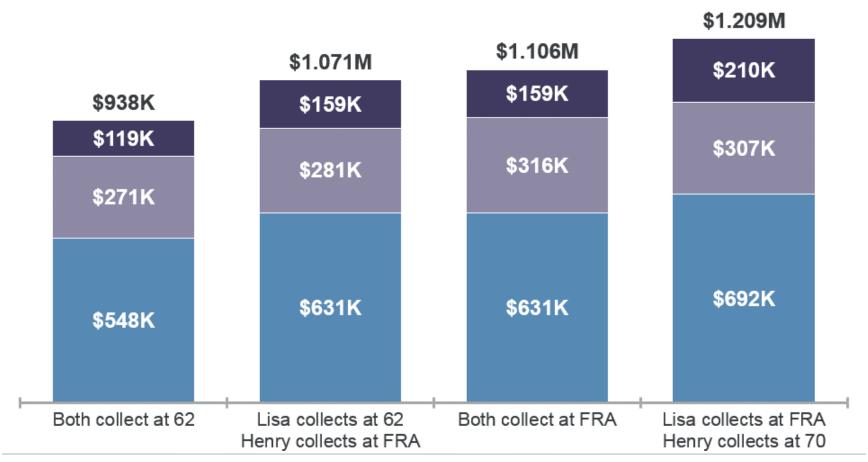
Lisa receives spousal benefits

At FRA Age 70 Survivor Benefits

# **CUMULATIVE LIFETIME BENEFITS**

Assumes a 2% annual COLA Henry lives till age 86 Lisa lives till age 90





# **AGE 62 BEFORE 2016?**

- The Bipartisan Budget Act of 2015 resulted in the elimination of two popular claiming strategies that were previously available to married couples.
- If you turned age 62 prior to 2016, you still have the ability to file a
   Restricted Application, which allows you to claim a spousal benefit first,
   while your individual benefit earns delayed credits.

# RESTRICTED APPLICATION

**Lisa Lower Earner** 



**PIA = \$833** 

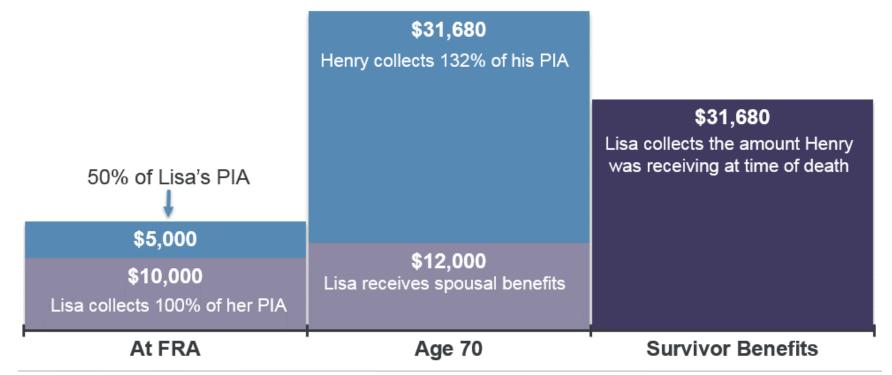
\$10,000/yr

**Henry High Earner** 



PIA = \$2,000

\$24,000/yr



# **QUESTIONS TO CONSIDER**



#### Work

When do you plan to stop working?
What will your earnings look like until retirement?



# Longevity

How is your health? Family history of longevity?



### **Spouse**

What benefit amount is your spouse eligible for? Spouse's health and longevity? What is the age difference between you and your spouse?



#### **Retirement Income**

What other sources of retirement income do you have? How important is Social Security to your retirement income?

### **GENERAL CLAIMING GUIDELINES**

# Before FRA

- Lower life expectancy
- Lower earning & younger spouse
- Strong need for income
- Fully retired and no earnings
- Survivor benefits
- Disabled

## FRA

#### FRA or later

- Generally a best practice
- Longer life expectancy
- Higher earner with lower earning younger spouse
- Still working or access other sources of income to meet expenses
- Maximize a large spousal benefit

### **NEXT STEPS**

Go to

www.ssa.gov/myaccount

to establish your online
account and review your
benefits information

Evaluate different claiming scenarios based on your personal situation

Develop and implement a comprehensive retirement income plan

Raymond James has the tools, resources and expertise to help you understand the decisions you face.

The information herein has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. This information is not a complete summary or statement of all available data necessary for making a decision and does not constitute a recommendation. You should discuss any tax or legal matters with the appropriate professional.