

UNDERSTANDING YOUR

Cash Flow Decisions



For William and Mary Jones

Presented by:

AQA

Professional



Advanced Group

Important Notes

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement needs. It can serve as a guide for discussions with your professional advisors. This report reflects the provisions and restrictions included in the Bipartisan Budget Act of 2015.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a "best guess."

Strategies may be proposed to support the purchase of various products such as insurance and annuities. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

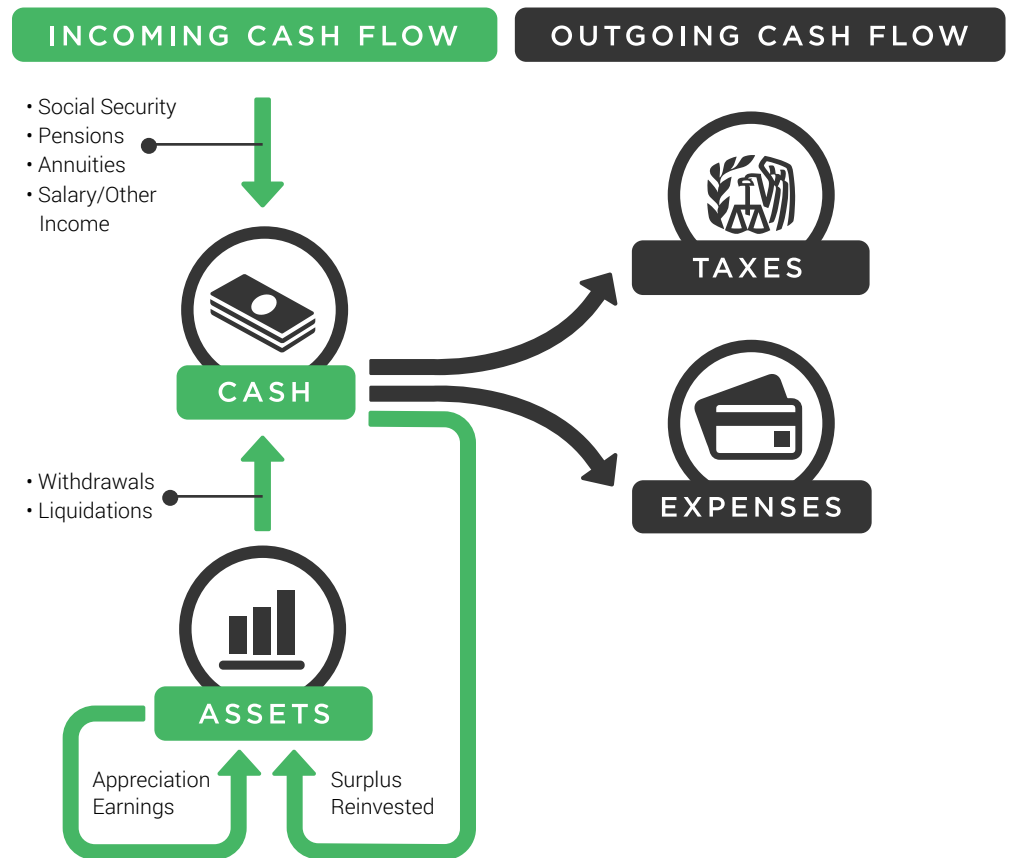
IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act became Public Law No. 116-94 on December 20, 2019. SECURE Act 2.0 was signed into law on December 29, 2022.

Cash Flow Decisions for Retirement

Cash flow describes how you use financial resources. It is a process that is always moving. All parts of cash flow affect each other. Social Security is often a major part of retirement income and you should select a benefit start age and filing method that gives you the best overall retirement income.



You receive income from both outside and inside sources. Outside sources include salary, pensions, annuities, Social Security, and other income. Inside sources include any withdrawals or liquidations of assets, and interest and dividends.

Some outgoing payments may be mandatory, such as taxes. Other payments include expenses that may be essential or discretionary. The balance, or surplus, is saved or is used to acquire additional assets. The assets grow through appreciation or reinvested earnings.

The following pages project how **all the parts** of your cash flow **determine your retirement lifestyle**.

Confirmation of Facts

Personal Information

William Jones	Mary Jones
62	62
Male	Female
Jan. 01, 1963	Jan. 01, 1963
William and Mary are married.	

Expenses

Current value of residence	\$0
Monthly Mortgage Payment for 0 years	\$0
Growth rate	0%
Total Monthly Expenses (excluding mortgage)	\$0
Percent expenses at first retirement	100%
Percent continued after first death	100%
Inflation rate	2.5%

Salary

Name	Pre-Retirement			Post-Retirement		
	Salary	Annual Increase	Until Age	Salary	Annual Increase	Until Age
William	\$0	0%	65	\$0	0%	66
Mary	\$0	0%	65	\$0	0%	66

Effective Income Tax Rate

Pre-retirement: 25%

Post-retirement: 25%

Income tax rate on capital gains assumed to be 15%.

Social Security

	William	Mary
Monthly benefit at full retirement age	\$4,000	\$2,000
Full retirement age	67	67
Social Security cost of living adjustment	2.5%	

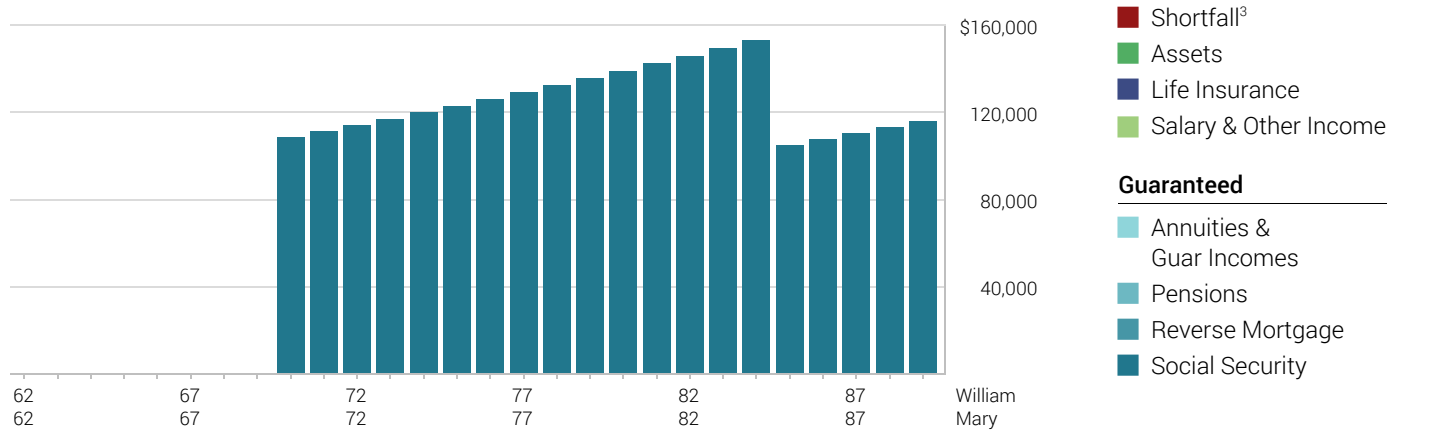
Assumptions

	William	Mary
Retirement age	65	65
Mortality age	85	90
Percent expenses at first retirement		100%
Percent continued after first death		100%
Interest rate for time value of money		0%
	Pre-Retirement	Post-Retirement
Surplus (cash on hand) growth rates	0%	0%
Life insurance proceeds growth rates	0%	0%

Current Cash Flow—Optimized

	WILLIAM	MARY	CASH FLOW RESULTS
Current Age (at year end)	62	62	<div>\$2,385,024</div> <div>to Heirs²</div>
Monthly benefit at FRA ¹	\$4,000	\$2,000	
Assume live to	85	90	
Start benefits at age	70	70	
Filing Method: File for Benefits			

Annual Cash Flow



Additional Items to Consider

- Consider reducing your monthly expenses.
- Consider working longer.

Assets Consumed in this Order

1. Savings
2. Investments
3. IRAs/401(k)s
4. Roth IRAs

Retirement expenses at 100% of pre-retirement amount. Expenses at first death at 100% of retirement expenses. Pre-retirement effective income tax rate is 25%. Post retirement effective income tax rate is 25%.

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² To heirs is total remaining assets at the end of the illustration.

³ Present value today of remaining needs is \$0.

