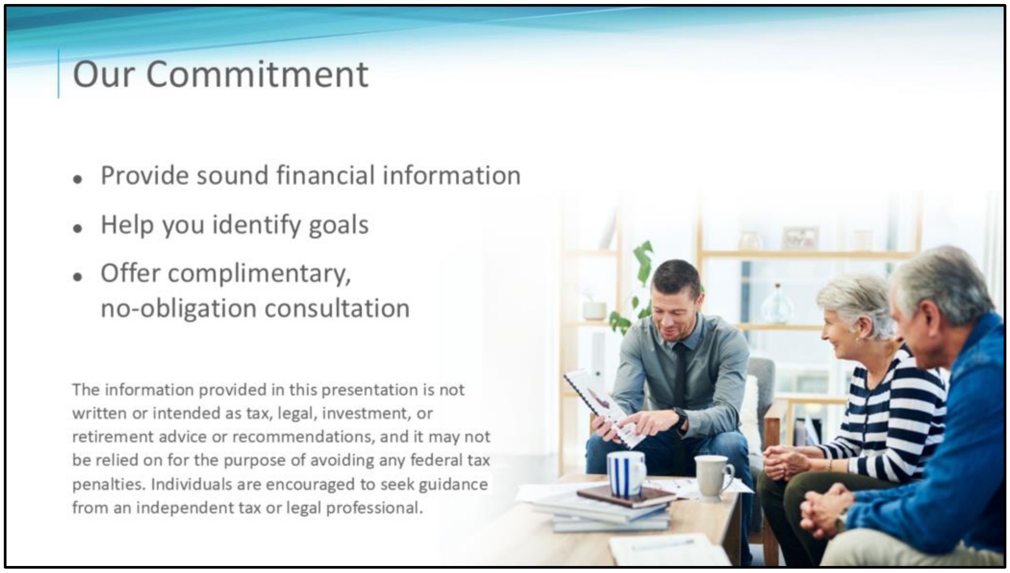
Welcome to our Social Security seminar. I'm very glad you could join us today. You should have been given some materials as you entered, and I also have pencils *(or pens)* available if you need them.

During this seminar, we'll discuss basic elements of the Social Security program and focus on filing strategies that might increase the lifetime benefits you could receive.

Keep in mind that there are many combinations for how a married couple can claim Social Security retirement benefits and spousal benefits, as well as other filing strategies. In fact, according to the Social Security Administration, the claiming-age combinations that married couples might choose range from nearly 10,000 to 40,000, depending on their respective birth years. We won't get that detailed today, but we will discuss benefit-enhancement strategies and some common pitfalls to avoid.

Before we start the main part of the presentation, let me take a minute or two to tell you what we hope to accomplish over the next hour or so.



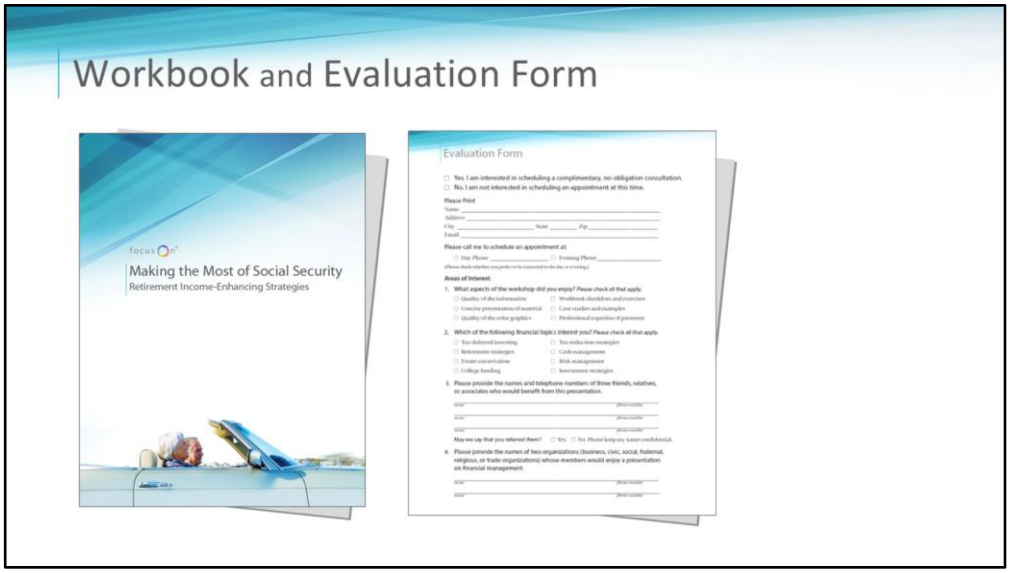
We use seminars like this one to introduce ourselves and to develop strong working relationships with members of the community like you.

Our commitment extends beyond simply offering financial services. We are committed to helping you evaluate your financial situation and giving you tools to help make informed decisions and pursue your financial goals.

We hope that after attending the seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from working with us.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.



Let's talk about the workbook you received as you entered.

