



Social Security

Your Questions Answered

Participant Workbook

Your Name: _____

edwardjones.com
Member SIPC

Edward Jones[®]
MAKING SENSE OF INVESTING

Social Security and Your Retirement

As you think about retiring, one of the biggest questions on your mind may be, “Will I outlive my money?”

The average 65-year-old will spend almost 20 years in retirement.* But this is just an average. A 65-year-old couple has about a 60% chance that one spouse could live past age 90, so you shouldn’t plan for averages. It’s important to make sure your income can provide for your needs today – and 25, 30 or even 40 years from now.

CONTENTS

Social Security Is the Foundation	3
Benefits of Social Security	4
When to Start Taking Social Security Benefits	
Full Retirement Age	5
Early vs. Delaying	6
View Your Decision through a LENS.....	7
Life Expectancy	7
Employment	8
Need.....	8
Spousal Benefits	8-9
What About Taxes?	10
Questions to Consider.....	11

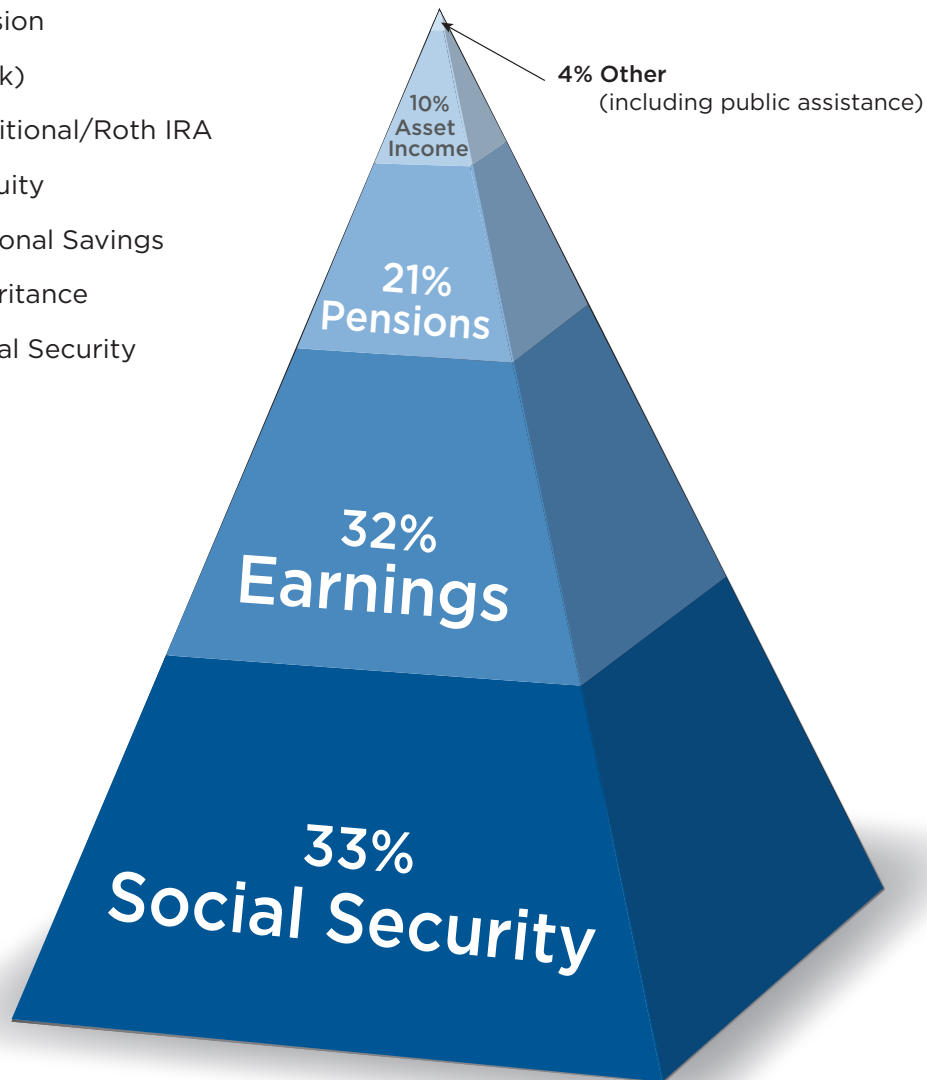
*Source: Society of Actuaries RP-2006 Mortality Table Projected to 2020 using Society of Actuaries Mortality Improvement Scale MP-2019.