Monthly Income Sources

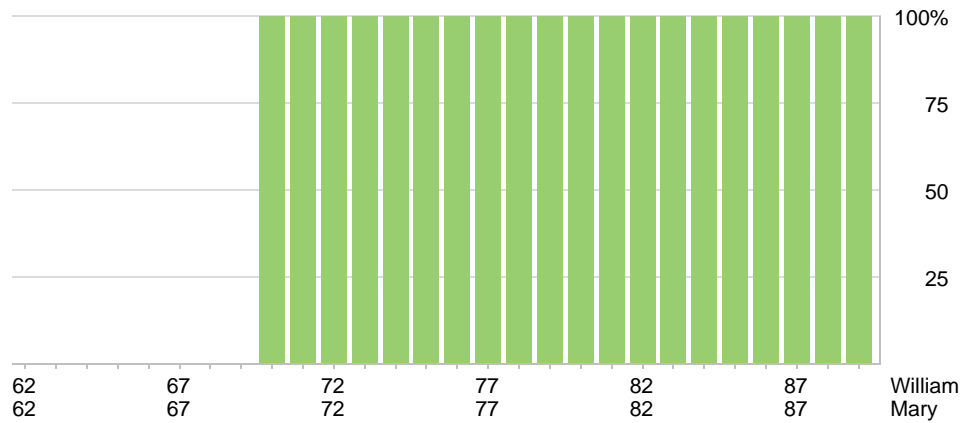
Ages	Salary & Other Income	Pensions	Social Security	From Assets	Total Gross Monthly Income	Gross Annual Income	Gross Annual Income Desired ¹
* 62/62	\$0	\$0	\$0	\$0	\$0	\$0	\$0
63/63	0	0	0	0	0	0	0
64/64	0	0	0	0	0	0	0
65/65	0	0	0	0	0	0	0
66/66	0	0	0	0	0	0	0
67/67	0	0	0	0	0	0	0
68/68	0	0	0	0	0	0	0
69/69	0	0	0	0	0	0	0
70/70	0	0	9,065	0	9,065	108,780	3,708
71/71	0	0	9,291	0	9,291	111,492	3,996
72/72	0	0	9,524	0	9,524	114,288	4,293
73/73	0	0	9,762	0	9,762	117,144	4,597
74/74	0	0	10,006	0	10,006	120,072	4,908
75/75	0	0	10,256	0	10,256	123,072	5,226
76/76	0	0	10,512	0	10,512	126,144	5,553
77/77	0	0	10,776	0	10,776	129,312	5,889
78/78	0	0	11,045	0	11,045	132,540	6,232
79/79	0	0	11,321	0	11,321	135,852	6,584
80/80	0	0	11,604	0	11,604	139,248	6,945
81/81	0	0	11,894	0	11,894	142,728	7,315
82/82	0	0	12,192	0	12,192	146,304	7,695
83/83	0	0	12,496	0	12,496	149,952	8,082
84/84	0	0	12,808	0	12,808	153,696	8,480
85	0	0	8,752	0	8,752	105,024	5,059
86	0	0	8,971	0	8,971	107,652	5,338
87	0	0	9,196	0	9,196	110,352	5,625
88	0	0	9,425	0	9,425	113,100	5,917
89	0	0	9,661	0	9,661	115,932	6,218

¹ Gross Annual Income Desired is the annualized mortgage payments plus the Total Monthly expenses. Total Monthly Expenses are inflation-adjusted from today at the indicated rate.

* Values for this year reflect 8 months data starting May 2025.

Current Guaranteed Income

Income floor as percent of total expenses and taxes



Ages	Annual Expenses	Total Taxes & Expenses	INCOME FLOOR		
			Pensions	Social Security	% Total Taxes & Expenses
* 62/62	\$0	\$0	\$0	\$0	0%
63/63	0	0	0	0	0%
64/64	0	0	0	0	0%
65/65	0	0	0	0	0%
66/66	0	0	0	0	0%
67/67	0	0	0	0	0%
68/68	0	0	0	0	0%
69/69	0	0	0	0	0%
70/70	0	3,708	0	108,780	100%
71/71	0	3,996	0	111,492	100%
72/72	0	4,293	0	114,288	100%
73/73	0	4,597	0	117,144	100%
74/74	0	4,908	0	120,072	100%
75/75	0	5,226	0	123,072	100%
76/76	0	5,553	0	126,144	100%
77/77	0	5,889	0	129,312	100%
78/78	0	6,232	0	132,540	100%
79/79	0	6,584	0	135,852	100%
80/80	0	6,945	0	139,248	100%
81/81	0	7,315	0	142,728	100%
82/82	0	7,695	0	146,304	100%
83/83	0	8,082	0	149,952	100%
84/84	0	8,480	0	153,696	100%
85	0	5,059	0	105,024	100%
86	0	5,338	0	107,652	100%
87	0	5,625	0	110,352	100%
88	0	5,917	0	113,100	100%
89	0	6,218	0	115,932	100%

* Values for this year reflect 8 months data starting May 2025.

Current Cash Flow

Ages	Total Taxes & Expenses	Retirement Plan Contributions	INCOME FLOOR		OTHER INCOME SOURCES		Surplus/ Shortfall
			Pensions	Social Security	Salary & Other Income	From Assets	
* 62/62	\$0	\$0	\$0	\$0	\$0	\$0	\$0
63/63	0	0	0	0	0	0	0
64/64	0	0	0	0	0	0	0
65/65	0	0	0	0	0	0	0
66/66	0	0	0	0	0	0	0
67/67	0	0	0	0	0	0	0
68/68	0	0	0	0	0	0	0
69/69	0	0	0	0	0	0	0
70/70	3,708	0	0	108,780	0	0	105,072
71/71	3,996	0	0	111,492	0	0	107,496
72/72	4,293	0	0	114,288	0	0	109,995
73/73	4,597	0	0	117,144	0	0	112,547
74/74	4,908	0	0	120,072	0	0	115,164
75/75	5,226	0	0	123,072	0	0	117,846
76/76	5,553	0	0	126,144	0	0	120,591
77/77	5,889	0	0	129,312	0	0	123,423
78/78	6,232	0	0	132,540	0	0	126,308
79/79	6,584	0	0	135,852	0	0	129,268
80/80	6,945	0	0	139,248	0	0	132,303
81/81	7,315	0	0	142,728	0	0	135,413
82/82	7,695	0	0	146,304	0	0	138,609
83/83	8,082	0	0	149,952	0	0	141,870
84/84	8,480	0	0	153,696	0	0	145,216
85	5,059	0	0	105,024	0	0	99,965
86	5,338	0	0	107,652	0	0	102,314
87	5,625	0	0	110,352	0	0	104,727
88	5,917	0	0	113,100	0	0	107,183
89	6,218	0	0	115,932	0	0	109,714

* Values for this year reflect 8 months data starting May 2025.

Current Total Retirement Assets

Includes totals for all asset groups, including Savings, Investments, IRAs, Roth IRAs, Retirement Savings Plans, and Annuities. The following pages show annual values for each of the individual asset groups summarized here.

Ages	Beginning of Year Balance	Contributions/ Reinvestment	Growth and Earnings¹	Withdrawals	End of Year Balance
* 62/62	\$0	\$0	\$0	\$0	\$0
63/63	0	0	0	0	0
64/64	0	0	0	0	0
65/65	0	0	0	0	0
66/66	0	0	0	0	0
67/67	0	0	0	0	0
68/68	0	0	0	0	0
69/69	0	0	0	0	0
70/70	0	0	0	0	0
71/71	0	0	0	0	0
72/72	0	0	0	0	0
73/73	0	0	0	0	0
74/74	0	0	0	0	0
75/75	0	0	0	0	0
76/76	0	0	0	0	0
77/77	0	0	0	0	0
78/78	0	0	0	0	0
79/79	0	0	0	0	0
80/80	0	0	0	0	0
81/81	0	0	0	0	0
82/82	0	0	0	0	0
83/83	0	0	0	0	0
84/84	0	0	0	0	0
85	0	0	0	0	0
86	0	0	0	0	0
87	0	0	0	0	0
88	0	0	0	0	0
89	0	0	0	0	0

¹ See Confirmation of Facts for assumed growth and interest rates applied to assets.

* Values for this year reflect 8 months data starting May 2025.

Current Surplus (Cash on Hand)

Includes any surplus from cash flow and is assumed to grow at a pre-retirement rate of 0% and after retirement at 0%. These annual values are not included in the Total Retirement Assets ledger.

Ages	Beginning of Year Balance	Surplus Deposit	Growth and Earnings ¹	Withdrawals	End of Year Balance
* 62/62	\$0	\$0	\$0	\$0	\$0
63/63	0	0	0	0	0
64/64	0	0	0	0	0
65/65	0	0	0	0	0
66/66	0	0	0	0	0
67/67	0	0	0	0	0
68/68	0	0	0	0	0
69/69	0	0	0	0	0
70/70	0	105,072	0	0	105,072
71/71	105,072	107,496	0	0	212,568
72/72	212,568	109,995	0	0	322,563
73/73	322,563	112,547	0	0	435,110
74/74	435,110	115,164	0	0	550,275
75/75	550,275	117,846	0	0	668,120
76/76	668,120	120,591	0	0	788,712
77/77	788,712	123,423	0	0	912,134
78/78	912,134	126,308	0	0	1,038,442
79/79	1,038,442	129,268	0	0	1,167,710
80/80	1,167,710	132,303	0	0	1,300,012
81/81	1,300,012	135,413	0	0	1,435,426
82/82	1,435,426	138,609	0	0	1,574,035
83/83	1,574,035	141,870	0	0	1,715,904
84/84	1,715,904	145,216	0	0	1,861,120
85	1,861,120	99,965	0	0	1,961,085
86	1,961,085	102,314	0	0	2,063,399
87	2,063,399	104,727	0	0	2,168,126
88	2,168,126	107,183	0	0	2,275,310
89	2,275,310	109,714	0	0	2,385,024