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful materials that reinforce the seminar's major points and will be a valuable resource for you.

Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll find an evaluation form just like this one.

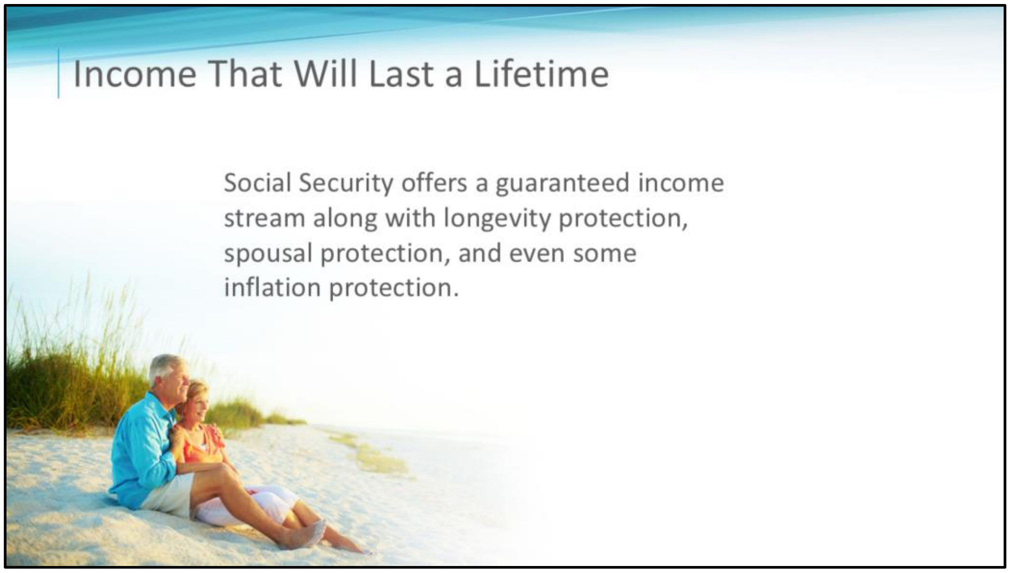
[Note to presenter: Pull out an evaluation form for your seminar participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary, no-obligation consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after the seminar.

In exchange for these two promises to you, please promise that you will fill out this form. Many seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with you, but that decision is yours.

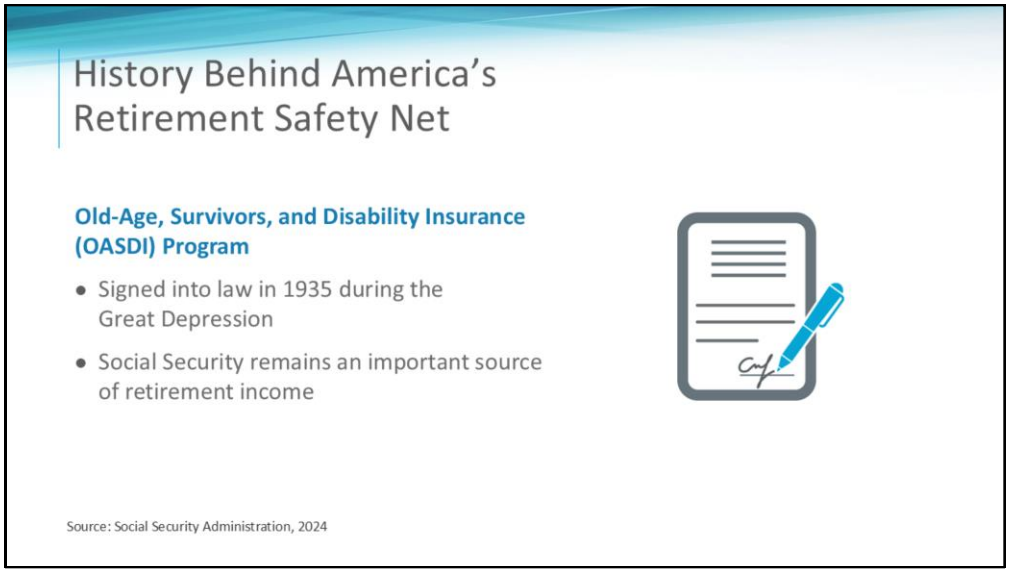


One of the greatest concerns of retirees and near-retirees is the fear of outliving their assets. Although traditional pensions once provided a steady income for many retirees, the number of companies offering such plans has declined dramatically.

Social Security offers benefits similar to a pension, plus a lot more. Not only does it provide a guaranteed income stream, but it also offers longevity protection, spousal protection, and even some inflation protection. Yet the ultimate value of Social Security benefits is often overlooked.

For example, did you know that if you delay claiming benefits past full retirement age, you could increase your payments by as much as 8% a year? It would be hard to find a risk-free investment that currently offers that kind of payout.

