

Thanks for joining

Social Security and your retirement

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

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**Social Security
and Your
Retirement**

Understanding your benefit options.



Presenter Name
Presenter Title

FINANCIAL WELLNESS SERIES



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Agenda

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The cost of retirement

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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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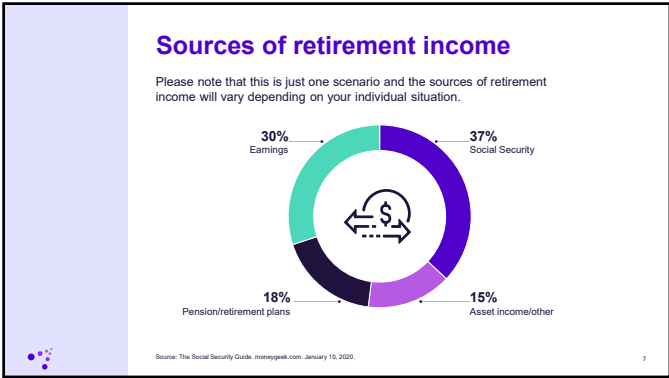
When will you need the most income in retirement?

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

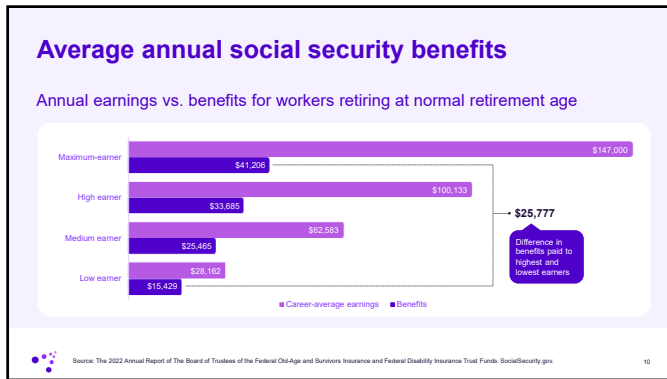
2 Eligibility

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

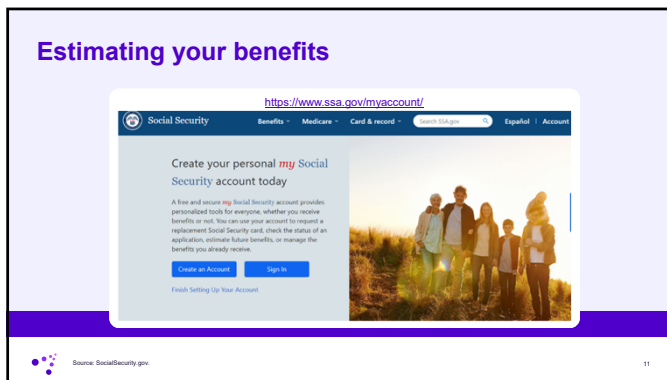
3 Retirement age

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

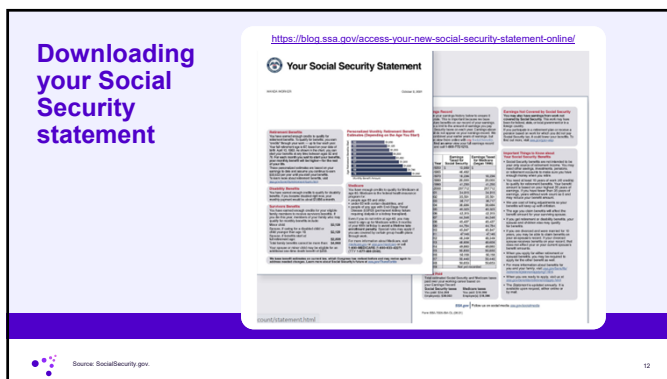
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When to start taking benefits?
It depends on your circumstances

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

- Illness or unemployment
- You have a short life expectancy
- You need the money immediately to make ends meet

Pro

- You would collect income over a longer period of time

Cons

- 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



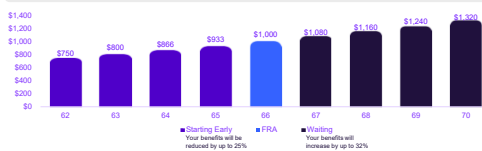
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Weighing the trade-offs

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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Finding the break-even point

This is a hypothetical example. Amounts shown do not reflect any cost-of-living adjustments.