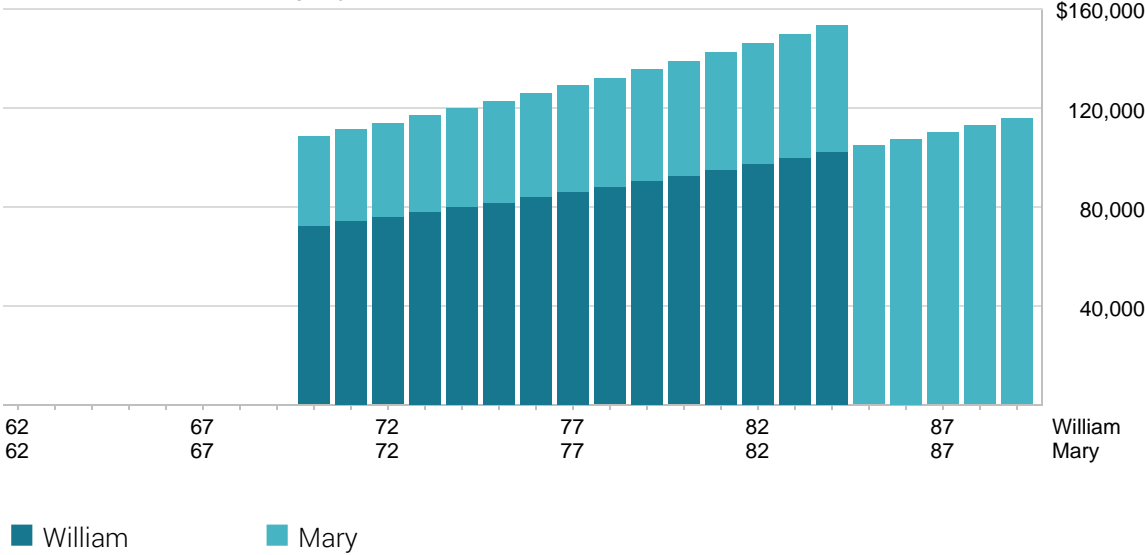
¹ See Confirmation of Facts for assumed growth and interest rates applied to assets.

* Values for this year reflect 8 months data starting May 2025.

Current Social Security

	WILLIAM	MARY	CUMULATIVE VALUE OF BENEFITS
Current Age (at year end)	62	62	<div>\$2,502,684</div> <div>File for Benefits</div>
Monthly benefit at FRA ¹	\$4,000	\$2,000	
Assume live to	85	90	
Start benefits at age	70	70	

Annual Benefits by Year
Assumes 2.5% Cost of Living Adjustments



			NEW MONTHLY BENEFITS			REASON
DATE	AGE ²	CHANGE FOR	WILLIAM	MARY	TOTAL	
Jan 2033	70	William	\$6,043	\$3,022	\$9,065	Start own retirement benefits
Jan 2033	70	Mary	\$6,043	\$3,022	\$9,065	Start own retirement benefits
Jan 2048	85	Mary	\$0	\$8,752	\$8,752	Survivor benefits start

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	WILLIAM			MARY				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Cumulative
2025	62	0	0	62	0	0	0	0	0
2026	63	0	0	63	0	0	0	0	0
2027	64	0	0	64	0	0	0	0	0
2028	65	0	0	65	0	0	0	0	0
2029	66	0	0	66	0	0	0	0	0
2030	67	0	0	67	0	0	0	0	0
2031	68	0	0	68	0	0	0	0	0
2032	69	0	0	69	0	0	0	0	0
2033	70	72,516	0	70	36,264	0	0	108,780	108,780
2034	71	74,328	0	71	37,164	0	0	111,492	220,272
2035	72	76,188	0	72	38,100	0	0	114,288	334,560
2036	73	78,096	0	73	39,048	0	0	117,144	451,704
2037	74	80,052	0	74	40,020	0	0	120,072	571,776
2038	75	82,044	0	75	41,028	0	0	123,072	694,848
2039	76	84,096	0	76	42,048	0	0	126,144	820,992
2040	77	86,208	0	77	43,104	0	0	129,312	950,304
2041	78	88,356	0	78	44,184	0	0	132,540	1,082,844
2042	79	90,564	0	79	45,288	0	0	135,852	1,218,696
2043	80	92,832	0	80	46,416	0	0	139,248	1,357,944
2044	81	95,148	0	81	47,580	0	0	142,728	1,500,672
2045	82	97,536	0	82	48,768	0	0	146,304	1,646,976
2046	83	99,972	0	83	49,980	0	0	149,952	1,796,928
2047	84	102,468	0	84	51,228	0	0	153,696	1,950,624
2048				85	52,512	0	52,512	105,024	2,055,648
2049				86	53,820	0	53,832	107,652	2,163,300
2050				87	55,176	0	55,176	110,352	2,273,652
2051				88	56,544	0	56,556	113,100	2,386,752
2052				89	57,960	0	57,972	115,932	2,502,684

¹ Age at end of year illustrated.

Current Cash Flow Taxation

Ages	INCOME		TAXES				Social Security Subject to Taxes
	Social Security	Other Taxable	On Social Security	Ordinary Income	Capital Gains	Total Taxes	
* 62/62	\$0	\$0	\$0	\$0	\$0	\$0	0%
63/63	0	0	0	0	0	0	0%
64/64	0	0	0	0	0	0	0%
65/65	0	0	0	0	0	0	0%
66/66	0	0	0	0	0	0	0%
67/67	0	0	0	0	0	0	0%
68/68	0	0	0	0	0	0	0%
69/69	0	0	0	0	0	0	0%
70/70	108,780	0	3,708	0	0	3,708	14%
71/71	111,492	0	3,996	0	0	3,996	14%
72/72	114,288	0	4,293	0	0	4,293	15%
73/73	117,144	0	4,597	0	0	4,597	16%
74/74	120,072	0	4,908	0	0	4,908	16%
75/75	123,072	0	5,226	0	0	5,226	17%
76/76	126,144	0	5,553	0	0	5,553	18%
77/77	129,312	0	5,889	0	0	5,889	18%
78/78	132,540	0	6,232	0	0	6,232	19%
79/79	135,852	0	6,584	0	0	6,584	19%
80/80	139,248	0	6,945	0	0	6,945	20%
81/81	142,728	0	7,315	0	0	7,315	21%
82/82	146,304	0	7,695	0	0	7,695	21%
83/83	149,952	0	8,082	0	0	8,082	22%
84/84	153,696	0	8,480	0	0	8,480	22%
85	105,024	0	5,059	0	0	5,059	19%
86	107,652	0	5,338	0	0	5,338	20%
87	110,352	0	5,625	0	0	5,625	20%
88	113,100	0	5,917	0	0	5,917	21%
89	115,932	0	6,218	0	0	6,218	21%

* Values for this year reflect 8 months data starting May 2025.

Proposed Changes

Asset Order

Asset Consumed in this Order

- 1. Savings
- 2. Investments
- 3. IRAs/401(k)s
- 4. Roth IRAs

Social Security

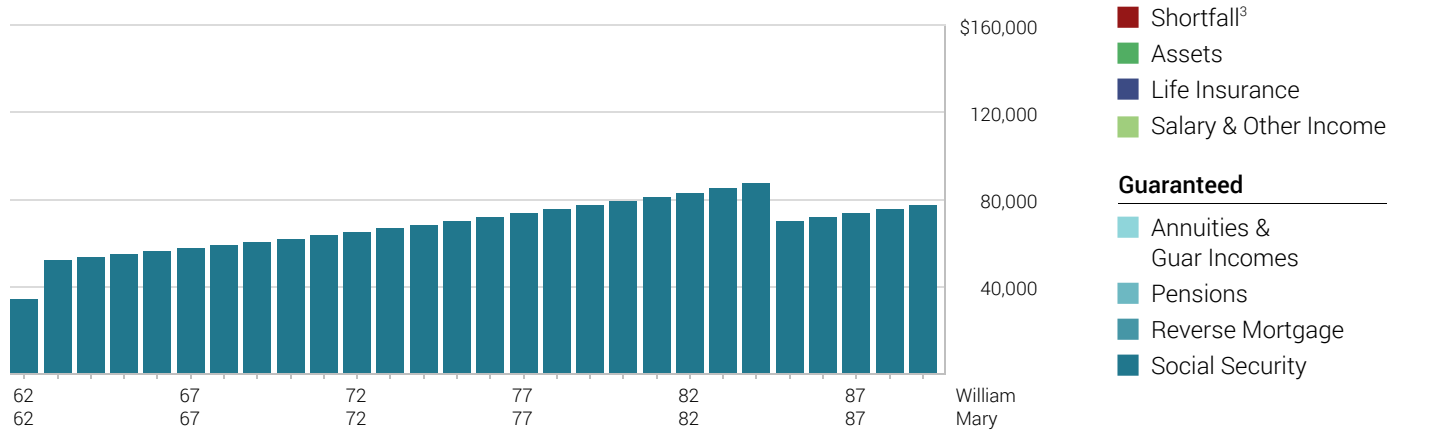
Social Security Details

Social Security Start Age (William)	62
Social Security Start Age (Mary)	62
Filing Method:	File for Benefits

Proposed Cash Flow

	WILLIAM	MARY	CASH FLOW RESULTS
Current Age (at year end)	62	62	<div>\$1,883,119</div> <div>to Heirs²</div>
Monthly benefit at FRA ¹	\$4,000	\$2,000	
Assume live to	85	90	
Start benefits at age	62	62	
Filing Method: File for Benefits			

Annual Cash Flow



Additional Items to Consider

- Consider reducing your monthly expenses.
- Consider working longer.