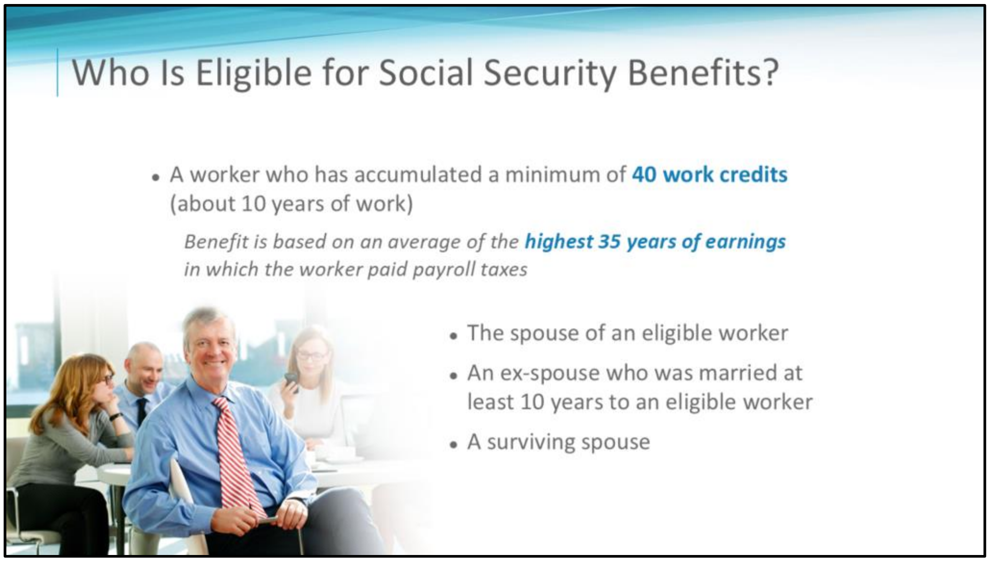
Whether you’re single, married, divorced, or widowed, there are strategies that might increase the monthly and lifetime Social Security benefits you receive. We want you to understand your claiming options and avoid costly mistakes that could reduce the Social Security income that you, and possibly your spouse, receive.



Let's start with some history on the Old-Age, Survivors, and Disability Insurance (OASDI) program, which is the official name of Social Security. It was created as part of Franklin Delano Roosevelt's New Deal legislation during the Great Depression and signed into law in 1935. It is now the federal government's largest single program.

Social Security benefits were intended as a *supplement* for retirees, not as a sole means of support. But over time, many retirees — as well as some disabled individuals and families of deceased workers — have become very dependent on their monthly Social Security payments.

Source: Social Security Administration, 2024



If you have worked and accumulated a minimum of **40 work credits**, which is 40 fiscal quarters or about 10 years of work, you are entitled to receive Social Security retirement benefits.

Your benefit is based on an average of the **highest 35 years of earnings** in which you paid Social Security payroll taxes.

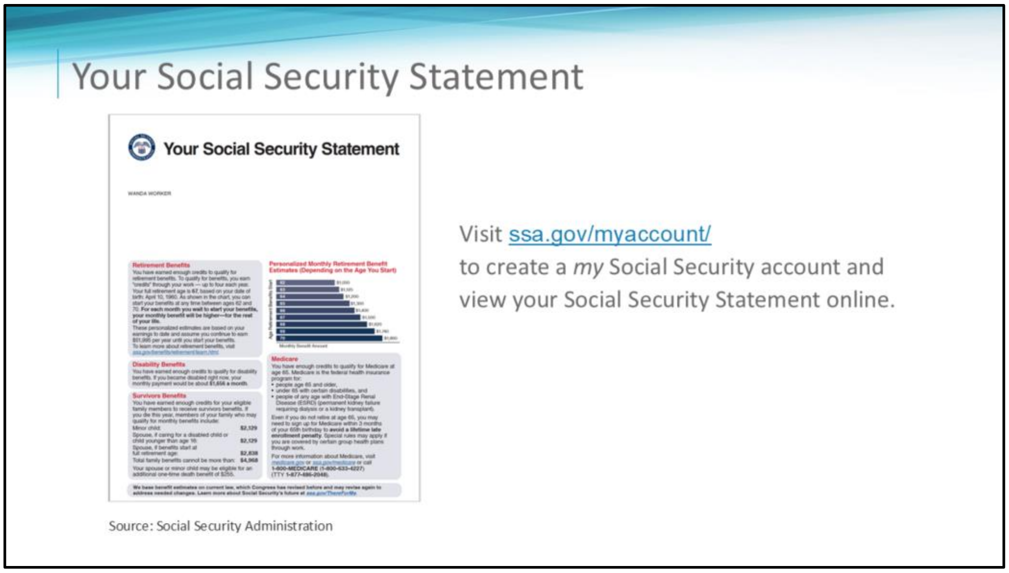
If you worked fewer years, worked part-time, or had long periods of unemployment, the years in which you had low or zero earnings will be averaged into the calculation and could affect your benefits.

If you are the spouse of an eligible worker, you can collect Social Security benefits regardless of whether you worked or not.

