

Social Security Strategies

Deciding When to Take Your Benefits



Retirement

SOLUTIONS

Making Social Security Work for You

The Social Security eligibility rules are generally the same for everyone—but no one's life, retirement goals, or financial needs are exactly the same. That's why Pacific Life has created the *Social Security Strategies* series of brochures.

Each brochure in the series focuses on a specific strategy to consider as you and your financial professional discuss how Social Security fits into your overall plan for creating lifetime retirement income. Discuss with your financial professional everything you want out of retirement. Then, ask how to shape a sustainable retirement income strategy that's right for you.



Choose When to Start Retirement Benefits

You are eligible to begin Social Security benefits as early as age 62, but many individuals defer taking benefits until a later age. Why? The longer you wait, the larger your Social Security checks will be when you begin receiving them.

Your decision should be based on your specific situation and financial needs. Here are the options:

- **Age 62**—Your Social Security checks will equal 70–75% of your full retirement benefit.
- **Full Retirement Age (FRA)**—Your checks will equal 100% of your full retirement benefit (see chart).
- **After FRA**—There is an 8% credit per year for waiting, up until age 70 when your check amount will be up to 132% of your full retirement benefit.

Your Full Retirement Age (FRA)	
Year of Birth*	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 or later	67

Source: Social Security Administration, September 30, 2015.

*If born on January 1 of any year, refer to the previous year.

Evaluate Your Needs and Life Expectancy

In determining when to take Social Security benefits, ask yourself:

1. Do I need extra income now?
2. How long do I expect to live?

If you need income now, you might consider taking Social Security early—but pause a moment to weigh the urgency of your need against the potential advantages of deferring Social Security. However, waiting isn't the right strategy for everyone. Social Security calculates the reductions and increases to payments so that individuals will have received the same amount of money at the time they reach their average life expectancy regardless of when they begin taking benefits. So, generally, waiting is an advantage for people who live longer than the average life expectancy.

A Consideration for Married Couples

Married couples often have a greater chance than a single person of benefiting from deferring Social Security. This is because the number of Social Security payments received depends on the lives of both spouses.

(Note: If both husband and wife are receiving Social Security, the surviving spouse will inherit the larger of the two individual Social Security benefits.)

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Taking Benefits while Receiving Other Income

If you're thinking of taking Social Security benefits while you're still working or you are receiving other sources of income, consider the following:

- **Taxation of Benefits**

Up to 85% of Social Security benefits may be included in income and subject to income tax, which affects your total taxable income. Currently, about one-third of people who receive Social Security must pay taxes on their benefits. It's wise to consult with a tax advisor for the most current information.

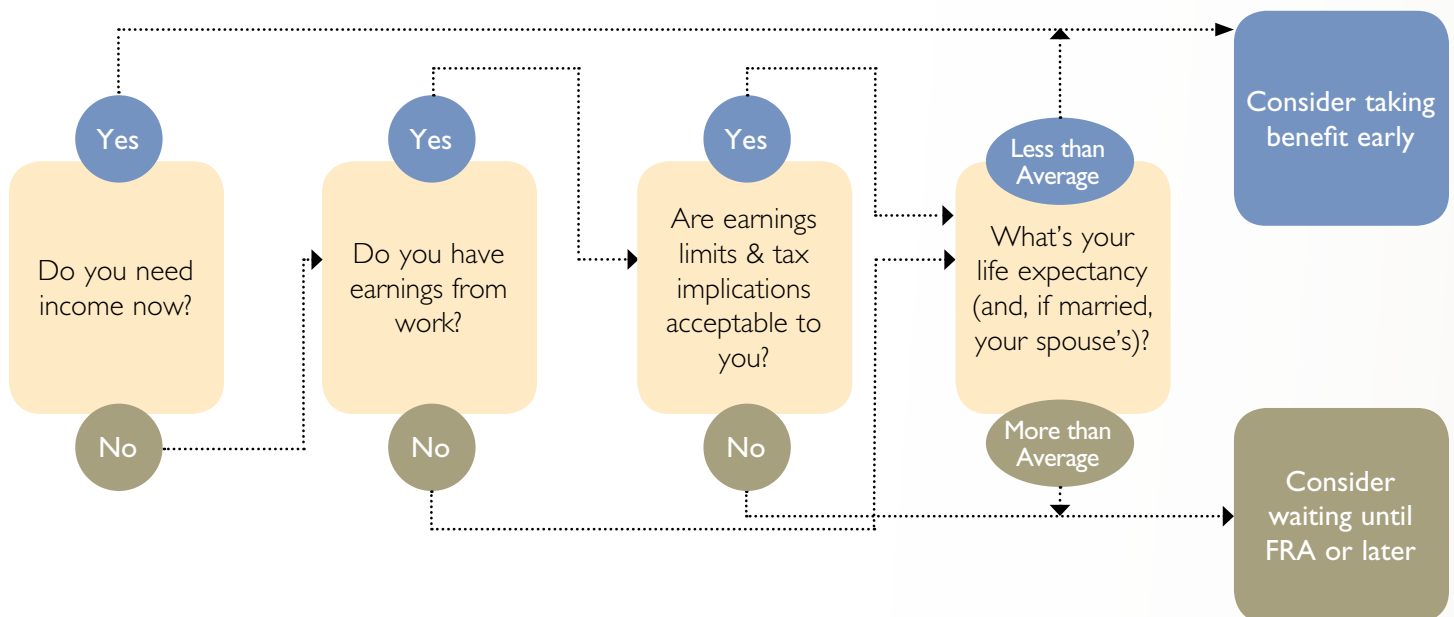
- **Taking Benefits while Working**

If you begin taking benefits while working and before you reach your FRA—and your earnings exceed certain limits while you work—some or all of your benefits will not be paid right away. Instead, they'll be included as part of your monthly Social Security benefits after you reach your FRA. Again, check with a tax or financial professional to understand the current earnings limits.

An alternate strategy is to supplement working income with Roth IRA withdrawals. Roth IRA contributions can be withdrawn anytime, tax-free, and not subject to the 10% additional federal tax on early distributions. Earnings from your Roth IRA are generally tax-free and not subject to the 10% additional federal tax on early distributions if you are at least age 59½ and have owned your account for at least five years.

A Social Security Decision Tree

If you are considering taking Social Security retirement benefits, below are some of the important considerations to keep in mind.



Social Security Resources

The more you know about Social Security, the better able you'll be to make the most of your benefits. For answers to your Social Security questions, talk with your financial professional.

Pacific Life can also help. Take advantage of our retirement planning resources at www.PacificLife.com.

Helpful Resources	Pacific Life Resources
Social Security Administration (SSA) Phone: (800) 772-1213	Pacific Life offers financial calculators to help you plan for your Social Security needs. You can access them by visiting www.PacificLife.com . <ul style="list-style-type: none">• Social Security Retirement Income Estimator• Federal Income Tax Estimator• How Much of My Social Security Benefit May Be Taxed?• How Does Inflation Impact My Retirement Income Needs?
Social Security Website: www.ssa.gov	
Online Benefits Application: www.ssa.gov/applyonline/	
Find a Local Office: www.SocialSecurity.gov/locator	
Government Pension Offset: www.ssa.gov/planners/retire/gpo-calc.html	
AARP Website: www.aarp.org	
Windfall Elimination Provision: www.ssa.gov/planners/retire/anyPiaWepjs04.html	



Talk to Your Financial Professional

Interested in this or other ideas for ensuring that your retirement income strategy is right for you? Talk to your financial professional. There are many options for creating a plan to help you achieve your financial goals, and your financial professional can explain how each fits into your specific life situation.

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