Assets Consumed in this Order

1. Savings
2. Investments
3. IRAs/401(k)s
4. Roth IRAs

Retirement expenses at 100% of pre-retirement amount. Expenses at first death at 100% of retirement expenses. Pre-retirement effective income tax rate is 25%. Post retirement effective income tax rate is 25%.

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² To heirs is total remaining assets at the end of the illustration.

³ Present value today of remaining needs is \$0.

Monthly Income Sources

Ages	Salary & Other Income	Pensions	Social Security	From Assets	Total Gross Monthly Income	Gross Annual Income	Gross Annual Income Desired ¹
* 62/62	\$0	\$0	\$4,225	\$0	\$4,225	\$33,800	\$0
63/63	0	0	4,331	0	4,331	51,972	0
64/64	0	0	4,439	0	4,439	53,268	0
65/65	0	0	4,550	0	4,550	54,600	0
66/66	0	0	4,664	0	4,664	55,968	0
67/67	0	0	4,780	0	4,780	57,360	0
68/68	0	0	4,899	0	4,899	58,788	0
69/69	0	0	5,022	0	5,022	60,264	0
70/70	0	0	5,148	0	5,148	61,776	0
71/71	0	0	5,277	0	5,277	63,324	0
72/72	0	0	5,409	0	5,409	64,908	57
73/73	0	0	5,544	0	5,544	66,528	158
74/74	0	0	5,682	0	5,682	68,184	262
75/75	0	0	5,824	0	5,824	69,888	368
76/76	0	0	5,970	0	5,970	71,640	478
77/77	0	0	6,119	0	6,119	73,428	589
78/78	0	0	6,272	0	6,272	75,264	704
79/79	0	0	6,429	0	6,429	77,148	822
80/80	0	0	6,590	0	6,590	79,080	943
81/81	0	0	6,754	0	6,754	81,048	1,066
82/82	0	0	6,923	0	6,923	83,076	1,192
83/83	0	0	7,096	0	7,096	85,152	1,322
84/84	0	0	7,274	0	7,274	87,288	1,456
85	0	0	5,823	0	5,823	69,876	1,324
86	0	0	5,969	0	5,969	71,628	1,510
87	0	0	6,118	0	6,118	73,416	1,700
88	0	0	6,271	0	6,271	75,252	1,896
89	0	0	6,428	0	6,428	77,136	2,096

¹ Gross Annual Income Desired is the annualized mortgage payments plus the Total Monthly expenses. Total Monthly Expenses are inflation-adjusted from today at the indicated rate.

* Values for this year reflect 8 months data starting May 2025.

Proposed Cash Flow

		INCOME FLOOR			OTHER INCOME SOURCES		
		Retirement Plan		Social Security	Salary &	From	Surplus/
Ages	Total Taxes & Expenses	Contributions	Pensions		Other Income	Assets	Shortfall
* 62/62	\$0	\$0	\$0	\$33,800	\$0	\$0	\$33,800
63/63	0	0	0	51,972	0	0	51,972
64/64	0	0	0	53,268	0	0	53,268
65/65	0	0	0	54,600	0	0	54,600
66/66	0	0	0	55,968	0	0	55,968
67/67	0	0	0	57,360	0	0	57,360
68/68	0	0	0	58,788	0	0	58,788
69/69	0	0	0	60,264	0	0	60,264
70/70	0	0	0	61,776	0	0	61,776
71/71	0	0	0	63,324	0	0	63,324
72/72	57	0	0	64,908	0	0	64,851
73/73	158	0	0	66,528	0	0	66,370
74/74	262	0	0	68,184	0	0	67,923
75/75	368	0	0	69,888	0	0	69,520
76/76	478	0	0	71,640	0	0	71,163
77/77	589	0	0	73,428	0	0	72,839
78/78	704	0	0	75,264	0	0	74,560
79/79	822	0	0	77,148	0	0	76,326
80/80	943	0	0	79,080	0	0	78,138
81/81	1,066	0	0	81,048	0	0	79,983
82/82	1,192	0	0	83,076	0	0	81,884
83/83	1,322	0	0	85,152	0	0	83,830
84/84	1,456	0	0	87,288	0	0	85,833
85	1,324	0	0	69,876	0	0	68,552
86	1,510	0	0	71,628	0	0	70,118
87	1,700	0	0	73,416	0	0	71,716
88	1,896	0	0	75,252	0	0	73,356
89	2,096	0	0	77,136	0	0	75,040

* Values for this year reflect 8 months data starting May 2025.

Proposed Total Retirement Assets

Includes totals for all asset groups, including Savings, Investments, IRAs, Roth IRAs, Retirement Savings Plans, and Annuities. The following pages show annual values for each of the individual asset groups summarized here.

Ages	Beginning of Year Balance	Contributions/ Reinvestment	Growth and Earnings¹	Withdrawals	End of Year Balance
* 62/62	\$0	\$0	\$0	\$0	\$0
63/63	0	0	0	0	0
64/64	0	0	0	0	0
65/65	0	0	0	0	0
66/66	0	0	0	0	0
67/67	0	0	0	0	0
68/68	0	0	0	0	0
69/69	0	0	0	0	0
70/70	0	0	0	0	0
71/71	0	0	0	0	0
72/72	0	0	0	0	0
73/73	0	0	0	0	0
74/74	0	0	0	0	0
75/75	0	0	0	0	0
76/76	0	0	0	0	0
77/77	0	0	0	0	0
78/78	0	0	0	0	0
79/79	0	0	0	0	0
80/80	0	0	0	0	0
81/81	0	0	0	0	0
82/82	0	0	0	0	0
83/83	0	0	0	0	0
84/84	0	0	0	0	0
85	0	0	0	0	0
86	0	0	0	0	0
87	0	0	0	0	0
88	0	0	0	0	0
89	0	0	0	0	0

¹ See Confirmation of Facts for assumed growth and interest rates applied to assets.

* Values for this year reflect 8 months data starting May 2025.

Proposed Surplus (Cash on Hand)

Includes any surplus from cash flow and is assumed to grow at a pre-retirement rate of 0% and after retirement at 0%. These annual values are not included in the Total Retirement Assets ledger.

Ages	Beginning of Year Balance	Surplus Deposit	Growth and Earnings¹	Withdrawals	End of Year Balance
* 62/62	\$0	\$33,800	\$0	\$0	\$33,800
63/63	33,800	51,972	0	0	85,772
64/64	85,772	53,268	0	0	139,040
65/65	139,040	54,600	0	0	193,640
66/66	193,640	55,968	0	0	249,608
67/67	249,608	57,360	0	0	306,968
68/68	306,968	58,788	0	0	365,756
69/69	365,756	60,264	0	0	426,020
70/70	426,020	61,776	0	0	487,796
71/71	487,796	63,324	0	0	551,120
72/72	551,120	64,851	0	0	615,971
73/73	615,971	66,370	0	0	682,341
74/74	682,341	67,923	0	0	750,264
75/75	750,264	69,520	0	0	819,784
76/76	819,784	71,163	0	0	890,946
77/77	890,946	72,839	0	0	963,785
78/78	963,785	74,560	0	0	1,038,345
79/79	1,038,345	76,326	0	0	1,114,671
80/80	1,114,671	78,138	0	0	1,192,809
81/81	1,192,809	79,983	0	0	1,272,791
82/82	1,272,791	81,884	0	0	1,354,675
83/83	1,354,675	83,830	0	0	1,438,505
84/84	1,438,505	85,833	0	0	1,524,338
85	1,524,338	68,552	0	0	1,592,889
86	1,592,889	70,118	0	0	1,663,007
87	1,663,007	71,716	0	0	1,734,722
88	1,734,722	73,356	0	0	1,808,079
89	1,808,079	75,040	0	0	1,883,119

¹ See Confirmation of Facts for assumed growth and interest rates applied to assets.