Even the former spouse of an eligible worker may be entitled to Social Security benefits based on the ex's work record if they were married for at least 10 years and the individual has not remarried.

And surviving spouses of workers are eligible for survivor benefits.

We'll explore this later in the seminar.



To determine the potential benefits you might receive, you should look at your Social Security Statement.

Your Statement summarizes your annual earnings that were subject to payroll taxes, shows how much you and your employer(s) paid in Social Security and Medicare taxes, and estimates your retirement benefits based on up to nine different claiming ages, including age 62, full retirement age, and age 70. It also includes some facts about Social Security and Medicare and what the programs might mean to you.

Social Security Statements are mailed annually to workers who are 60 and older, not receiving benefits, and who don't have an online *my* Social Security account.

At any age, you can view your Statement online by creating your own personal account on the Social Security website at ssa.gov/myaccount/.

Even after you start receiving Social Security benefits, an online personal account can be helpful. You can access your account to print out Social Security and Medicare benefit information, update your address, and change your direct deposit data.

Source: Social Security Administration

Understanding COLAs

Years	COLA
Since 1975	3.71% average
2014	1.5%
2015	1.7%
2016	0%
2017	0.3%
2018	2.0%
2019	2.8%
2020	1.6%
2021	1.3%
2022	5.9%
2023	8.7%
2024	3.2%
2025	2.5%

After factoring in the 2025 COLA, the average monthly benefit for all retired workers is $1,976.

Source: Social Security Administration, 2024

Because Social Security benefits are indexed for inflation, your monthly benefit could increase as the cost of living rises from year to year. Thanks to these cost-of-living adjustments (COLAs), some people refer to Social Security as an inflation-protected asset that will help maintain the purchasing power of those benefits.

Under the current system, the automatic COLA is equal to the annual percentage increase — if any — in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Since 1975, the average annual COLA has been approximately 3.71%. Social Security beneficiaries have received a COLA almost every year since 1975, but there was no COLA for 2010, 2011, or 2016 because inflation was too low to trigger an increase. The 2025 COLA is 2.5%.

After factoring in the 2025 COLA, the average monthly benefit for all retired workers is $1,976.

Source: Social Security Administration, 2024

Let's discuss when you can claim benefits and what you might receive from Social Security based on how the rules work today. Of course, considering the fiscal challenges that Social Security faces, it is possible that, in the future, the rules may change.

Social Security benefits are based on how much you earned during your working career and the age when you start claiming benefits.

Generally, the earliest age to claim benefits is 62. (*Surviving spouses, however, can claim survivor benefits as early as age 60.)*

"Full retirement age" ranges from 66 and 2 months to 67, depending on year of birth.

You can receive your maximum monthly benefit by waiting until age 70 to claim Social Security.

How Does Filing Early or Later Affect the Monthly Benefit?

Year of birth	Full retirement age	Age 62 benefit	Age 70 benefit
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 & later	67	70.00%	124.00%

The benefit at full retirement age is 100% of the primary insurance amount.

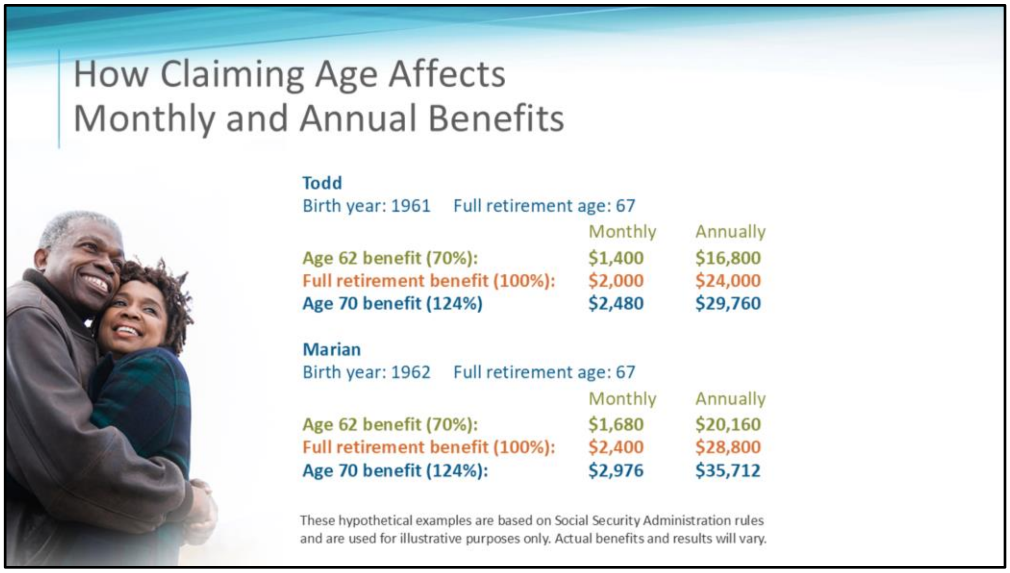
Many people automatically associate age 65 with retirement. But “full retirement age,” when you are entitled to receive 100% of your full retirement benefit — also called the primary insurance amount or PIA — now ranges from 66 and 2 months to 67 for those born after 1954.