Social Security Is the Foundation

Social Security will likely be the foundation of your retirement income, so it's important to understand your options and the effect your decisions about Social Security have on your retirement.

POTENTIAL SOURCES OF RETIREMENT INCOME

- Pension
- 401(k)
- Traditional/Roth IRA
- Annuity
- Personal Savings
- Inheritance
- Social Security



Source: Social Security Administration. Shares of aggregate income by source through 2014. Numbers released in 2016. Sources of income for those age 65 or older.

Benefits of Social Security

Two key risks during retirement are living longer than you expect and inflation.

Social Security addresses both of these risks, as it's a lifetime benefit that could increase for inflation. Through a survivor's benefit, your benefits can even continue throughout your spouse's lifetime if you die first.

Your benefit amount depends on three primary factors:

1	Time	Benefits are made based on your status. "Fully insured" status is required for eligibility for most benefits. To be fully insured, you must have 10 years of employment covered by Social Security (40 quarters).
2	Earnings	When you work and pay Social Security taxes, you earn credits toward Social Security benefits. If you were born in 1929 or later, you need 40 credits (10 years of work). The amount of your benefit is based on your highest 35 years of earnings, adjusted for inflation.
3	Start Date	Your benefit amount can be impacted by the age you choose to start receiving benefits.

You can start receiving benefits as early as age 62, but you won't receive your full benefit unless you wait to start benefits at your full retirement age (see Page 5).

Benefits of Social Security

- Lifetime benefit
- Potential adjustments for inflation
- Spousal benefits

How much will you receive in Social Security benefits?

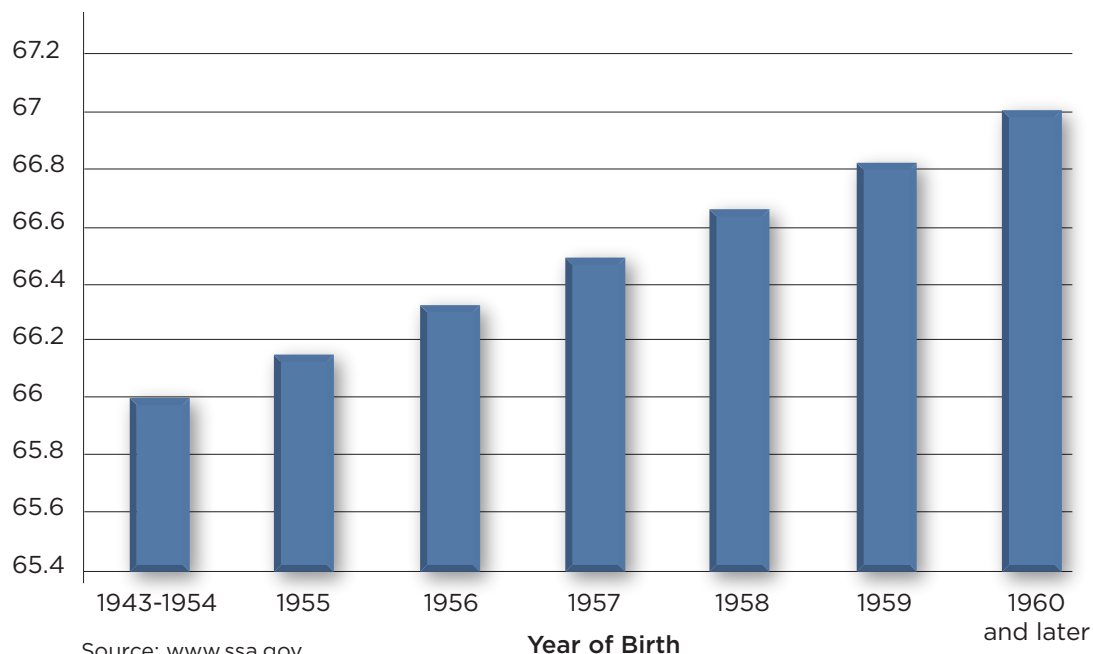
You can use the Retirement Estimator on the Social Security Administration's website to estimate your benefit amount: www.ssa.gov.

When to Start Taking Social Security Benefits

Full Retirement Age

Full retirement age (FRA) is the age at which you can receive 100% of your benefits. Full retirement age for those born from 1943 to 1954 is 66.

What is your full retirement age?