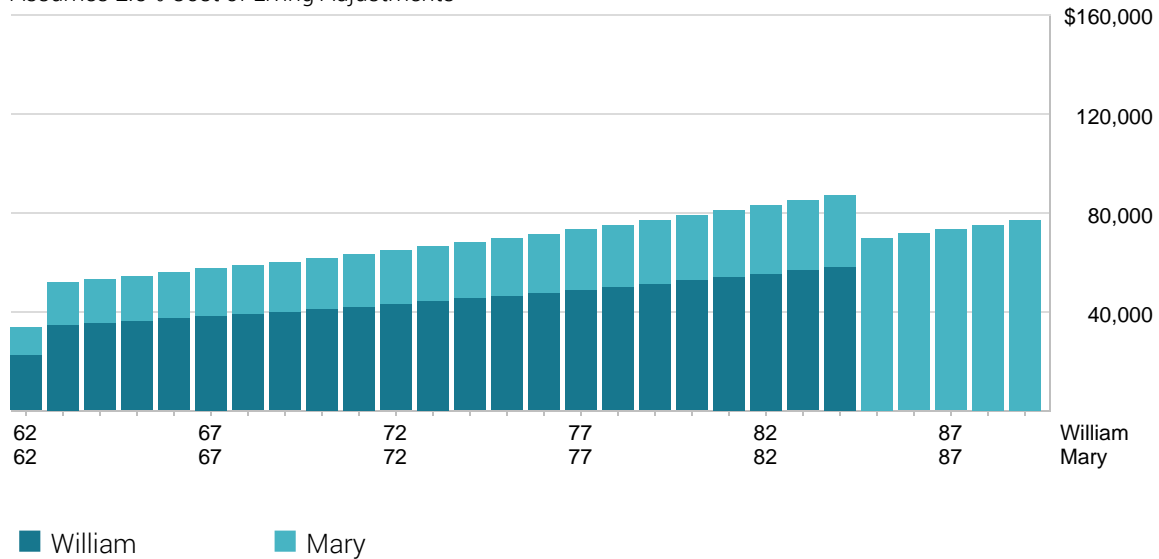
* Values for this year reflect 8 months data starting May 2025.

Proposed Social Security

	WILLIAM	MARY	CUMULATIVE VALUE OF BENEFITS	
Current Age (at year end)	62	62	\$1,901,060 File for Benefits	
Monthly benefit at FRA ¹	\$4,000	\$2,000		
Assume live to	85	90		
Start benefits at age	62	62		

Annual Benefits by Year

Assumes 2.5% Cost of Living Adjustments



DATE	AGE ²	CHANGE FOR	NEW MONTHLY BENEFITS			REASON
			WILLIAM	MARY	TOTAL	
Feb 2025	62	William	\$2,817	\$1,408	\$4,225	Start own retirement benefits
Feb 2025	62	Mary	\$2,817	\$1,408	\$4,225	Start own retirement benefits
Jan 2048	85	Mary	\$0	\$5,823	\$5,823	Survivor benefits start

¹ Prior to full retirement age, earnings from continuing to work may result in reduced or withheld benefits. At full retirement age, an adjustment is made to restore any reduced or withheld benefits. After full retirement age, there is no benefit reduction for wages or self-employment earnings.

² Age at end of year illustrated.

Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	WILLIAM			MARY				TOTAL	
	Age ¹	Retirement	Spousal	Age ¹	Retirement	Spousal	Survivor	Annual Total	Cumulative
2025	62	22,536	0	62	11,264	0	0	33,800	33,800
2026	63	34,644	0	63	17,328	0	0	51,972	85,772
2027	64	35,508	0	64	17,760	0	0	53,268	139,040
2028	65	36,396	0	65	18,204	0	0	54,600	193,640
2029	66	37,308	0	66	18,660	0	0	55,968	249,608
2030	67	38,244	0	67	19,116	0	0	57,360	306,968
2031	68	39,192	0	68	19,596	0	0	58,788	365,756
2032	69	40,176	0	69	20,088	0	0	60,264	426,020
2033	70	41,184	0	70	20,592	0	0	61,776	487,796
2034	71	42,216	0	71	21,108	0	0	63,324	551,120
2035	72	43,272	0	72	21,636	0	0	64,908	616,028
2036	73	44,352	0	73	22,176	0	0	66,528	682,556
2037	74	45,456	0	74	22,728	0	0	68,184	750,740
2038	75	46,596	0	75	23,292	0	0	69,888	820,628
2039	76	47,760	0	76	23,880	0	0	71,640	892,268
2040	77	48,948	0	77	24,480	0	0	73,428	965,696
2041	78	50,172	0	78	25,092	0	0	75,264	1,040,960
2042	79	51,432	0	79	25,716	0	0	77,148	1,118,108
2043	80	52,716	0	80	26,364	0	0	79,080	1,197,188
2044	81	54,036	0	81	27,012	0	0	81,048	1,278,236
2045	82	55,380	0	82	27,696	0	0	83,076	1,361,312
2046	83	56,772	0	83	28,380	0	0	85,152	1,446,464
2047	84	58,188	0	84	29,100	0	0	87,288	1,533,752
2048				85	29,820	0	40,056	69,876	1,603,628
2049				86	30,564	0	41,064	71,628	1,675,256
2050				87	31,332	0	42,084	73,416	1,748,672
2051				88	32,112	0	43,140	75,252	1,823,924
2052				89	32,916	0	44,220	77,136	1,901,060

¹ Age at end of year illustrated.

Proposed Cash Flow Taxation

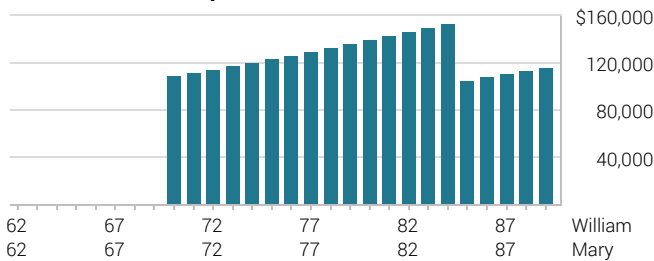
Ages	INCOME		TAXES				Social Security Subject to Taxes
	Social Security	Other Taxable	On Social Security	Ordinary Income	Capital Gains	Total Taxes	
* 62/62	\$33,800	\$0	\$0	\$0	\$0	\$0	0%
63/63	51,972	0	0	0	0	0	0%
64/64	53,268	0	0	0	0	0	0%
65/65	54,600	0	0	0	0	0	0%
66/66	55,968	0	0	0	0	0	0%
67/67	57,360	0	0	0	0	0	0%
68/68	58,788	0	0	0	0	0	0%
69/69	60,264	0	0	0	0	0	0%
70/70	61,776	0	0	0	0	0	0%
71/71	63,324	0	0	0	0	0	0%
72/72	64,908	0	57	0	0	57	0%
73/73	66,528	0	158	0	0	158	1%
74/74	68,184	0	262	0	0	262	2%
75/75	69,888	0	368	0	0	368	2%
76/76	71,640	0	478	0	0	478	3%
77/77	73,428	0	589	0	0	589	3%
78/78	75,264	0	704	0	0	704	4%
79/79	77,148	0	822	0	0	822	4%
80/80	79,080	0	943	0	0	943	5%
81/81	81,048	0	1,066	0	0	1,066	5%
82/82	83,076	0	1,192	0	0	1,192	6%
83/83	85,152	0	1,322	0	0	1,322	6%
84/84	87,288	0	1,456	0	0	1,456	7%
85	69,876	0	1,324	0	0	1,324	8%
86	71,628	0	1,510	0	0	1,510	8%
87	73,416	0	1,700	0	0	1,700	9%
88	75,252	0	1,896	0	0	1,896	10%
89	77,136	0	2,096	0	0	2,096	11%

* Values for this year reflect 8 months data starting May 2025.

Comparisons

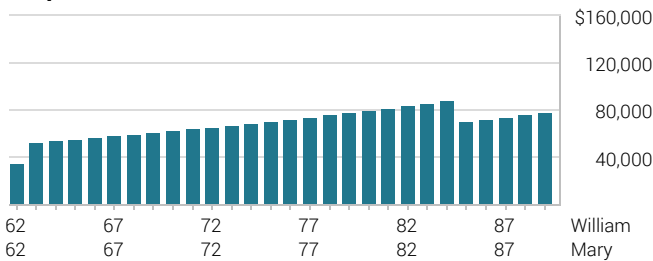
Cash Flow Comparison

Current Plan—Optimized



- Shortfall
- Assets
- Life Insurance
- Salary & Other Income

Proposed Plan



- Guaranteed
- Annuities & Guar Incomes
- Pensions
- Reverse Mortgage
- Social Security

		CURRENT			PROPOSED		
Year	Ages ¹	Total Taxes & Expenses	Total Income	Surplus/Shortfall	Total Taxes & Expenses	Total Income	Surplus/Shortfall
* 2025	62/62	\$0	\$0	\$0	\$0	\$33,800	\$33,800
2026	63/63	0	0	0	0	51,972	51,972
2027	64/64	0	0	0	0	53,268	53,268
2028	65/65	0	0	0	0	54,600	54,600
2029	66/66	0	0	0	0	55,968	55,968
2030	67/67	0	0	0	0	57,360	57,360
2031	68/68	0	0	0	0	58,788	58,788
2032	69/69	0	0	0	0	60,264	60,264
2033	70/70	3,708	108,780	105,072	0	61,776	61,776
2034	71/71	3,996	111,492	107,496	0	63,324	63,324
2035	72/72	4,293	114,288	109,995	57	64,908	64,851
2036	73/73	4,597	117,144	112,547	158	66,528	66,370
2037	74/74	4,908	120,072	115,164	262	68,185	67,923
2038	75/75	5,226	123,072	117,846	368	69,888	69,520
2039	76/76	5,553	126,144	120,591	478	71,641	71,163
2040	77/77	5,889	129,312	123,423	589	73,428	72,839
2041	78/78	6,232	132,540	126,308	704	75,264	74,560
2042	79/79	6,584	135,852	129,268	822	77,148	76,326
2043	80/80	6,945	139,248	132,303	943	79,081	78,138
2044	81/81	7,315	142,728	135,413	1,066	81,049	79,983
2045	82/82	7,695	146,304	138,609	1,192	83,076	81,884
2046	83/83	8,082	149,952	141,870	1,322	85,152	83,830
2047	84/84	8,480	153,696	145,216	1,456	87,289	85,833
2048	85	5,059	105,024	99,965	1,324	69,876	68,552
2049	86	5,338	107,652	102,314	1,510	71,628	70,118

¹ Age at end of year illustrated.
* Values for this year reflect 8 months data starting May 2025.