You can see here how full retirement age is changing based on year of birth, and how claiming Social Security early at age 62 or delaying benefits up to age 70 would affect your monthly payouts.

At age 62, the amount you receive each month would be permanently reduced by up to 30% of the “full retirement age” amount, depending on the year you were born. With each month you wait to claim benefits after age 62, your monthly benefit increases slightly.

By electing to start retirement benefits at your full retirement age, you would be entitled to 100% of your primary insurance amount.

For each month you wait to claim Social Security *after* reaching full retirement age, your monthly benefit would continue to increase until you reach age 70, when you would be entitled to receive up to 132% of your full benefit (depending on year of birth). By waiting past full retirement age, you earn delayed retirement credits. There is no advantage to waiting longer than age 70 to file for benefits.



Let's look at some hypothetical examples to put some dollar amounts behind these benefit percentages for two people born in different years.

Todd was born in 1961. His full retirement age is 67, when he is entitled to a $2,000 full monthly benefit.

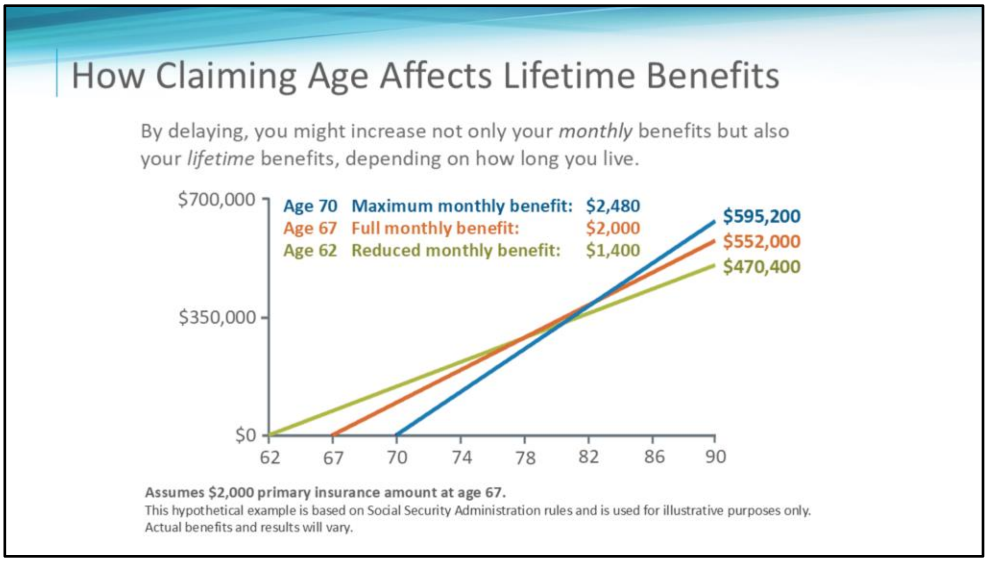
If Todd claims his worker benefit at age 62, it would be permanently reduced to 70% of the primary insurance amount. So a monthly benefit that would have been $2,000 at full retirement age would be reduced to about $1,400 if he claims it at age 62. On the other hand, if Todd delays claiming his worker benefit until age 70, it would be 124% of his primary insurance amount, or $2,480 per month.

Here's another example. Marian was born in 1962. Her full retirement age is also 67, when she would be entitled to a $2,400 full monthly benefit.

If Marian claims her worker benefit at age 62, it would be permanently reduced to 70% of the primary insurance amount. So a monthly benefit that would have been $2,400 at full retirement age would be reduced to about $1,680 if she claims it at age 62. On the other hand, if Marian delays claiming her worker benefit until age 70, it would be 124% of her primary insurance amount, or $2,976 per month.

You can also see that on an annual basis, these percentage differences can add up and significantly affect retirement income.

These hypothetical examples are based on Social Security Administration rules and are used for illustrative purposes only. Actual benefits and results will vary.



Your decision on when to file for Social Security should be based on a combination of factors, including your health, life expectancy, work situation, retirement goals, and other sources of income.

If you delay filing for Social Security, you might increase not only your *monthly* benefits but also your *lifetime* benefits, depending on how long you live.

This graph shows the potential impact on lifetime benefits for someone with a $2,000 PIA who lives to age 90, based on claiming Social Security at age 62, age 67, or age 70.

[Note to presenter: Discuss the outcome of the numbers on the slide.]

What claiming age do you think will provide the most Social Security income over a lifetime? The answer will be different for each person. For some individuals, working longer and claiming benefits later may provide the most Social Security income over their lifetimes. Others may not have a choice because they need the income at an earlier age. And people who don’t live as long might receive more Social Security income over their lifetimes by collecting benefits at an earlier age.

If your health is good, you are working, and you have family members who have lived well into their 80s and 90s, delaying benefits could provide you with greater lifetime Social Security benefits.

