

UNDERSTANDING YOUR

# Social Security Strategy



For William and Mary Jones

**Presented by:**

AQA

Professional



Advanced Group

# Important Notes

This report of your Social Security benefits is based on the information you provided. Its purpose is to help you frame your thoughts and become better informed before filing. It shows strategies and age combinations that you might not have considered. This report is not intended to provide an exact analysis, but it will help you determine the filing method and age you want to start your benefits. This report reflects the provisions and restrictions included in the Bipartisan Budget Act of 2015.

This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach 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.

A portion of your Social Security benefits may be taxable. Since other sources of retirement income can affect taxation of your benefits, proper income tax planning can only be done as part of a comprehensive retirement income plan. The actual income taxation of Social Security benefits will depend on the facts and circumstances at the time the benefits are received. Any illustration of the potential income taxation of Social Security benefits is an estimate.

If you have questions not covered in this report, your Social Security Administration office and its website ([www.ssa.gov](http://www.ssa.gov)) are excellent sources of additional information.

**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.

# Planning for Social Security Retirement Benefits

For some people, choosing the right time to file for Social Security retirement benefits appears to be straightforward. Some choose to take benefits at age 62, as soon as they become available. Some choose to take benefits at the same time they stop working. While others delay claiming benefits just to get a higher benefit payment. Unfortunately, it might not be that simple. Indeed, for many, the decision is more complicated.

Most people should ask, and get answers to, the following questions:

- At what age should I file for benefits?
- At what age should my spouse file for benefits?
- When does it make sense to claim a spousal benefit?
- How do I make sure my spouse gets the largest survivor benefit?
- How do we know which of the common filing methods might be right for us?
- If one of us lives a long life, how does that affect our decision?

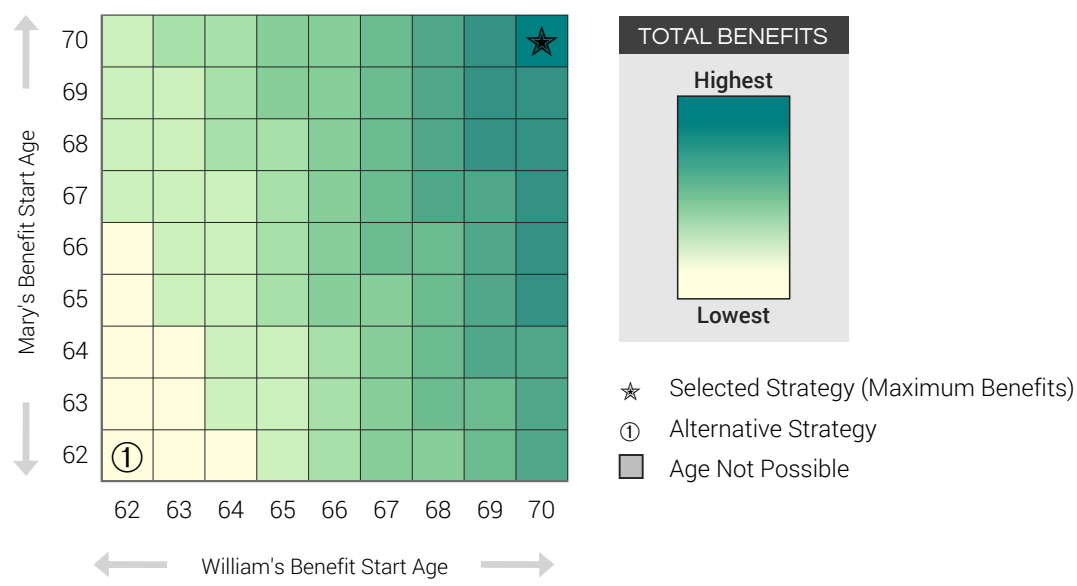
Clearly there can be a lot involved.

This report illustrates one or more Social Security retirement income planning strategies (start ages and filing method) that may help you reach your retirement income goals. Your Social Security benefits are shown before taxes in future dollars, assuming annual cost of living adjustments from today. The report is based on the information you provided below.

	WILLIAM	MARY
Date of Birth	1/1/1963	1/1/1963
Full Retirement Age (FRA)	67	67
Monthly benefit at FRA <sup>1</sup>	\$4,000	\$2,000
Assume live to	85	90
Rate of return for cumulative value of benefits		0%
Social Security cost of living adjustment		2.5%
Effective income tax rate		25%
Modified Adjusted Gross Income		\$0

<sup>1</sup> This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach 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.