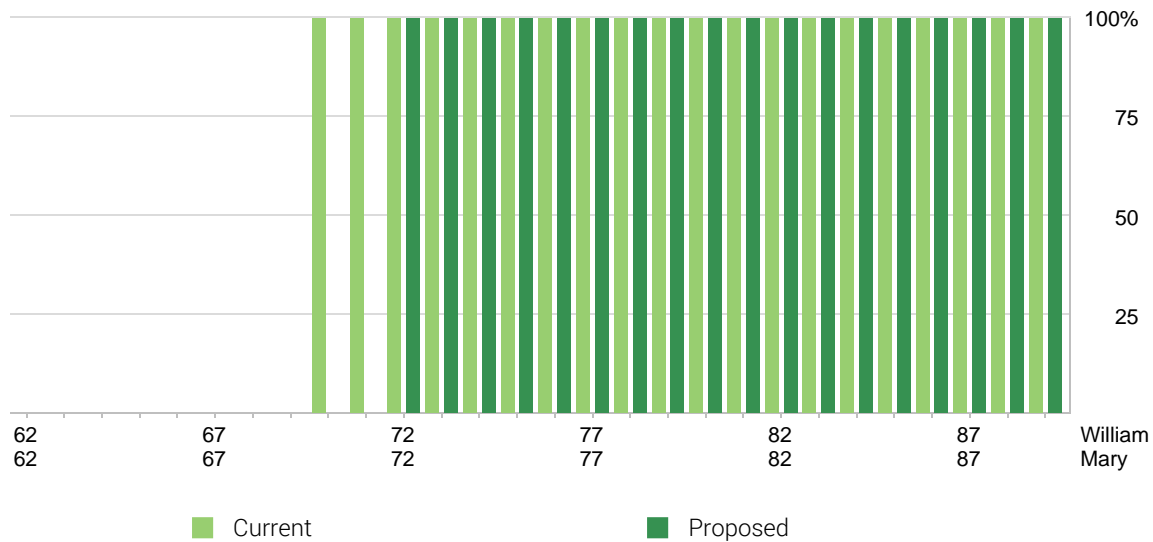
Year	Ages ¹	CURRENT			PROPOSED		
		Total Taxes & Expenses	Total Income	Surplus/ Shortfall	Total Taxes & Expenses	Total Income	Surplus/ Shortfall
2050	87	5,625	110,352	104,727	1,700	73,416	71,716
2051	88	5,917	113,100	107,183	1,896	75,252	73,356
2052	89	6,218	115,932	109,714	2,096	77,136	75,040
		\$2,385,024 to Heirs ²			\$1,883,119 to Heirs ²		

¹ Age at end of year illustrated.

² To heirs is total remaining assets at the end of the illustration.

Guaranteed Income Comparison

Income floor as percent of total expenses and taxes



Year	Ages ¹	CURRENT			PROPOSED		
		Total Taxes & Expenses	Income Floor	Percent Income Floor	Total Taxes & Expenses	Income Floor	Percent Income Floor
* 2025	62/62	\$0	\$0	0%	\$0	\$33,800	0%
2026	63/63	0	0	0%	0	51,972	0%
2027	64/64	0	0	0%	0	53,268	0%
2028	65/65	0	0	0%	0	54,600	0%
2029	66/66	0	0	0%	0	55,968	0%
2030	67/67	0	0	0%	0	57,360	0%
2031	68/68	0	0	0%	0	58,788	0%
2032	69/69	0	0	0%	0	60,264	0%
2033	70/70	3,708	108,780	100%	0	61,776	0%
2034	71/71	3,996	111,492	100%	0	63,324	0%
2035	72/72	4,293	114,288	100%	57	64,908	100%
2036	73/73	4,597	117,144	100%	158	66,528	100%
2037	74/74	4,908	120,072	100%	262	68,184	100%
2038	75/75	5,226	123,072	100%	368	69,888	100%
2039	76/76	5,553	126,144	100%	478	71,640	100%
2040	77/77	5,889	129,312	100%	589	73,428	100%
2041	78/78	6,232	132,540	100%	704	75,264	100%
2042	79/79	6,584	135,852	100%	822	77,148	100%
2043	80/80	6,945	139,248	100%	943	79,080	100%
2044	81/81	7,315	142,728	100%	1,066	81,048	100%
2045	82/82	7,695	146,304	100%	1,192	83,076	100%
2046	83/83	8,082	149,952	100%	1,322	85,152	100%
2047	84/84	8,480	153,696	100%	1,456	87,288	100%
2048	85	5,059	105,024	100%	1,324	69,876	100%
2049	86	5,338	107,652	100%	1,510	71,628	100%

¹ Age at end of year illustrated.

* Values for this year reflect 8 months data starting May 2025.

Year	Ages ¹	CURRENT			PROPOSED		
		Total Taxes & Expenses	Income Floor	Percent Income Floor	Total Taxes & Expenses	Income Floor	Percent Income Floor
2050	87	5,625	110,352	100%	1,700	73,416	100%
2051	88	5,917	113,100	100%	1,896	75,252	100%
2052	89	6,218	115,932	100%	2,096	77,136	100%

¹ Age at end of year illustrated.

Income Tax Comparison

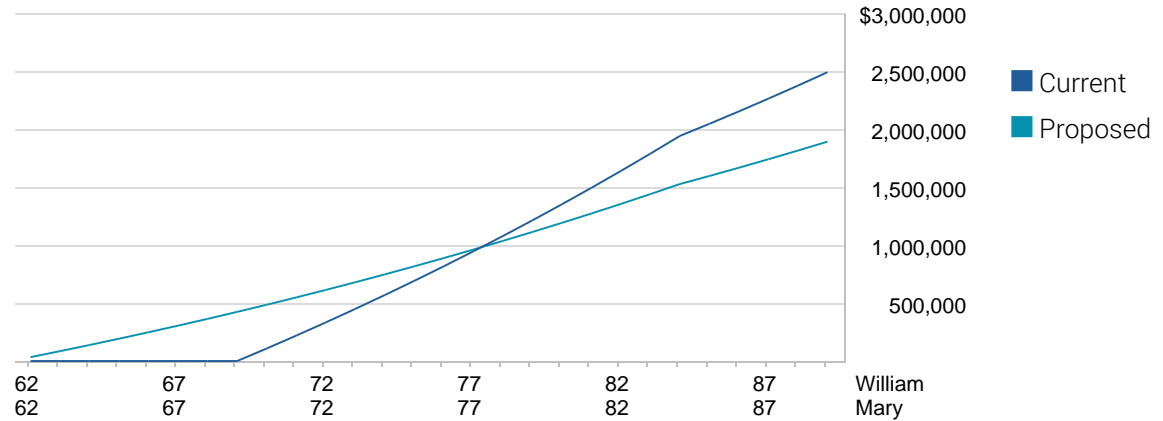
			CURRENT			PROPOSED		
Year	Ages ¹		Total Income	Income Taxes	Percent Social Security Taxed	Total Income	Income Taxes	Percent Social Security Taxed
* 2025	62/62		\$0	\$0	0%	\$33,800	\$0	0%
2026	63/63		0	0	0%	51,972	0	0%
2027	64/64		0	0	0%	53,268	0	0%
2028	65/65		0	0	0%	54,600	0	0%
2029	66/66		0	0	0%	55,968	0	0%
2030	67/67		0	0	0%	57,360	0	0%
2031	68/68		0	0	0%	58,788	0	0%
2032	69/69		0	0	0%	60,264	0	0%
2033	70/70		108,780	3,708	14%	61,776	0	0%
2034	71/71		111,492	3,996	14%	63,324	0	0%
2035	72/72		114,288	4,293	15%	64,908	57	0%
2036	73/73		117,144	4,597	16%	66,528	158	1%
2037	74/74		120,072	4,908	16%	68,184	262	2%
2038	75/75		123,072	5,226	17%	69,888	368	2%
2039	76/76		126,144	5,553	18%	71,640	478	3%
2040	77/77		129,312	5,889	18%	73,428	589	3%
2041	78/78		132,540	6,232	19%	75,264	704	4%
2042	79/79		135,852	6,584	19%	77,148	822	4%
2043	80/80		139,248	6,945	20%	79,080	943	5%
2044	81/81		142,728	7,315	21%	81,048	1,066	5%
2045	82/82		146,304	7,695	21%	83,076	1,192	6%
2046	83/83		149,952	8,082	22%	85,152	1,322	6%
2047	84/84		153,696	8,480	22%	87,288	1,456	7%
2048	85		105,024	5,059	19%	69,876	1,324	8%
2049	86		107,652	5,338	20%	71,628	1,510	8%
2050	87		110,352	5,625	20%	73,416	1,700	9%
2051	88		113,100	5,917	21%	75,252	1,896	10%
2052	89		115,932	6,218	21%	77,136	2,096	11%

¹ Age at end of year illustrated.