This hypothetical example is based on Social Security Administration rules and is used for illustrative purposes only. It assumes a $2,000 primary insurance amount at age 67. Actual benefits and results will vary.

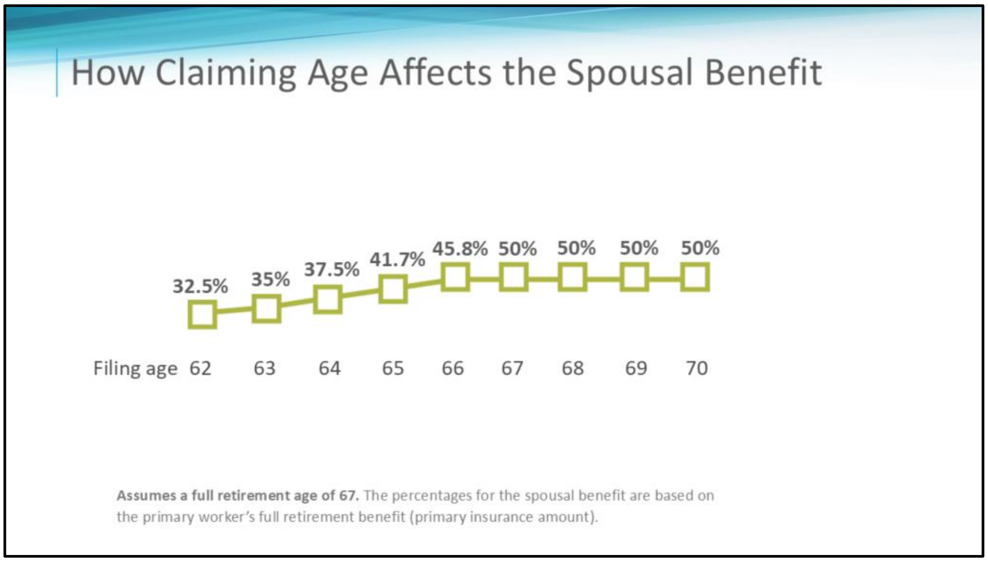
Married individuals are eligible to receive a Social Security benefit based on their own earnings history or a spousal benefit based on the spouse's primary insurance amount. *This is also true for unmarried, divorced individuals who were married for at least 10 years.*

If you're married, you can claim a spousal benefit whether you have worked or not. But in order to qualify for the spousal benefit, you must be at least age 62, you must have been married for at least one year, and your spouse must have filed for Social Security benefits. *An eligible, unmarried divorced spouse does not have to wait until his or her ex files for benefits, but the ex must be at least age 62.*

If you elect to receive a spousal benefit *before* you reach full retirement age, you would receive a permanently reduced amount, unless you are caring for a qualifying child. The benefit reduction is based on *your* age when you claim the spousal benefit.

If you claim the spousal benefit upon reaching *your* full retirement age, the benefit would be one-half of your spouse's primary insurance amount (PIA).

The spousal benefit is never higher than 50% of the primary worker's full benefit. So, for example, if your spouse's primary insurance amount is $2,400, you could receive a $1,200 monthly spousal benefit by claiming it at your full retirement age.

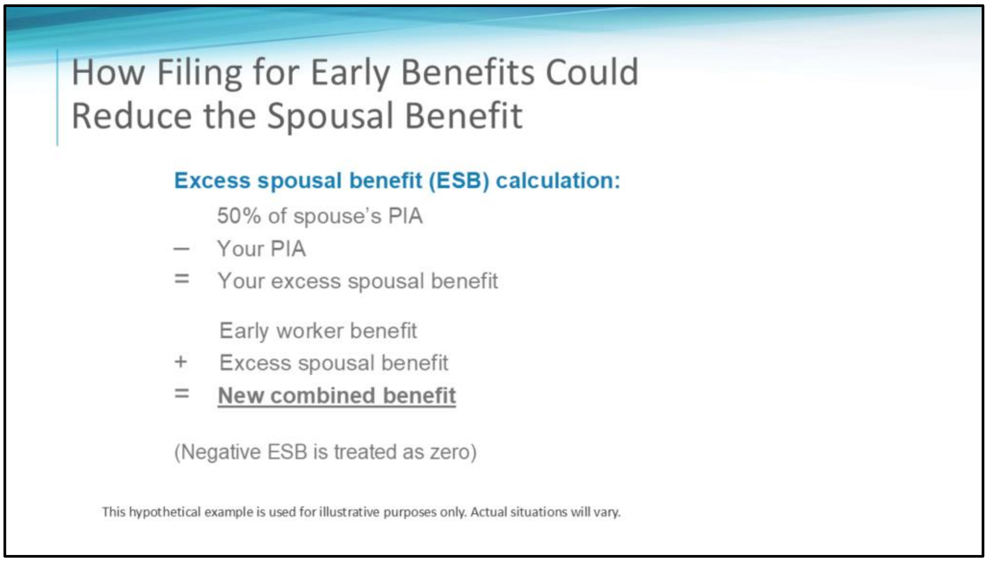


This chart shows how the Social Security spousal benefit would be affected by claiming it at different ages.

