

Thanks for joining
Social Security and your retirement

The workshop will start in **10** minutes.

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FINANCIAL WELLNESS SERIES

Social Security and Your Retirement

Understanding your benefit options.

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Senior Financial Advisor

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Agenda

- 1 The cost of retirement
- 2 Social Security benefits
- 3 Bridging the income gap
- 4 Where to go from here?

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Section **1**

The cost of retirement

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How do you envision your transition into retirement?

Expectation vs. reality

Transition Type	Current worker expectation	Retiree reality
Gradual transition	19%	51%
Work in retirement	30%	72%

Source: EBRI, 2021 Retirement Confidence Survey. Retrieved June 9, 2021.

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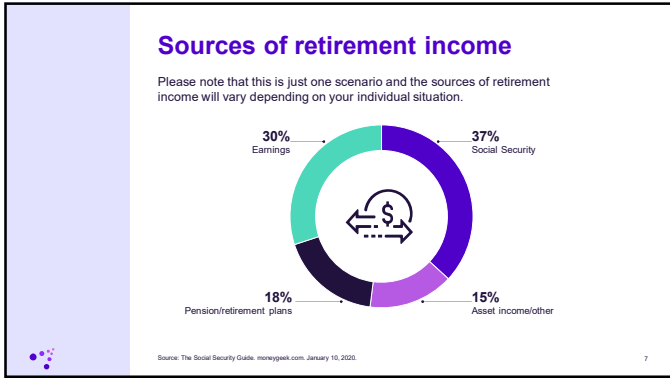
When will you need the most income in retirement?

Total expenditures for those age 75+ are 37% less than those aged 55-64.

Annual spending	Age 55-64 (\$)	Age 65-74 (\$)	Age 75+ (\$)	% change 55-75+
Apparel and services	1,828	1,497	1,035	-43%
Entertainment	3,981	2,700	1,946	-51%
Food and alcohol	8,579	7,305	5,597	-34%
Healthcare	5,958	6,772	6,914	16%
Housing	21,192	18,709	15,806	-25%
Personal insurance and pensions	9,203	3,826	1,532	-83%
Transportation	11,380	8,640	5,960	-47%
Total expenditures	62,121	49,449	38,790	-37%

Source: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditures in 2019. Report 1090, December 2020.

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Social Security benefits

Section 2

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The basics

③ Social Security benefits are based on the average of your 35 highest years of earnings

1 Funding

- Payroll taxes
- Self-employment taxes

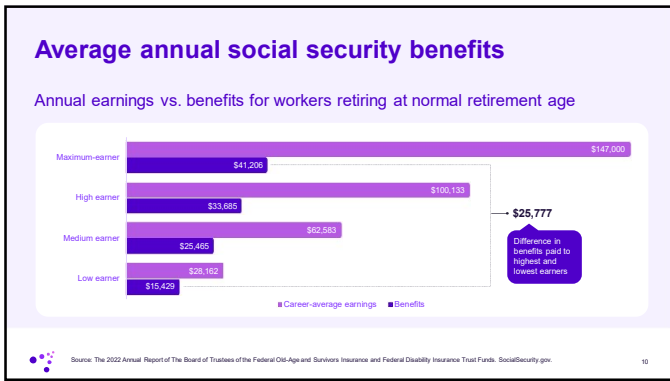
2 Eligibility

- 40 credits of working service (equal to about 10 years)
- Full retirement age varies depending on birth year

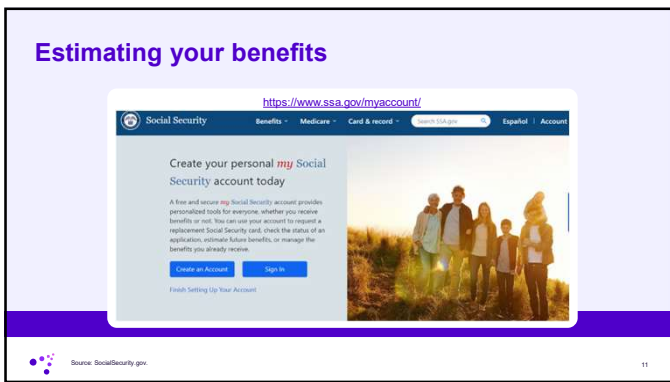
3 Retirement age

Year of Birth	Full Retirement Age (FRA)
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

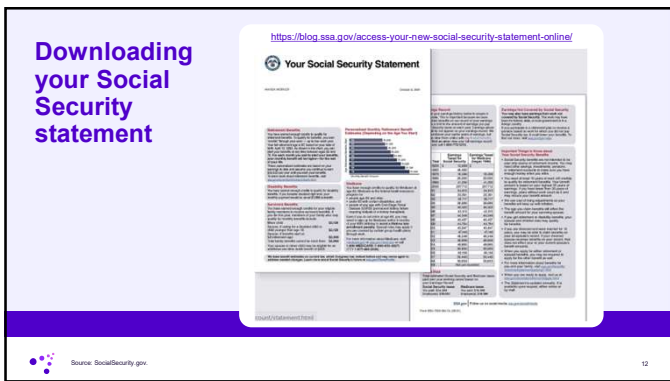
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When to start taking benefits?
It depends on your circumstances