* Values for this year reflect 8 months data starting May 2025.

Social Security Break-Even Analysis

Cumulative Lifetime Benefits



CURRENT						PROPOSED			
Year	Ages ¹	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits	Annual Total	Cumulative Lifetime Benefits	Future Value of Benefits	Present Value of Benefits
2025	62/62	\$0	\$0	\$0	\$0	\$33,800	\$33,800	\$33,800	\$33,800
2026	63/63	0	0	0	0	51,972	85,772	85,772	85,772
2027	64/64	0	0	0	0	53,268	139,040	139,040	139,040
2028	65/65	0	0	0	0	54,600	193,640	193,640	193,640
2029	66/66	0	0	0	0	55,968	249,608	249,608	249,608
2030	67/67	0	0	0	0	57,360	306,968	306,968	306,968
2031	68/68	0	0	0	0	58,788	365,756	365,756	365,756
2032	69/69	0	0	0	0	60,264	426,020	426,020	426,020
2033	70/70	108,780	108,780	108,780	108,780	61,776	487,796	487,796	487,796
2034	71/71	111,492	220,272	220,272	220,272	63,324	551,120	551,120	551,120
2035	72/72	114,288	334,560	334,560	334,560	64,908	616,028	616,028	616,028
2036	73/73	117,144	451,704	451,704	451,704	66,528	682,556	682,556	682,556
2037	74/74	120,072	571,776	571,776	571,776	68,184	750,740	750,740	750,740
2038	75/75	123,072	694,848	694,848	694,848	69,888	820,628	820,628	820,628
2039	76/76	126,144	820,992	820,992	820,992	71,640	892,268	892,268	892,268
2040	77/77	129,312	950,304	950,304	950,304	73,428	965,696	965,696	965,696
2041	78/78	132,540	1,082,844	1,082,844	1,082,844	75,264	1,040,960	1,040,960	1,040,960
2042	79/79	135,852	1,218,696	1,218,696	1,218,696	77,148	1,118,108	1,118,108	1,118,108
2043	80/80	139,248	1,357,944	1,357,944	1,357,944	79,080	1,197,188	1,197,188	1,197,188
2044	81/81	142,728	1,500,672	1,500,672	1,500,672	81,048	1,278,236	1,278,236	1,278,236
2045	82/82	146,304	1,646,976	1,646,976	1,646,976	83,076	1,361,312	1,361,312	1,361,312
2046	83/83	149,952	1,796,928	1,796,928	1,796,928	85,152	1,446,464	1,446,464	1,446,464
2047	84/84	153,696	1,950,624	1,950,624	1,950,624	87,288	1,533,752	1,533,752	1,533,752
2048	85	105,024	2,055,648	2,055,648	2,055,648	69,876	1,603,628	1,603,628	1,603,628
2049	86	107,652	2,163,300	2,163,300	2,163,300	71,628	1,675,256	1,675,256	1,675,256
2050	87	110,352	2,273,652	2,273,652	2,273,652	73,416	1,748,672	1,748,672	1,748,672
2051	88	113,100	2,386,752	2,386,752	2,386,752	75,252	1,823,924	1,823,924	1,823,924
2052	89	115,932	2,502,684	2,502,684	2,502,684	77,136	1,901,060	1,901,060	1,901,060

¹ Age at end of year illustrated.

Summary

	START AGES	FILING METHOD	CUMULATIVE VALUE
Current	William starts at 70, Mary starts at 70	File for Benefits	\$2,502,684
Proposed	William starts at 62, Mary starts at 62	File for Benefits	\$1,901,060

Social Security Action Plan





For William starting benefits at age 62 and Mary starting benefits at age 62.

✓	WHEN	WHO	ACTION	NOTES
<input type="checkbox"/>	May 2025	William	File for benefits.	
<input type="checkbox"/>	May 2025	Mary	File for benefits.	
<input type="checkbox"/>	At death of a spouse		When a spouse dies, the surviving spouse should notify the Social Security Administration of spouse's death.	Social Security provides a one-time payment of \$255 plus potential monthly survivors' benefits.

This schedule was prepared on May 6, 2025.

All items should be reviewed regularly and adjusted for any changes in Social Security rules, tax laws, or major life events of either William or Mary. A review with your financial advisors annually is recommended.

Mitigating Risks to Your Plan

 Longevity Risk	 Mitigation Ideas
<p>We all want to live as long as possible, however, the longer you live will increase your exposure to many retirement risks. The risk many fear is running out of money.</p> <p>Living longer increases the likelihood of spending down assets, additional medical expenses, or may require long-term care. You could outlive income sources that pay for a specific period.</p>	<ul style="list-style-type: none"><input type="checkbox"/> Use some investments to purchase income annuities, creating lifetime income streams.<input type="checkbox"/> Consider planning that extends beyond average life expectancy. One in four retirees will live past age 90 and one in ten will live past age 95.<input type="checkbox"/> Consider using a small portion of savings to acquire longevity annuity that provides large monthly incomes starting at older ages, typically age 85 and up.<input type="checkbox"/> Convert home equity to a reverse mortgage that provides specified monthly payments as long as last borrower remains in the home.
 Health Care Risk	 Mitigation Ideas
<p>Aging is often accompanied by health related problems and costs. Medical costs have been increasing faster than CPI according to EBRI. Health related problems may lead to a need for long-term care. 70% of people age 65 and over will need long-term care at some point. The average length of care is 2.2 years for men and 3.7 years for women, with an average annual cost in the US of \$85,000, although costs vary based on location.¹</p>	<ul style="list-style-type: none"><input type="checkbox"/> Reduce likelihood of health problems through diet, exercise and lifestyle.<input type="checkbox"/> Rely on Medicaid and government programs for the costs of health needs.<input type="checkbox"/> Buy a Medicare supplement that provides coverages for the “gaps” between health costs and Medicare payments.<input type="checkbox"/> Depend on family members to supplement costs and care needed.<input type="checkbox"/> Secure long-term care policy if available.<input type="checkbox"/> Hybrid policies combine long-term care benefits with a life insurance policy or an annuity.

¹ www.longtermcare.gov

**Market Risk**

Due to market fluctuations, investments may perform worse than expected. Since risks and returns vary inversely, some risk may be necessary to achieve a desired return.

Other investments are subject to interest rate risks, such as bonds and certificates of deposits. Changes in interest rates may result in lower returns or undesirable options for reinvesting at maturity.

**Mitigation Ideas**

- ☐ Diversification can help limit the effects of market fluctuations. A typical investment mix is 40% equity, 50% bonds, and 10% cash.
- ☐ Review investments annually and shift more investments to income producing assets as you age.
- ☐ Shifting some assets to fixed income provides an income floor of more predictable income.
- ☐ Consider “bucket method” of investing—buckets of investments using time horizons: the sooner it is to be used the lower the risk; the later it will be used, the greater the risk.





**Inflation Risk**

Retirees often depend on fixed income sources that do not vary. Inflation reduces each dollar's purchasing power. A couple retiring on \$5,000 monthly income in 1990 would need \$8,979 monthly income to have the same purchasing power today. Consumer Price Index has increased at an average rate of 3% since 1913.¹

**Mitigation Ideas**

- ☐ Do not rely on just fixed income investments that provide no inflation-adjusted incomes.
- ☐ Planning must assume income needs will increase for inflation.
- ☐ Review and adjust expenses annually to reflect inflation.
- ☐ Social Security benefits are inflation-adjusted income. Delaying Social Security benefits may result in a larger benefit.

¹ www.bls.gov

 Work Related Risk	 Mitigation Ideas
<p>Retirement plans may be greatly altered if retirement employment plans are disrupted. Forced retirement resulted in 47% of workers retiring earlier than they had planned according to EBRI. Reemployment risk is planning to work full-time or part-time in retirement and being unable to find work. Working longer may not be an option due to the job market, poor health, or caregiving responsibilities. In 2013, 69% of retirees were expecting to work but only 25% actually worked.¹</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Plan for the unexpected—consider needs if employment ends prematurely. <input type="checkbox"/> Prior to retirement, you should acquire skills needed for possible part-time work in retirement. <input type="checkbox"/> Consider diet, exercise, and lifestyle habits while still working, to avoid health problems which may limit your ability to work as long as you prefer. <input type="checkbox"/> Retirement planning is not just about money. You should consider the social aspects of working longer and the personal rewards it provides.
 Public Policy Risk	 Mitigation Ideas
<p>You have little or no control over many public policies that can affect your retirement.</p> <p>Changes in tax laws, Social Security benefits, or Medicare benefits are examples of risks you should consider in your planning.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Although you cannot control the tax laws, you can make your retirement assets and income less sensitive to taxes. <input type="checkbox"/> A Roth IRA can minimize the tax effects of its monthly income during retirement. <input type="checkbox"/> Be sure to consider required minimum distributions for retirement plans and IRAs to coordinate them with other income to minimize taxation. <input type="checkbox"/> Review any changes in government programs with your financial advisors to make appropriate adjustments. <input type="checkbox"/> Planning that is flexible and reviewed regularly is the best preparation for changes you cannot control.