Because the spousal benefit is based on the primary worker's full retirement benefit (primary insurance amount or PIA), the maximum spousal benefit is 50% of the worker's PIA. So a spousal benefit claimed at age 62 would be only 32.5% of the spouse's PIA instead of 50%.

Let's use a hypothetical example. We'll assume that the PIA of the primary worker is $2,000. Thus, the maximum spousal benefit would be 50% of that, or $1,000, if claimed at full retirement age (or later). If the spousal benefit was claimed at age 62, it would be reduced to $650, which is 32.5% of the primary worker's PIA. That's a difference of $350 per month or $4,200 a year!

When considering when to start Social Security benefits, keep in mind that anyone who applies for either a retirement benefit or a spousal benefit will be "deemed" to be applying for the other benefit as well. Therefore, the effect of the starting age on both types of benefits should be considered.



If you are married and eligible for both your own Social Security benefit and a spousal benefit when you claim benefits, you are deemed to be filing for both. In this situation, you'll receive the higher of the two amounts.

But what if you aren't yet eligible for a spousal benefit because your spouse hasn't claimed Social Security?

You can still file for your own worker benefit. Later, when your spouse files for benefits, you might qualify for a higher combined benefit, and Social Security will automatically increase your benefit at that time.

Let's say you are receiving a $1,200 primary insurance benefit amount and later become eligible for a $1,400 spousal benefit (after your spouse files for benefits). At that time, you would receive an additional amount automatically.

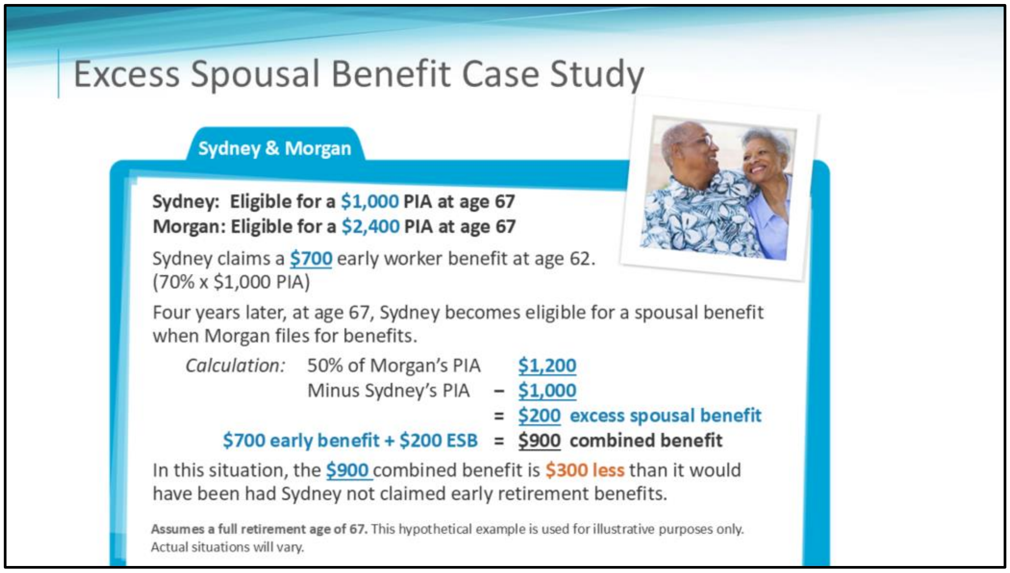
However, if you file for worker benefits *before* full retirement age and later qualify for a spousal benefit, the combined benefit might be lower than what the spousal benefit would have been had you waited until your spouse filed or you reached full retirement age. This is often referred to as the **excess spousal benefit** (ESB), and it comes into play when your primary insurance amount is less than half of your spouse's primary insurance amount.

The formula for the excess spousal benefit is shown here:

50% of spouse's PIA – your PIA = ESB

Early worker benefit + ESB = new combined benefit

Because this is a rather complicated concept, let's look at a hypothetical example.



Married couple Sydney and Morgan are both eligible for Social Security retirement benefits based on their own earnings histories. The primary insurance amount that Sydney would receive at her full retirement age of 67 is $1,000, which is less than half of Morgan's $2,400 PIA.

If Sydney had waited until age 67 to claim Social Security (assuming Morgan had filed for retirement benefits), Sydney's spousal benefit would have been $1,200 a month (50% x Morgan's $2,400 PIA), which is $200 more than Sydney's $1,000 PIA.