- Your current cash needs
- Other sources of retirement income
- Your health and family longevity
- Anticipated financial needs
- Plans to work in retirement
- Future Social Security benefit amount



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Options for collecting benefits

- 1  Collect early (age 62 – FRA)
- 2  Collect at FRA (65 – 67)
- 3  Collect after FRA (FRA – 70)

The options for collecting are not intended to encourage a particular choice. Analyze your individual situation and seek guidance from a financial professional.

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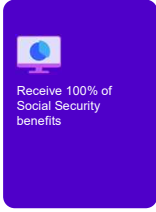
Collect early

Social Security benefits can start at age 62, but will be reduced by as much as 30%

Reasons	Pro	Cons
<ul style="list-style-type: none"> Illness or unemployment You have a short life expectancy You need the money immediately to make ends meet 	<ul style="list-style-type: none"> You would collect income over a longer period of time 	<ul style="list-style-type: none"> Your monthly Social Security benefit amount would be decreased You will be penalized if you continue working and earn over allowed maximum amount

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Collect at full retirement age (FRA)



Receive 100% of Social Security benefits

Reasons

- You can afford to wait until FRA to begin receiving benefits
- You are in good health and expect to live long past your FRA

Pros

- You receive 100% of your Social Security benefits
- You add more earnings to your work record

Cons

- You forego an even larger monthly benefit by not waiting longer



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Collect after full retirement age (FRA)



Benefits will increase by up to 8% per year

Reasons

- You need the maximum monthly benefit to meet your expenses
- You are in good health and expect to live long past your FRA

Pros

- Your benefit payments would increase each year, depending on your year of birth
- Increases end after you reach age 70, even if you continue to delay taking benefits

Cons

- You could receive benefits for a shorter period of time, depending on longevity



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Weighing the trade-offs

When should you collect?

This is a hypothetical example that shows how monthly benefit amounts can differ based on the age you start collecting benefits. This example assumes a benefit of \$1,000 is available at Full Retirement Age (FRA) of 66. Amounts do not reflect cost-of-living adjustments. Options for collecting are not intended to encourage a particular choice.



Source: www.socialsecurity.gov/When To Start Receiving Retirement Benefits, Publication No. 05-10147, ssa.gov, January 2021

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Medicare

Medicare-at-a-glance		
Component	Overview/Coverage	Premium costs*
C (Medicare Advantage Plans)	<ul style="list-style-type: none"> A type of Medicare health plan offered by Medicare-approved private insurance companies that contract with Medicare Includes all benefits and services covered under Part A and Part B. Usually includes Medicare prescription drug coverage (Part D) as part of the plan. May include extra benefits and services for an extra cost 	<ul style="list-style-type: none"> In addition to your Part B premium, you usually pay a monthly premium for the Medicare Advantage Plan. However, not all plans have monthly premiums Visit https://www.medicare.gov/your-medicarecosts/medicare-costs-at-a-glance to find out your average monthly premium Actual premium amount will vary by plan selected. Deductible and copays apply
D (Medicare prescription drug coverage – optional)	<ul style="list-style-type: none"> Helps cover the cost of prescription drugs Ran by Medicare-approved private insurance companies May also be purchased separately if not included in Part C or if you opt for Part A and Part B 	<ul style="list-style-type: none"> Visit https://www.medicare.gov/your-medicarecosts/medicare-costs-at-a-glance to find out your average monthly premium Actual premium amount will vary by plan selected. Note: those with higher reported income are subject to Income Related Monthly Adjustment Amount

* Visit <https://www.medicare.gov> for the latest costs related to Medicare premium costs.

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What if I change my mind about when to collect benefits?

It may not be too late

Once you withdraw your application, you are required to repay all the benefits you and your family received so far.

1

Withdraw within 12 months of collecting

You may withdraw application only once

You may also withdraw Medicare coverage and benefits already collected by you, spouse or children

➔

2

Reapply at a future date

You will receive higher benefits

Source: Social Security Administration, ssa.gov

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Alternate Social Security scenarios

Windfall elimination provision (WEP)

The windfall elimination provision may affect anyone who has earned a pension (or lump sum in place of a pension) from working in a job where Social Security taxes were not withheld (such as a state or local government agency).

Government pension offset (GPO)

If you receive a pension from a government job in which you did not pay Social Security taxes, some or all of your Social Security spouse's, widow's or widower's benefit may be offset due to receipt of that pension.

