

# Social Security *It pays to know*

#### Welcome



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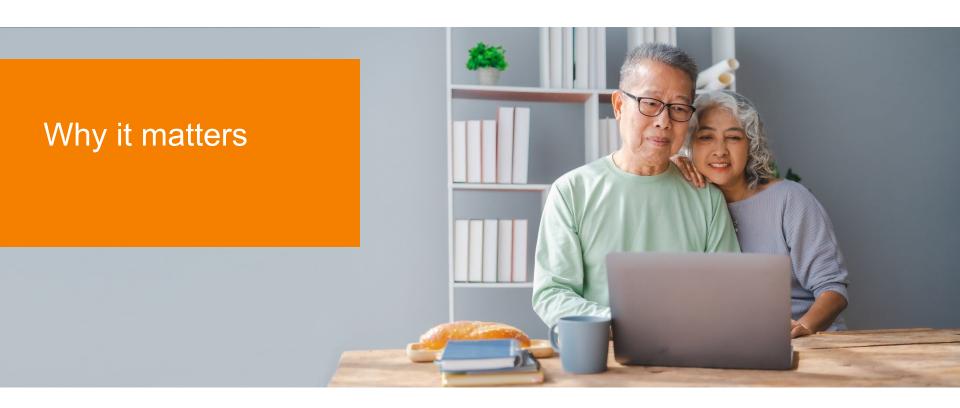
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## Agenda

- Why it matters
- Get down to basics
- What's right for you?
- Resources







#### The role of Social Security



Social Security can be seen as a safety net but isn't meant to replace your income.



#### Retirement Income sources



#### Why it matters



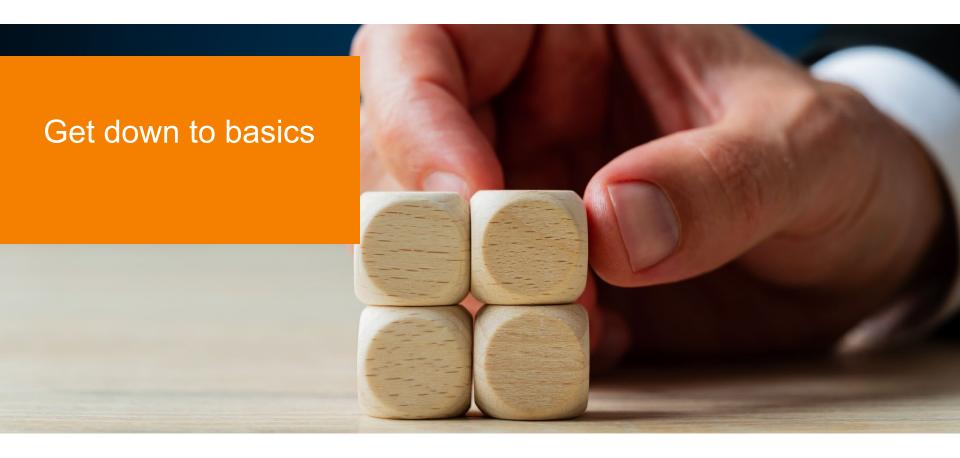
45%

plan to rely on Social Security for income



87%

are concerned their benefit will be lower than expected



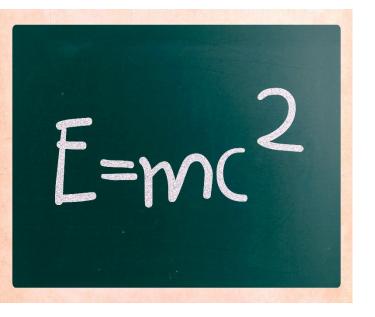


# Full retirement age (FRA)

Year of birth	Full retirement age
1943 - 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



#### **Social Security**



#### Social Security basics

- Lifetime earnings adjusted for changes in average wages
- Calculates over 35 highest adjusted earning years
- ✓ Formula applied to get basic benefit at full retirement age



#### Early Retirement



#### Collect at age 62

Monthly benefits will be permanently reduced by about 25%-30%



# Delayed retirement

#### Collect at age 70

Monthly benefits will be permanently increased.





#### When to take your benefits?



Lifetime benefits go up about 8% each year until age 70



#### Key terms and concepts

#### Early Retirement Age (ERA)

If an individual applies for benefits prior to his/her Full Retirement Age, benefits may be reduced