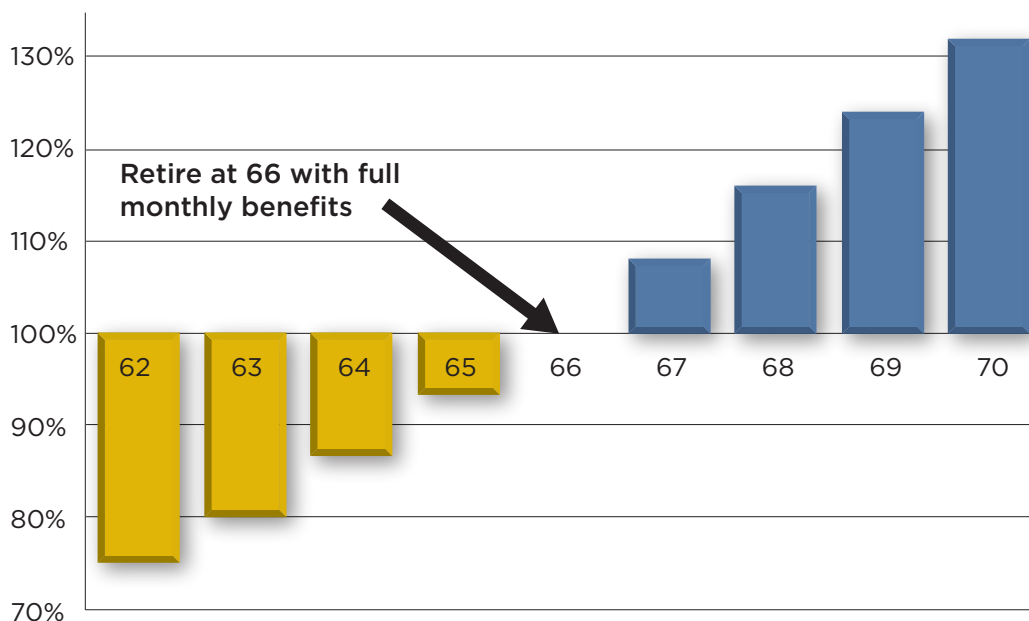


* For Jan. 1 births, the benefit is calculated as if the birthday (and FRA) was in the previous year; for births on the first of the month, the benefit (and FRA) is calculated as if the birthday was in the previous month.

While you can begin taking benefits at age 62, your benefits are reduced by up to 30% if you take your benefits before full retirement age.

When to Start Taking Social Security Benefits

Early vs. Delaying



Source: www.ssa.gov.

In this example, we assume that the full retirement age is 66. You receive your full benefit at that age. If you start taking benefits before your full retirement age, your benefits are reduced. For example, if you started taking benefits at age 62, you would receive 75% of your full benefit. This percentage reduction in benefits is permanent.

Choosing to delay taking benefits, however, can increase your benefits. The increases are adjusted on a monthly basis and stop at age 70. You can receive your largest benefit by starting at age 70.

When you choose to receive Social Security benefits matters!

Taking your benefits early permanently reduces your monthly benefit. Considering that you may spend 20, 30 or more years in retirement, the difference in your monthly benefit amount can have a big impact over time.

When to Start Taking Social Security Benefits

View Your Decision through a LENS

Given the role of Social Security as a key part of your retirement income strategy, it's important to review your options before you decide when to start taking benefits.

We recommend viewing your decision through a LENS:



Life Expectancy

A 65-year-old couple has about a 60% chance that at least one spouse will live past age 90.* How long you (and your spouse) expect to live can impact your decision about when to take Social Security.

The better your health and the longer you and your spouse expect to live, the more it may make sense to take Social Security later. This assumes you don't need your benefit now and aren't putting undue strain on your investments.

*Source: Society of Actuaries RP-2006 Mortality Table Projected to 2020 using Society of Actuaries Mortality Improvement Scale MP-2019.)

A Healthy Retirement

Medicare does not begin until age 65. Since health care is a major expense, we do not recommend entering retirement without coverage.

If you retire, will you continue to have benefits through your (or your spouse's) employer, or will this coverage be paid out of pocket?

Employment

If you plan on working after you “retire” and will have meaningful earned income, you may not want to take Social Security early. If you do, your benefits will be adjusted lower to account for this earned income.