Contact the Social Security Administration: www.socialsecurity.gov or 1-800-772-1213

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Windfall elimination provision

Maximum Monthly Amount Your Benefit May Be Reduced Because Of The Windfall Elimination Provision*

The chart shows the maximum monthly amount your benefit can be reduced because of WEP if you have fewer than 30 years of substantial earnings.

ELY	Years of substantial earnings										
	≤ 20	21	22	23	24	25	26	27	28	29	> 30
2015	\$413.00	\$371.70	\$330.40	\$289.10	\$247.80	\$206.50	\$165.20	\$123.90	\$82.60	\$41.30	\$0
2016	\$428.00	\$385.20	\$342.40	\$299.60	\$256.80	\$214.00	\$171.20	\$128.40	\$85.60	\$42.80	\$0
2017	\$442.50	\$398.30	\$354.00	\$309.80	\$265.50	\$221.30	\$177.00	\$132.80	\$88.50	\$44.30	\$0
2018	\$447.50	\$402.80	\$358.00	\$313.30	\$268.50	\$223.80	\$179.00	\$134.30	\$89.50	\$44.80	\$0
2019	\$463.00	\$416.70	\$370.40	\$324.10	\$277.80	\$231.50	\$185.20	\$138.90	\$92.60	\$46.30	\$0
2020	\$480.00	\$432.00	\$384.00	\$336.00	\$288.00	\$240.00	\$192.00	\$144.00	\$92.00	\$48.00	\$0
2021	\$498.00	\$448.20	\$398.40	\$348.00	\$298.80	\$249.00	\$199.20	\$149.40	\$99.60	\$49.80	\$0
2022	\$512.00	\$460.80	\$409.60	\$358.40	\$307.20	\$256.00	\$204.80	\$153.60	\$102.40	\$51.20	\$0
2023	\$557.50	\$501.80	\$448.00	\$390.30	\$334.50	\$278.80	\$223.00	\$167.30	\$111.50	\$55.80	\$0

*IMPORTANT: The maximum amount may be overstated. The WEP reduction is limited to one-half of your pension from non-covered employment.

Source: Benefits planner. Retirement: Windfall Elimination Provision (WEP) Chart, Social Security Administration, ssa.gov.

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Windfall elimination provision

This chart shows the amount that would have to be earned to count toward reducing or eliminating the windfall elimination provision reduction.

To calculate your WEP reduction, please use the Windfall Elimination Provision Online Calculator at ssa.gov.

Year	Substantial earnings	Year	Substantial earnings	Year	Substantial earnings
2013	\$21,075	2004	\$16,275	1997	\$12,150
2014	\$21,750	2005	\$16,725	1998	\$12,675
2015-2016	\$22,050	2006	\$17,475	1999	\$13,425
2017	\$23,625	2007	\$18,150	2000	\$14,175
2018	\$23,850	2008	\$18,975	2001	\$14,925
2019	\$24,675	2009-2011	\$19,800	2002	\$15,750
2020	\$25,575	2012	\$20,475	2003	\$16,125
2021	\$26,550				
2022	\$27,300				
2023	\$29,700				

Source: Windfall Elimination Provision, Social Security Administration, SSA Publication No. 05-10045, January 2021.

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Windfall elimination provision

If you have a pension from a job where Social Security taxes are not withheld you will answer "yes" on question 14 of the Social Security application.

14 Are you entitled to, or do you expect to be entitled to, a pension or annuity (or a lump sum in place of a pension or annuity) based on your work after 1956 not covered by Social Security? Yes (If "Yes" answer (b) and (c).) No (If "No," go on to item 15.)

(b) I became entitled, or expect to become entitled, beginning MONTH YEAR

(c) I became eligible, or expect to become eligible, beginning MONTH YEAR

I agree to promptly notify the Social Security Administration if I become entitled to a pension, an annuity, or a lump sum payment based on my employment not covered by Social Security, or if such pension or annuity stops.

Contact the Social Security Administration: www.socialsecurity.gov or 1-800-772-1213

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Government pension offset

The GPO reduces the amount of your Social Security spouse's, widow's or widower's benefits by two-thirds of the amount of your government pension.

For example, if you receive a monthly civil service pension of \$600, two-thirds of that, or \$400, must be used to offset your Social Security spouse's, widow's or widower's benefits. If you are eligible for a \$500 spouse's benefit, you will receive \$100 per month from Social Security (\$500 - \$400 = \$100).