Life Expectancy	Collect benefits at		
	Age 62 Monthly benefit \$750	FRA of 66 Monthly benefit \$1,000	Age 70 Monthly benefit \$1,320
62	\$9,000	\$0	\$0
66	\$45,000	\$12,000	\$0
70	\$81,000	\$60,000	\$15,840
75	\$126,000	\$120,000	\$95,040
78	\$153,000	\$156,000 ← Break-even	\$142,560
80	\$171,000	\$180,000	\$174,240
82	\$189,000	\$204,000	\$205,920 ← Break-even
85	\$216,000	\$240,000	\$253,440

This break-even point analysis is not intended to either encourage or discourage you to claim Social Security benefits at any age. It is intended to provide you hypothetical information to help you with your retirement planning. Analyze your individual situation and seek guidance from a financial professional.



Source: Social Security Administration. Making Smart Decisions About Your Retirement Income.

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Spousal benefits

Did you know?

You can claim either 100% of your own Social Security benefit or 50% of your spouse's Social Security benefit?

Claiming

- Spouse can claim his/her own benefit or
- Spouse can claim 50% of spouse's benefit at FRA
 - Spousal benefit is reduced up to 35% if claimed prior to the recipient's FRA

Requirements

Spouses can only claim spousal benefits after primary files

Divorced Spouses

A divorced spouse can claim on ex-spouse's record if he/she:

- Was married to ex-spouse for at least 10 years
- Has been divorced for at least two years (unless ex-spouse is already claiming benefits)
- Is at least age 62
- Is unmarried
- Is not eligible for equal or higher benefits on his/her own or someone else's record



Source: Social Security Administration, ssa.gov.

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Survivor benefits

Benefits Can Begin at Age 60

Age 60	Age 62	Age 66 FRA	Age 70
Collect survivor benefit			Collect individual benefit
71.5% – 99% of deceased spouse's Primary Insurance Amount (PIA)		100% deceased spouse's benefit	132% of PIA (reflects 4 years of annual 8% credits)
At age 60 – FRA: Collect reduced survivor benefits	At FRA: Collect 100% survivor benefits		At age 70: Switch to collect increased benefits



Source: Social Security Administration, ssa.gov.

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Taxation of Social Security benefits

Did you know?
Depending on how much you earn, you could pay tax on up to 85% of your Social Security benefits!

Status	Status	Up to 50% of benefits taxable (at a marginal rate)	Up to 85% of benefits taxable (at a marginal rate)
Filing as individual; Combined income of	Less than \$25,000	Over \$25,000 to \$34,000	More than \$34,000
Filing joint return; Combined income of	Less than \$32,000	Over \$32,000 to \$44,000	More than \$44,000

Adjusted Gross Income

+ Nontaxable Interest

+ ½ Social Security Benefits

Combined Income

Source: Benefits Planner: Income Taxes and Your Social Security Benefit, ssa.gov. Retrieved June 10, 2021. Individuals should seek independent tax advice regarding their circumstances.

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Medicare

Your Social Security healthcare benefit

Eligibility requirements	<ul style="list-style-type: none">• Age 65 and over• Ten years of covered employment• Disabled
Covered services	<ul style="list-style-type: none">• Basic healthcare services (e.g., doctor visits, lab tests, surgeries)• Supplies (e.g., wheelchairs, walkers)
Excluded services	<ul style="list-style-type: none">• Custodial and routine care• Purely cosmetic surgery• Most vision and dental care
Plans	<ul style="list-style-type: none">• Part A, B, C & D

Source: Social Security Administration, ssa.gov.

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Medicare

Medicare-at-a-glance

Component	Overview/Coverage	Premium costs for 2023
A (Hospital insurance)	Helps cover inpatient care in hospitals, skilled nursing facility care, hospice care and home health care.	<ul style="list-style-type: none">• Generally premium free at age 65 if you are eligible for Social Security. If you do not qualify based on Social Security credits you can purchase Part A coverage• Deductible and copays apply¹
B (Medical insurance)	Helps cover services from doctors and other healthcare providers, outpatient care, home healthcare, durable medical equipment and some preventative services.	<ul style="list-style-type: none">• Standard monthly Part B for new recipients is \$164.90^{1,2}. Note: Monthly premium could cost more for those with higher reported income who are subject to Income Related Monthly Adjusted Amount³• Part B deductible is \$226.00 per year⁴