Before full retirement age:

Benefits are lowered by \$1 for every \$2 in earned income above the earnings limit.*

* \$18,240 for 2020

The year you reach full retirement age:

Benefits are lowered by \$1 for every \$3 in earned income above the earnings limit.^

^\$48,600 for 2020

At full retirement age:

No reduction in benefits

Unearned income, such as income from investments and pensions, generally does not affect your Social Security benefits.

Need

Think about what you want to do in retirement. How much will it cost? Consider your sources of income, including Social Security and personal investments. Do you have enough income to provide for your spending goals? If not, and you are going to retire, it may make sense to take Social Security early.

Spousal Benefits

When you decide to take Social Security can impact your spouse. There are two types of benefits for spouses: spousal and survivor.

Spousal Benefit – Your spouse can receive up to 50% of your full retirement benefit. This spousal benefit would be reduced by your own retirement benefit and also be reduced if you claim Social Security before full retirement age.

Survivor Benefit – If one spouse dies, the survivor benefit allows the surviving spouse to receive his or her own benefit or 100% of the spouse’s benefit, whichever is larger.

When your spouse takes benefits can impact his or her spousal benefit, but importantly, when *you* take *your* benefits can have a major effect on your spouse’s survivor benefit.

Spousal Benefits (continued)

Let's look at an example.

Social Security Monthly Benefit

	Mark	Cindy
At Full Retirement Age (Age 66)	\$2,000	\$750
	Spousal \$1,000 Survivor \$2,000	
Before Full Retirement Age (Age 62)	\$1,500	\$562
	Spousal reduced Survivor reduced	

If Mark and Cindy chose to take benefits before full retirement age, at age 62, Mark's \$2,000 monthly benefit would be reduced to \$1,500. Cindy's \$750 monthly benefit would be reduced to \$562. Cindy's spousal and survivor benefits would also be reduced if Mark and Cindy take benefits early.

As you can see, taking benefits early can have a major impact on your spouse's income after you pass away. Notably, this also works the other way. While spousal benefits do not increase if you delay past full retirement age, survivor benefits do. Therefore, claiming Social Security later could be one way you can provide for your spouse should you pass away before him or her.

Source: Social Security Administration and Edward Jones estimates. Hypothetical example for illustrative purposes only.



What About Taxes?

Regardless of when you decide to start taking Social Security, your benefits may be taxed.

	Combined Income*	Amount Taxed
Individual Tax Filers	\$25,000 to \$34,000	Up to 50% of benefits
	More than \$34,000	Up to 85% of benefits
Joint Tax Filers	\$32,000 to \$44,000	Up to 50% of benefits
	More than \$44,000	Up to 85% of benefits

It's important to understand how your benefits could be taxed because that will impact your after-tax income in retirement. Your qualified tax professional and financial advisor can work with you to look at the impact of taxes on your overall retirement income strategy.

*On the 1040 tax return, combined income is the sum of your adjusted gross income plus nontaxable interest plus one-half of your Social Security benefits.

Meeting Your Income Needs Now and Throughout Retirement

While Social Security can be an important part of your retirement income, it isn't intended to provide for everything. Social Security is just one piece of your overall retirement plan. It's important to review your investments as well to be sure you have an income strategy that can work toward providing for the needs that Social Security is not covering.

Essentially, a successful retirement strategy should plan for your retirement expectations, including your goals and income needs, and prepare for the unexpected items that could get your strategy off track.

I am happy to work with you and your qualified tax professional to review your portfolio. We can help you weigh your options and position your investments to help provide for your income needs now and throughout retirement.

Questions to Consider

What are your sources of retirement income?

- Pension
- 401(k)
- Traditional/Roth IRA
- Annuity
- Personal Savings
- Inheritance
- Social Security
- Other

How much will you receive in Social Security benefits?

What is your full retirement age?

How long are you prepared to live in retirement?

If you retire, will you continue to have health care benefits through your (or your spouse's) employer, or will this coverage be paid out of pocket?

Do you plan on working after you "retire"?

Do you have enough income for the retirement you want to have?

Do you know what your spouse's benefits and savings plans look like?

Will you pay taxes on your Social Security benefits?

What you will need when you apply for benefits:

- Your Social Security number
- Your birth certificate
- Your W-2 forms or self-employment tax return for last year
- Your military discharge papers (if applicable)
- Children's birth certificates and Social Security numbers (if you are applying for children's benefits)
- Proof of U.S. citizenship or lawful alien status
- The name of your financial institution, the routing number and your account number so your benefits can be deposited directly into your account