Retirement Benefit as a Percentage of the Primary Insurance Amount at Varies Ages									
		Credit for each	Benefit as a % of PIA at Age						
Year of Birth	Normal Retirement Age (NRA)	year of delayed retirement after NRA (Percent)	62	62 63 64 65 66 67 70	70				
1943 – 1954	66	8	75	80	86 <sup>2/3</sup>	93 1/3	100	108	132
1955	66, 2 months	8	<b>74</b> <sup>1/6</sup>	79 1/6	85 <sup>5/9</sup>	<b>92</b> <sup>2/9</sup>	98 8/9	106 <sup>2/3</sup>	130 <sup>2/3</sup>
1956	66, 4 months	8	73 <sup>1/3</sup>	78 <sup>1/3</sup>	84 4/9	91 1/9	<b>97</b> <sup>7/9</sup>	105 <sup>1/3</sup>	129 1/3
1957	66, 6 months	8	<b>72</b> <sup>1/2</sup>	<b>77</b> 1/2	83 1/3	90	96 <sup>2/3</sup>	104	128
1958	66, 8 months	8	<b>71</b> <sup>2/3</sup>	<b>76</b> <sup>2/3</sup>	<b>82</b> <sup>2/9</sup>	88 8/9	<b>95</b> <sup>5/9</sup>	102 <sup>2/3</sup>	126 <sup>2/3</sup>
1959	66, 10 months	8	70 <sup>5/6</sup>	<b>75</b> <sup>5/6</sup>	81 1/9	87 <sup>7/9</sup>	94 4/9	101 <sup>1/3</sup>	125 <sup>1/3</sup>
1960 or later	67	8	70	75	80	86 <sup>2/3</sup>	93 1/3	100	124

Source: 2014 Cannon Concepts



### Taking benefits early

Age 62 is a popular age to start claiming benefits



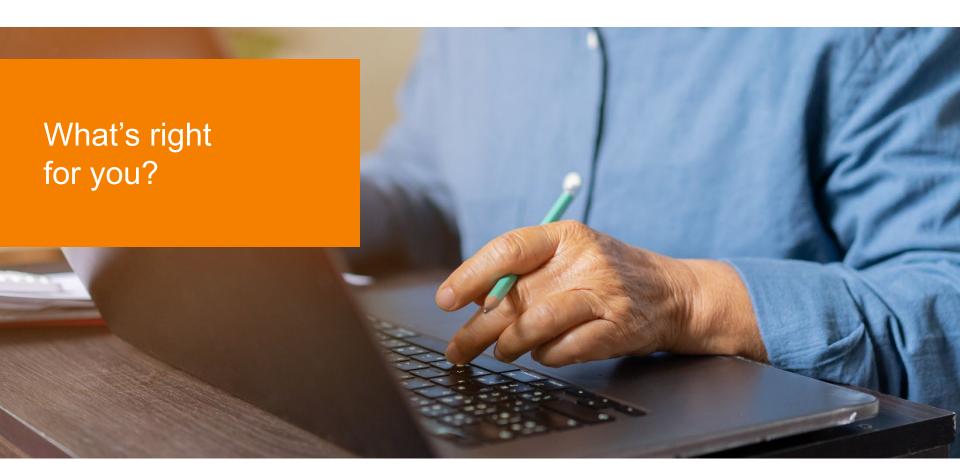


#### Cost of living adjustment



Social security may issue a COLA increase in your check when inflation is present







## It's personal



When to take Social Security is a personal decision



#### Starting early reduces benefits

#### 25% Reduction

if FRA is 66 and you claim at 62

#### 30% Reduction

if FRA is 67 and you claim at 62

- May be a necessity (job loss, illness or family reasons)
- Income will be permanently reduced
- May need to draw on other funds to cover expenses



## It can pay to wait



Hypothetical example



# Plan for a long life

Lifespan	65 year-old man	65 year- old woman
50% Chance	85 years	88 years
25% Chance	92 years	94 years



#### It's a tradeoff



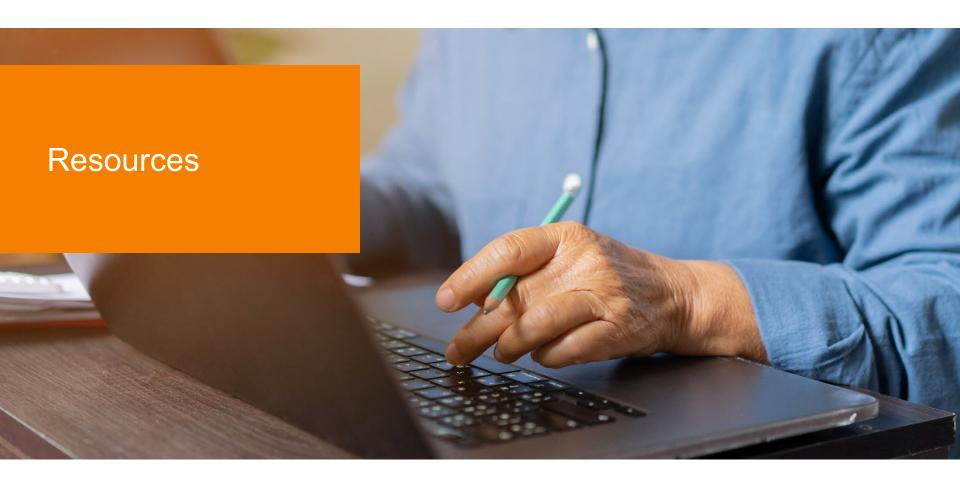
How can I protect my spouse when I'm gone?

Can I delay taking benefits?

Will I run out of money?

Will I have enough money to draw on until Social Security begins?