¹ Employee Benefits Research Institute

**Loss of Spouse Risk**

Loss of a spouse often results in unexpected reductions in various income items and results in added expenses such as caregiving.

**Mitigation Ideas**

- ☐ Life insurance transfers the risk at either spouse's death, regardless of its unpredictable occurrence, to a life insurance company.
- ☐ An annuity with joint and survivor income can reduce the loss of income at a spouse's death.
- ☐ Review many scenarios to determine the probable loss of income at a spouse's death, regardless of which spouse dies first.

Definitions and Additional Information

Full retirement age

Full retirement age (FRA) is the age at which a person may first become entitled to full or unreduced retirement benefits. If your birthday is on January 1, the previous year's FRA will determine your full retirement age.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943 through 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 and later	67

Reductions for retirement before full retirement age

You may start Social Security retirement benefits as early as age 62; however, each month prior to FRA will result in a reduction in your benefits. This reduction ranges from 25% for those with a FRA of 66 to 30% for FRA of 67. The formula is 5/9 of 1% per month up to 36 months, plus 5/12 of 1% per month exceeding 36.

Delayed retirement credits for retirement after full retirement age

If you choose to delay starting benefits, you will receive an increase in your benefit amount of 8% per year up to age 70. After age 70 there are no further credits for delaying benefits. The credit is 2/3 of 1% for each month beyond FRA.

Monthly benefit at full retirement age

You can find your monthly benefit at full retirement age on your annual Social Security statement or from the on-line statement. The amount used in this report is the monthly value in today's dollars. This report automatically applies cost of living adjustments for you. This monthly benefit amount is also known as Primary Insurance Amount or PIA.

Spousal and family benefits

If you are receiving Social Security retirement benefits, your spouse and children may also qualify to receive benefits on your record. Your spouse or child may receive a monthly payment of up to one-half of your full retirement benefit amount, subject to a family maximum of approximately 150-180% of your full retirement payment. These payments will not reduce your retirement benefit. If there is more than one beneficiary, the payments are prorated among your family members eligible for benefits. However, if you suspend your benefits, all benefits based on your earnings will also be suspended. Individuals age 62 or younger in 2016 do not have this option.

Survivor benefits

Social Security provides survivor benefits for your family. If you die and your children are under 18, they are eligible for survivor benefits. In addition, your spouse qualifies for survivor benefits if age 60 or greater or caring for your children under age 16. Your spouse's survivor benefits when not caring for children under 16 will be reduced if benefits start prior to full retirement age.

Family benefits

This report does not consider survivor or retirement payments available for children, which may increase the total benefits your family may receive.

Disability benefits

This report does not consider disability payments that you or your family may be eligible to receive.

Marital status

Married: Currently married under federal definition of marriage. Applicable spousal benefits and survivor benefits have been included.

Widowed: Currently not married under federal definition of marriage. Survivor benefits have been considered throughout the tool.

Divorced: If you were married for at least 10 years before divorce. You may receive spousal benefits based on an ex-spouse's benefit. It does not have to be the most recent ex-spouse, but your marriage must have lasted ten years. Claiming this benefit will in no way affect your ex-spouse's benefits. Anyone born after January 1, 1954 will be deemed to file for both their benefits and any spousal benefits at the same time and receive the higher of the two amounts. They will no longer be able to claim spousal benefits only.

Single: Currently not married under federal definition of marriage (or were married for less than 10 years before divorce). Benefits will only consider your earning record.

File for benefits

You file for all eligible benefits. You must file for all benefits to which you may be eligible, including your own benefit as well as any spousal benefit if one exists. Benefits will be reduced for each month prior to FRA.

File and suspend

Once you have reached FRA, you file your application for benefits and immediately suspend payments until a later date. This allows you to delay benefits up to age 70 to earn delayed retirement credits to increase monthly payments. If you suspend after May 2016, any benefits based on your earnings will also be suspended.

File a restricted application

For individuals born on or before January 1, 1954, once you have reached FRA, you file a restricted application for spousal benefits. This allows you to begin spousal benefits while earning delayed retirement credits. Your spouse must have filed for benefits for you to receive spousal benefits. You apply for your own benefits at a later date and receive increased monthly payments.

Options to change your selection

Within 12 months of starting benefits if you change your mind, you may withdraw your claim and reapply. If approved, you must repay all benefits paid. This is only allowed once.

If you are already receiving benefits, you may suspend current or future payments up to age 70. The suspended payments will automatically resume at age 70, unless you request them sooner.

Voluntary Reinstatement of Benefits

Due to the 2015 Budget Bill Act, retroactive (lump sum) benefits are no longer payable. Reinstating a suspended benefit will only pay an adjusted monthly benefit (including delayed retirement credits).

Precaution if benefits are suspended

If you are enrolled in Medicare Part B, premiums cannot be deducted from suspended payments. You will need to pay them directly or have them automatically paid by your bank.

Cost of living adjustment

Historically prices have risen over time. Social Security Administration reviews the cost of living each year and adjusts benefits accordingly. The 30-year average annual adjustment is 2.5%.

Social Security Administration determines if a cost of living adjustment is made, and if so, how much. Typically, benefits have increased by 2.5% to 3.0% in the past. Using 0% will show basic benefits without any adjustments for inflation. More information can be found at www.socialsecurity.gov/cola.

Break-even

Break-even is the age when total Social Security income from two different filing strategies is the same. Break-even analysis is one way to decide which of two strategies maybe be the best choice for an individual or a couple. In addition, rate of return, income tax rates and cost of living increases may affect the break-even age.

Income Floor

The "Income Floor" (or income flooring) is a retirement planning concept that strives to provide for basic retirement needs through income sources that are reliable or guaranteed. Reliable sources include Social Security, pensions, annuities and reverse mortgages. Income received from these sources are not normally affected by economic conditions.

After providing an income floor, other assets and less reliable incomes fund discretionary spending (or "wants"). Discretionary spending is more easily adjusted when necessary.

What if you work during retirement?

You may work while receiving Social Security benefits and working may mean higher future benefits. However, while working your benefits may be reduced until you reach full retirement age. After full retirement age, the Social Security Administration will recalculate your benefits considering months when benefits were reduced or withheld due to excess earnings. Any year when earnings are higher than a prior year in your earnings record, the higher year will be used to recalculate your PIA and your payment amount.

The excess earnings limit in 2025 is \$23,400. A formula determines the amount benefits will be reduced based on your age. If you are under full retirement age for the entire year, benefits will be reduced \$1 for every \$2 earned above the limit. In the year you attain full retirement age, the deduction will be \$1 for every \$3 over \$62,160 (2025). Starting with the month you reach full retirement age, there is no longer a reduction in benefits or a limit to the amount you may earn.

If Social Security Administration is notified in advance of your anticipated monthly earnings, they will adjust your payments accordingly. If Social Security Administration learns of the excess earnings later, they withhold all future payments until excess benefits are recovered.

Modified adjusted gross income

Modified adjusted gross income (MAGI) is generally defined as all of your taxable income, plus certain net foreign income, minus allowed deductions. MAGI may include income such as taxable pensions, wages, interest, dividends, and other taxable income plus tax-exempt interest income (such as interest on municipal bonds) and any exclusion from income, such as interest from US savings bonds. See Internal Revenue Code 86b(2) or Internal Revenue Service Publication 915 for more information.

Be sure to consider your retirement plan distributions. All distributions from IRAs and employer plans will be included in MAGI. Roth IRA distributions will not be included.

Effective tax rate

The effective income tax rate is the average rate at which income is taxed. It takes into account the deductions and credits used to compute income taxes. It is total income taxes divided by total income, and is less than the "tax bracket" or marginal rate.

How are Social Security benefits taxed?

About one out of three people who get Social Security have to pay income taxes on their benefits. Combined income is the sum of your modified adjusted gross income plus nontaxable interest plus half of your Social Security benefits.

- If you are married and file a joint return, up to 50% of your benefits may be taxable if you and your spouse have a combined income that is between \$32,000 and \$44,000. If your combined income is more than \$44,000, up to 85% of your Social Security benefits is subject to income tax.
- If you are married and file a separate return, you will most likely pay taxes on your benefits.
- If you are single and your combined income is between \$25,000 and \$34,000, you may have to pay taxes on up to 50% of your Social Security benefits. If your combined income is more than \$34,000, up to 85% of your Social Security benefits is subject to income tax.
- No more than 85% of your total benefits is taxable¹

For more information

Your Social Security Administration office is an excellent source for questions about your benefits. The website (www.ssa.gov) is extremely helpful. This report should help you frame your thoughts before filing. It shows strategies that you may not have considered. It eliminates guessing or rules-of-thumb by calculating almost all possible combinations and illustrating the largest benefit.

¹ ssa.gov Retirement Benefits booklet

The results represented in this tool are provided by Advisor Controls, and are deemed reliable but are not guaranteed. Advisor Controls 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. Always consult with your tax advisor concerning your own situation.