# Social Security Strategy



## What Does This Mean?

The above grid represents the filing age combinations for starting Social Security benefits. Total benefits are calculated for each available age combination. The darker the square, the higher the total value for a given age combination. The star represents the age combination with the highest overall total. If more than one combination results in the same total, the earliest possible age combination is shown. The check shows an alternative start age combination.

The strategy selected and emphasized in this report starts benefits for William at age 70 and Mary at age 70 (the start ages that will provide maximum benefits over the projected lifetimes). The difference shown below is how much less benefit would be received if an alternative start age combination is selected.

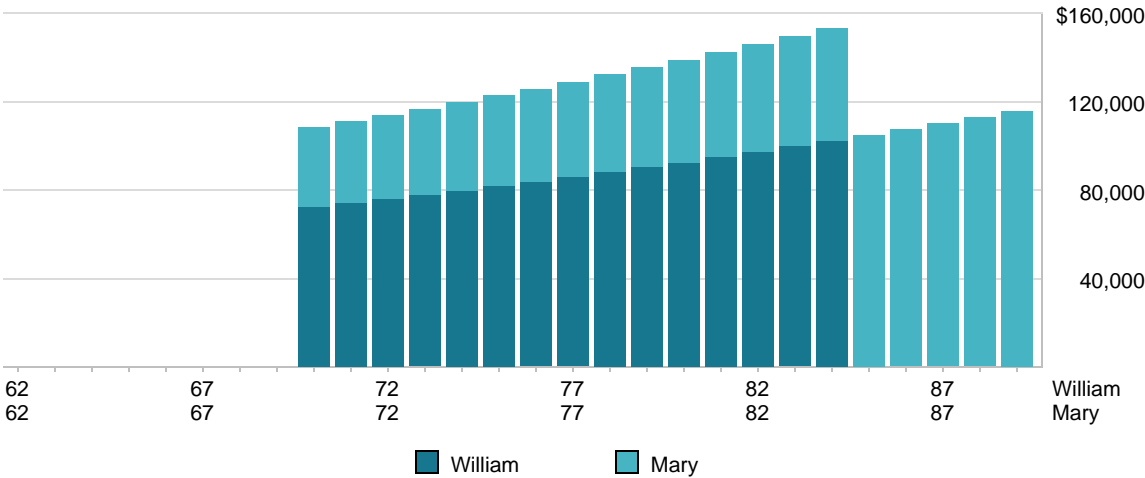
SELECTED START AGES		CUMULATIVE VALUE <sup>1</sup>	
★	William at 70, Mary at 70	\$2,502,684	
ALTERNATIVE START AGES		CUMULATIVE VALUE <sup>1</sup>	DIFFERENCE FROM SELECTED
①	William at 62, Mary at 62	\$1,901,060	\$601,624 less

<sup>1</sup> Cumulative value calculated through 2052.

☆ Selected Strategy (Maximum Benefits)

	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 <sup>1</sup>	\$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 <sup>2</sup>	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

<sup>1</sup> This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach 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.

<sup>2</sup> Age at end of year illustrated.

# Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	WILLIAM			MARY				TOTAL	
	Age <sup>1</sup>	Retirement	Spousal	Age <sup>1</sup>	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

<sup>1</sup> Age at end of year illustrated.

# Action Plan

For William starting benefits at age 70 and Mary starting benefits at age 70

✓	WHEN	WHO	ACTION	NOTES
<input type="checkbox"/>	October 2032	William	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<input type="checkbox"/>	October 2032	Mary	File for benefits.	Apply 3 months prior to date benefits would start. Application may be made any time during this month.
<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.

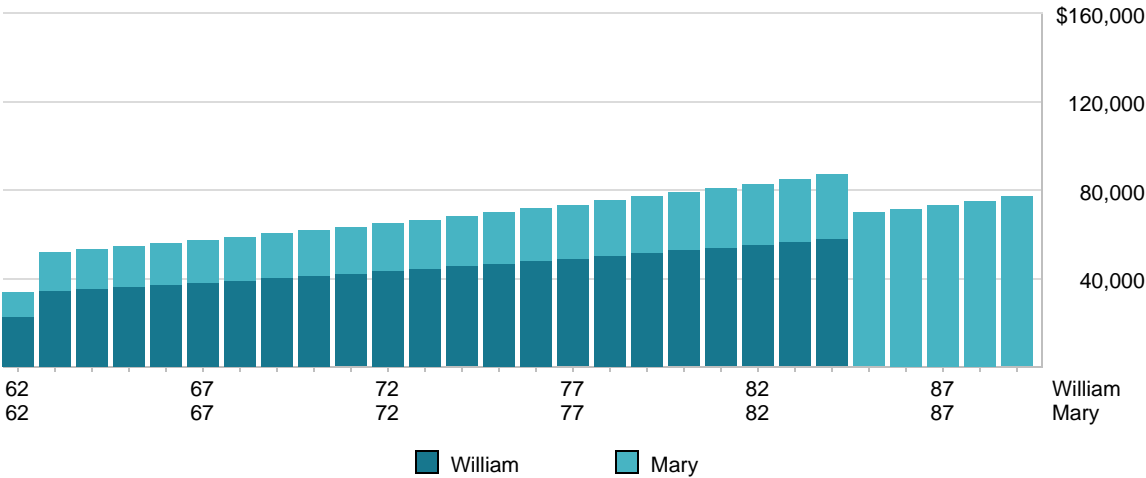
This schedule was prepared on May 6, 2025.

