



APRIL IS NATIONAL SOCIAL SECURITY MONTH. TIME FOR A CHECK-IN?

Understanding all the options for claiming Social Security retirement benefits can be a confusing endeavor. Are you prepared to help clients choose the claiming strategy that can help them make the most of their retirement?

Social Security retirement benefits are the backbone of retirement income for most American workers. In fact, in 2023, an average of nearly 67 million Americans per month will receive Social Security retirement benefits.¹ For many, it is their only source of guaranteed income. However, it was never intended to be the sole support for retirees—only part of the retirement-income puzzle wpersonal savings. Additionally, it was intentionally designed to replace less income for higher-income individuals, who make up the bulk of financial-planning clients.

Will Social Security Fail?

Complicating the issue, headlines today are awash with news that the Social Security Administration is running out of money. The truth is a little more nuanced than that. Social Security is a “pay as you go” program funded with ongoing employee and employer payroll taxes. The prediction is that changes in population will result in insufficient funding to pay full benefits by some time in the 2030s. If that happens, the Administration may not be able to pay out all the promised benefits. Whether that happens or not is a bigger topic than we can cover here today, but the looming concern reinforces the importance of planning for additional retirement income in the future.

For clients who are unable to set aside their concerns, it’s important to stress that planning options are available.

Clients looking to maximize their retirement incomes must consider all their options before making decisions that could affect the rest of their lives. Be prepared to advise them in the following areas:

- **When to claim Social Security retirement benefits.** Retirees can claim benefits as soon as age 62, but those who wait until age 70 are eligible to receive up to 132% of their full retirement benefit.² Of course, clients should consider their claim dates in the context of their situations. For example, clients in poor health may choose to claim and preserve other assets for heirs. Clients with longevity concerns may decide to delay and capture credits. The decision always should be based on your clients’ unique personal circumstances.
- **What happens if they change their minds.** Clients who receive their benefits early may be able to adjust their outcomes. If the situation has changed, retirees can ask the Social Security Administration to suspend³ their benefits, which will allow them to earn delayed retirement credits until payments begin again. Clients who claim and have a change of circumstances within 12 months have one-time option to repay all benefits and start again at a later date.

Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company or Pacific Life & Annuity Company. In New York, insurance products are only issued by Pacific Life & Annuity Company. Product/material availability and features may vary by state.

- **How long they should consider staying in the workforce.** Seniors remain in or reenter the workforce for a variety of reasons. Some stay at work for their own enrichment, but others may want to consider the extra income to further delay their need for Social Security retirement benefits. Clients should consider their personal situations. As an example, higher earners may consider whether claiming Social Security retirement benefits while working will result in higher Medicare premiums.
- **How much they'll need to save.** Ideally, clients will have been saving for retirement for a long time before they begin considering their Social Security claiming strategies—but reality isn't always ideal. Clients should account for their current age, total savings amount, spending goals, projected essential expenses and healthcare costs, and what they can afford when calculating how to adjust their savings plans.

Encourage Clients to Start Planning Early

A great first step toward making effective claiming decisions is to consider the options well in advance. Encouraging clients to set up their My Social Security account and review it regularly may help them correct mistakes, understand their expected benefits, adapt plans around the duration they will work, and save more to augment retirement income.

Actions You Can Take Right Now

- Review clients' Social Security retirement benefit statement projections.
- Consider using illustrations to help them make informed decisions.
- Refresh your knowledge of Social Security claiming strategies.

Knowledge Is Power

By reviewing the various scenarios, financial professionals can help clients make informed choices and design an appropriate claiming strategy. It's vital to communicate the trade-offs associated with every strategy, as that knowledge can help reduce some of the stress clients may feel about their decisions.

Additional Resources and Links

[Social Security Insights](#)

[Creating Retirement Income: Are Your Clients Confident or Concerned](#)

For more information about retirement planning,
please contact our Retirement Strategies Group at
RSG@PacificLife.com or (800) 722-2333, ext. 3939.

PacificLife.com

¹Social Security Administration. (2023). *Fact Sheet: Social Security*. Last assessed 04/24/2023.

²Social Security Administration. (2023). *How Delayed Retirement Affects Your Social Security Benefits*. Last assessed 04/24/2023

³Social Security Administration. (2023). *Suspending Your Retirement Benefit Payments*. Last assessed 04/24/2023

This material is provided for informational purposes only and should not be construed as investment, tax, or legal advice. Information is based on current laws, which are subject to change at any time. Clients should consult with their accounting or tax professionals for guidance regarding their specific financial situations.

Pacific Life refers to Pacific Life Insurance Company and its affiliates, including Pacific Life & Annuity Company. Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company or Pacific Life & Annuity Company. In New York, insurance products are only issued by Pacific Life & Annuity Company. Product/material availability and features may vary by state. Each insurance company is solely responsible for the financial obligations accruing under the products it issues.

VLQ3783-0423W

This material is educational and intended for an audience with financial services knowledge.

3 of 3



THE OFFICIAL SPONSOR
OF RETIREMENT*