Source for data: Medicare & You 2023. 1: If you have Part B, it generally covers 80% of the Medicare-approved amount for doctor's services you get while you're in the hospital. You pay: 1) a \$1,600 deductible and no coinsurance for days 1-60 of each benefit period; 2) \$400 per day for days 61-90 of each benefit period; 3) \$800 per "lifetime reserve day" after day 90 of each benefit period (up to 90 days over your lifetime); 4) all costs for each day after you use all the lifetime reserve days. 2: In most cases, if you don't sign up for Part B in Part D when you're first eligible, you will have to pay a late enrollment penalty. The late enrollment penalty is added to your monthly premium and generally applies for as long as you have coverage. 3: Medicare costs at a glance, Medicare.gov. Retrieved May 1, 2023.

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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 Run 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	\$396.30	\$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	\$348.60	\$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	\$446.00	\$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](https://www.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](https://www.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?		<input checked="" type="checkbox"/> Yes (If "Yes," answer (b) and (c).)		<input type="checkbox"/> 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>\$500 Social Security spouse's benefit</p>	<p>\$400 used to offset your Social Security spouse's, widow's or widower's benefit</p> <p>- \$400 two-thirds of pension</p>	<p>If you are eligible for a \$500 spouse's benefit, you will receive \$100 per month from Social Security</p> <p>\$100 per month from Social Security</p>
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Source: Social Security Administration, ssa.gov

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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. 05-10067, Retrieved May 1, 2023.

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Bridging the income gap

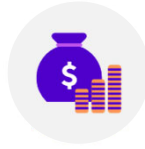
Section 3

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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



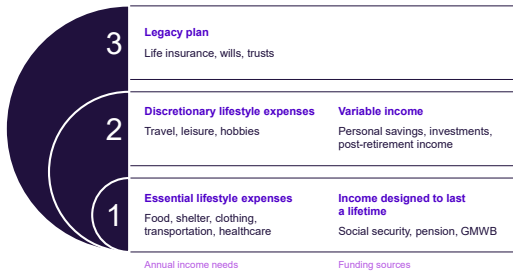
Source: Historical Background and Development of Social Security, Social Security Administration, ssa.gov

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Help increase future benefits

Essential income planning



Source: Retirement Income Planning, 2019, CFP® Society

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Case study

Dave and Julia:
Seeking income for life



Dave
64 years old



Julia
62 years old

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

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

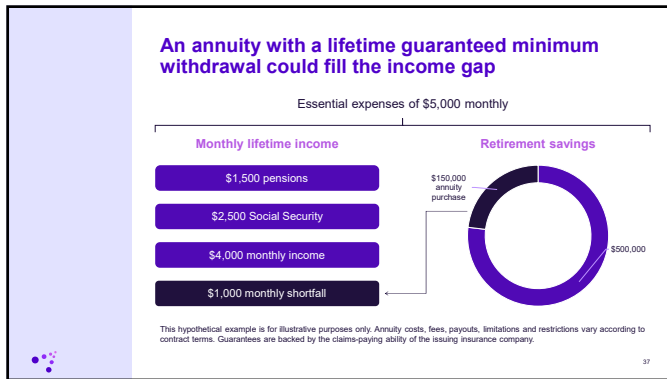
CDs \$25,000

Retirement nest egg \$500,000

Source: Retirement Income Planning, 2019, CFP® Society

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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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Where to go from here?

Section 4

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Consider your expectations for retirement

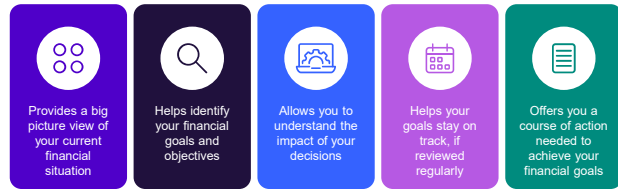
- Will you continue to work?
- How is your health?
- Is there a history/expectation of longevity?
- If you are married, what is the age difference between you and your spouse?
- Whose benefits will your spouse collect?
- Do you have a plan that guarantees your essential income needs will be met?



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Benefits of financial planning



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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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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 xxx-xxx-xxxx


Your Name


Worksite Name

Enroll

Review or

Retire





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- Enter this Registration Code: [REGISTRATION CODE]


Advisor Name

[Advisor Phone]
[Advisor Email]

Advisor Name


[Advisor Phone]
[Advisor Email]





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Thank you

Questions?



Presenter Name
Presenter Title

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