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.

① Alternative Strategy

	WILLIAM	MARY	CUMULATIVE VALUE OF BENEFITS
Current Age (at year end)	62	62	<div>\$1,901,060</div> <div>File for Benefits</div>
Monthly benefit at FRA <sup>1</sup>	\$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



			NEW MONTHLY BENEFITS			REASON
DATE	AGE <sup>2</sup>	CHANGE FOR	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

<sup>1</sup> This report assumes that you stop work when you start your Social Security benefits. Prior to full retirement age, your earnings from continuing to work may result in your benefits being reduced or withheld. When you reach 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.

<sup>2</sup> Age at end of year illustrated.



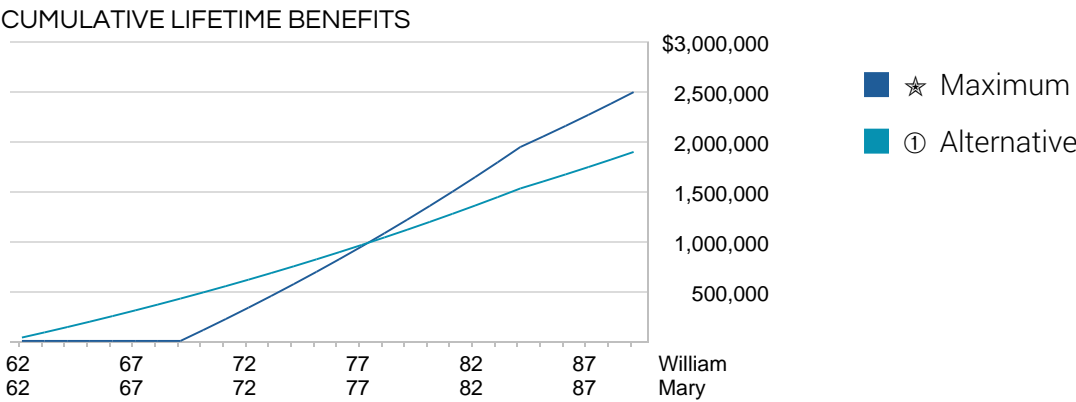
# Annual Social Security Benefits

Assumes 2.5% Cost of Living Adjustment

Year	WILLIAM			MARY				TOTAL	
	Age <sup>1</sup>	Retirement	Spousal	Age <sup>1</sup>	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

<sup>1</sup> Age at end of year illustrated.

# Comparison of Strategies



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

<sup>1</sup> Cumulative value calculated through 2052.

## Summary

SELECTED START AGES		CUMULATIVE VALUE <sup>1</sup>	
★ William at 70, Mary at 70		\$2,502,684	
ALTERNATIVE START AGES		CUMULATIVE VALUE <sup>1</sup>	DIFFERENCE FROM SELECTED
① William at 62, Mary at 62		\$1,901,060	\$601,624 less

<sup>1</sup> Cumulative value calculated through 2052.

# 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 Social Security 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 Social Security 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 your spouse's full retirement age.

## Family benefits

This report does not consider Social Security 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-spouses 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 April 29, 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](http://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.

## 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. In 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 (MAGI)

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 Section 86b(2) or Internal Revenue Service Publication 915 for more information.

Be sure to consider your retirement plan distributions. Generally, 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 MAGI 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 may 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 taxable.<sup>1</sup>

<sup>1</sup> ssa.gov Retirement Benefits booklet

## For more information

Your Social Security Administration office is an excellent source for questions about your benefits. The website ([www.ssa.gov](http://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 helps reduce guessing or rules-of-thumb by calculating almost all possible combinations and illustrating the largest benefit.

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.