<p>Monthly civil service pension of \$600</p>	<p>\$400 used to offset your Social Security spouse's, widow's or widower's benefit</p>	<p>If you are eligible for a \$500 spouse's benefit, you will receive \$100 per month from Social Security</p>
<p>\$500 Social Security spouse's benefit</p>	<p>- \$400 two-thirds of pension</p>	<p>\$100 per month from Social Security</p>

Source: Social Security Administration, ssa.gov. 31

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Government pension offset

Some individuals are exempt from the offset. Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

Are receiving a government pension that is not based on your earnings; or

Are a federal (including Civil Service Offset), state or local government employee whose government pension is based on a job where you were paying Social Security taxes; and

- You filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004;
- Your last day of employment (that your pension is based on) is before July 1, 2004; or
- You paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain conditions, fewer than 60 months may be required for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

Source: Government Pension Offset, Social Security Administration, SSA Publication No. 05-10007, Retrieved May 1, 2023. 32

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Section **3**

Bridging the income gap

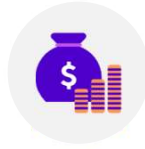
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Did you know?

Will your Social Security benefits be enough if you live to be 100 ... or older?

- In 1940, Ida Fuller was the first recipient of Social Security retirement benefits
- Ida contributed only \$24.75 to Social Security but received more than \$22,888 in Social Security benefit payments
- Ida still supplemented her Social Security check with apartment rental and stock income



Source: Historical Background and Development of Social Security, Social Security Administration, ssa.gov

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Help increase future benefits

Essential income planning



Source: Essential Income Planning, Fidelity

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Case study

Dave and Julia:
Seeking income for life

Dave
64 years old

Julia
62 years old

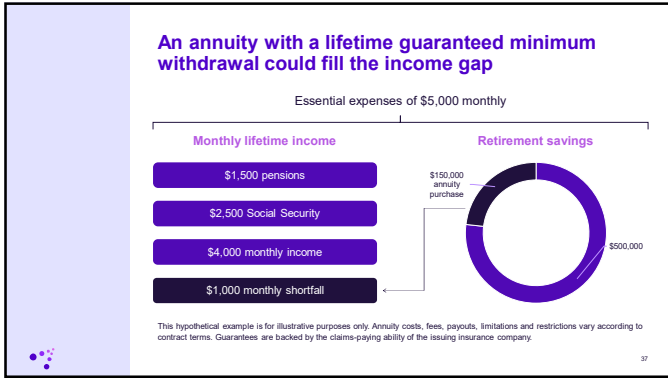
Income and expenses	
Monthly combined income (pensions and Social Security)	\$4,000
Monthly essential expenses	\$5,000
Monthly income gap	\$1,000
Savings and investments	
Dave's 401(k)	\$250,000
Julia's 403(b)	\$150,000
IRAs	\$75,000
CDs	\$25,000
Retirement nest egg	\$500,000

This is not an actual case. This is a hypothetical example for illustrative purposes only.

Source: Retirement Income Planning, Fidelity

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Work and still receive Social Security benefits

2023

Age	Earn up to	After which some portion of your benefits will be deferred by
In years before Full Retirement Age (FRA)	\$21,240	\$1 for every \$2 you earn over limit
Up to the month within the year you reach FRA	\$56,520	\$1 for every \$3 you earn over limit

In the month you reach FRA and anytime thereafter, there's no earnings limit or penalty.

Source: Social Security Administration, ssa.gov.

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Section **4**

Where to go from here?

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Consider your expectations for retirement

- Will you continue to work?
- How is your health?
- Is there a history/expectation of longevity?
- If you are married, what is the age difference between you and your spouse?
- Whose benefits will your spouse collect?
- Do you have a plan that guarantees your essential income needs will be met?



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Benefits of financial planning

Provides a big picture view of your current financial situation

Helps identify your financial goals and objectives

Allows you to understand the impact of your decisions

Helps your goals stay on track, if reviewed regularly

Offers you a course of action needed to achieve your financial goals



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Retirement Pathfinder® Get answers to your questions:

- Can I retire when I planned?
- How much monthly income will I need?
- Am I currently saving enough?
- Is it possible to guarantee my retirement income?
- Will I outlive my retirement savings?
- What happens if I die prematurely?



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Do you know what Corebridge can offer you?

At Corebridge Financial, formerly AIG Retirement Services, we believe everyone deserves financial security. Every day, we work hard to make it possible for more people to take action in their financial lives—because action is the bridge from planning to outcomes, from today's financial needs to tomorrow's aspirations.

- ✓ Prioritize your investment goals
- ✓ Identify and analyze the risks to your retirement income
- ✓ Determine the time horizon needed to achieve your goals
- ✓ Determine a financial strategy to help meet your goals


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Text 951-501-6432
 Kevin Landen
 Senior Financial Advisor

Enroll

Review or


Retire



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Schedule an appointment today!


- Sign up to benefit from personal attention and get answers to help you plan for a more secure financial future.
- Visit our website at corebridgefinancial.com/rs/register
- Enter this Registration Code: [REGISTRATION CODE]



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Thank you

Questions?



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