### Social Security website





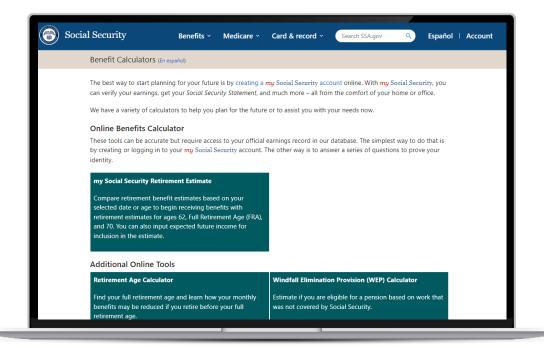
#### Get your benefits estimate

# Your online Social Security Statement is easy to obtain at ssa.gov

Your Estimated Benefits	*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you	
Not have carried enough contins to qualify for honefits. As your current carnings to continue working getti.  your full intinuences ago gift poets, your propriets would be gloss.  ago 'Ni, your pryoner would be alone.	Retir ement	continue working until	
up: No year payment would be gloved.  Standillay bits because discuss or extended around a continue to qualify for boundes. If you because disability around payment would be along.		your full retirement age (67 years), your payment would be about	,680 a month
lamily If you get netroment or deathley benefits, your spouse and children also may quali- lary/years. You have earned enough condits for some family to receive any		age 70, your payment would be about	,094 a month
Your child.  Your shid.  Your shid.		age 62, your payment would be aboutS 1	
View opening of hospitals shall all full information ages.  Serial deposition contained by design and property one close deposits for a opening one contained which make be eligible for a opening one close deposit beyond one close deposits of a	*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now,	
This have enough credits to qualify for Moderan at age 85. Even if you do not notice more to contact houself houself of months before your 65th horizoldsy to assess in		your payment would be aboutS 1.	.527 a month
* Your estimated benefits are based on current law. Congress has study changes just and can do so at any time. The law governing benefit assessing study the purent states reflected with the energies to goe note when IT successes of whole	*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
We haved your broads estimates on these facts: "Your date of both (please verify your name on page 1 and this date of both;	*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this	
Your extended totable exemings per your after 2014. Your Social Security number tenty the last four digits are shown to help prevent all		year, certain members of your family may qualify for the following benefits:	
ow Your Benefits Are Estimated  qualify for benefits, you care "gradie" through your  (1) Your estimated benefits		Your child	,176 a month
ork — up to four each year. This year, for example, you taw generating beautiff or each \$1,000 of wages or soff-employment (4) Your benefit amount it works where the property of the property		Your spouse who is caring for your child	,176 a month
or credits for the year. Most people need 40 credits, earned strength work on with or their working lifetime, to receive netterment benefits. For shelding and people people works needed and force!		Your spouse, if benefits start at full retirement age	,569 a month
whether the checked your records to are whether you have curred if you receive a personn the first beautiful tasks.		Total family benefits cannot be more than\$ 2.	,908 a month
roughly yet to qualify fire any type of benefit, we can't give as a benefit estimate new. If you continue to work, we'll see you as estimate when you do qualify.		Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
**That we assumed — If you have enough work credits, to estimated your benefit amounts using your average your carriings and tumber of the property of the pro	Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be	
p to extrement agel, we assumed you'll continue to work of make about the same as you did in 2012 or 2013. We so included credits we assumed you carried last year of this year.  If this year,  If this		sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	
Generally, the older you are and the closer you are to between the mere accurate the neutronness commands will be consume they are based on a longer work holosy with fewer contamenes such an earming fluctuations and future law sugns. We encourage you to use or office Entirement angue. We encourage you to use or office Entirement to be allianced by GPO If G		* Your estimated benefits are based on current law. Congress has made changes to the law in the	
atimator at www.nociabscurity.gonientimator to obtain house will be reduced by a	reduced to zero.	nest and can do so at any time. The law governing benefit amounts may change because by 2033	



## Use Social Security calculators





#### Learn More

- ✓ Get familiar with the Social Security website <u>www.ssa.gov</u>
- ✓ Call Social Security at 855-772-1213
- ✓ Make an appointment at a local Social Security office
- ✓ Get help from Voya



# Retirement Programs Available at Texas A&M Commerce

Optional Retirement Program (ORP) for faculty

403(b) Tax Deferred Annuity (TSA)

# Advantages of an Employer **Sponsored Retirement Account**

Pre-tax & Roth contributions

Tax-deferred growth

Taxes may be due upon withdrawal

**Loan Provisions** 

Loans and death benefit may affect account balance

**Multiple Investment Options** 

**Payroll Deduction** 



# Two Phases of the Retirement Programs

#### **Accumulation Phase**

**Ongoing Contributions** 

**Asset Allocation** 

**Diversification** 

**Monitoring and Adjusting Portfolio** 

#### **Distribution Phase**

**Creating Retirement Income Plan** 

**Taking Required Minimum Distributions** 

**Coordination with other Retirement Programs** 

**Estate Planning for Proper Distribution to Heirs** 



# Voya

We're proud to help you with your retirement planning



#### Thank You



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