But Sydney decided to claim early Social Security worker benefits at age 62, which resulted in a 30% benefit reduction — from $1,000 to $700. When Morgan files for Social Security retirement benefits, Sydney would then qualify for a spousal benefit. *(This example assumes Sydney has reached full retirement age when Morgan files for retirement benefits.)*

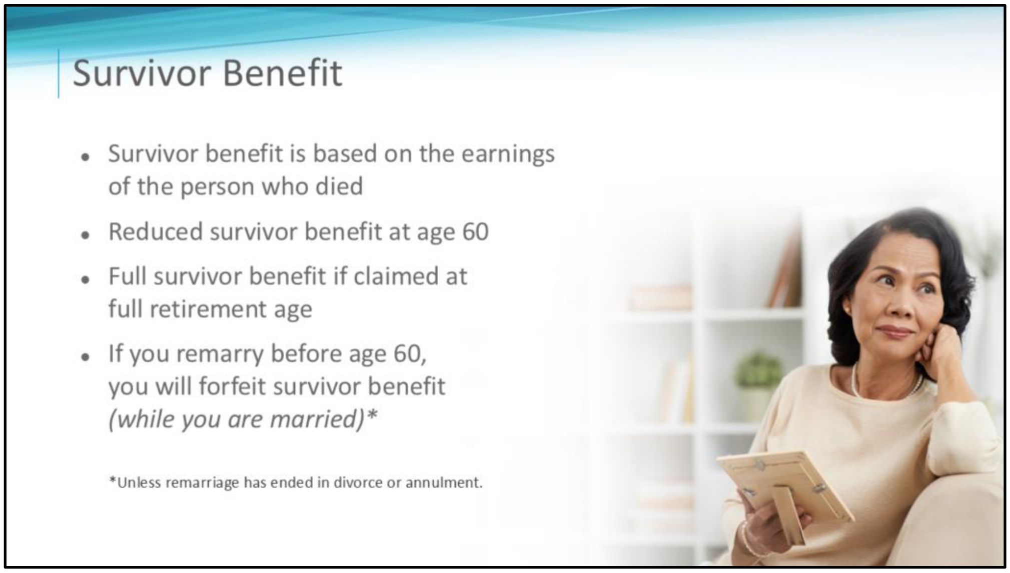
Sydney's new combined benefit would be calculated differently:

50% of Morgan's PIA ($1,200) – Sydney's PIA ($1,000) = $200 ESB

Sydney's early benefit ($700) + Sydney's ESB ($200) = $900

Although this is more than the $700 early worker benefit, it is **$300 less** than the spousal benefit Sydney could have received had early worker benefits not been claimed. Of course, remember that Sydney has been receiving Social Security benefit payments since age 62.

This hypothetical example is used for illustrative purposes only. Actual situations will vary.



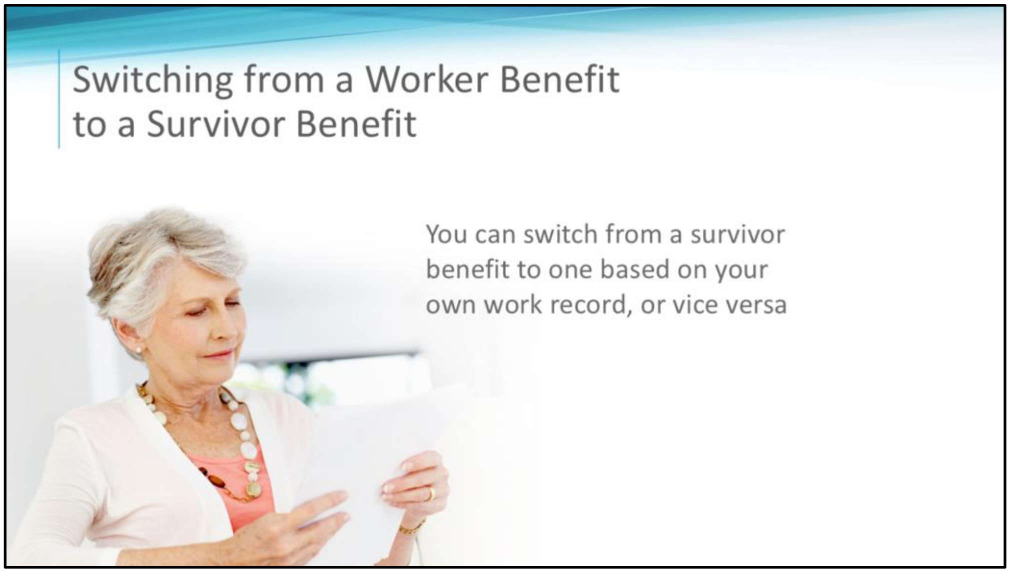
Widows and widowers have dual entitlements under Social Security — benefits based on their own earnings history or survivor benefits based on the deceased spouse's earnings record. *This is also true for divorced individuals who were married to the deceased ex-spouse for at least 10 years.*

To claim a survivor benefit, you must have been married for at least nine months *(or for at least 10 years if you are a surviving divorced spouse).* The survivor benefit amount is based on the earnings record of the spouse who died.

Unlike spousal benefits, survivor benefits reflect any delayed retirement credits. So if the spouse worked past full retirement age, the survivor benefit would be based on the deceased spouse's primary insurance amount (PIA) and any delayed credits he or she might have earned. However, if the spouse died early, the survivor benefit would be worth up to 100% of what he or she was entitled to collect at the time of death.

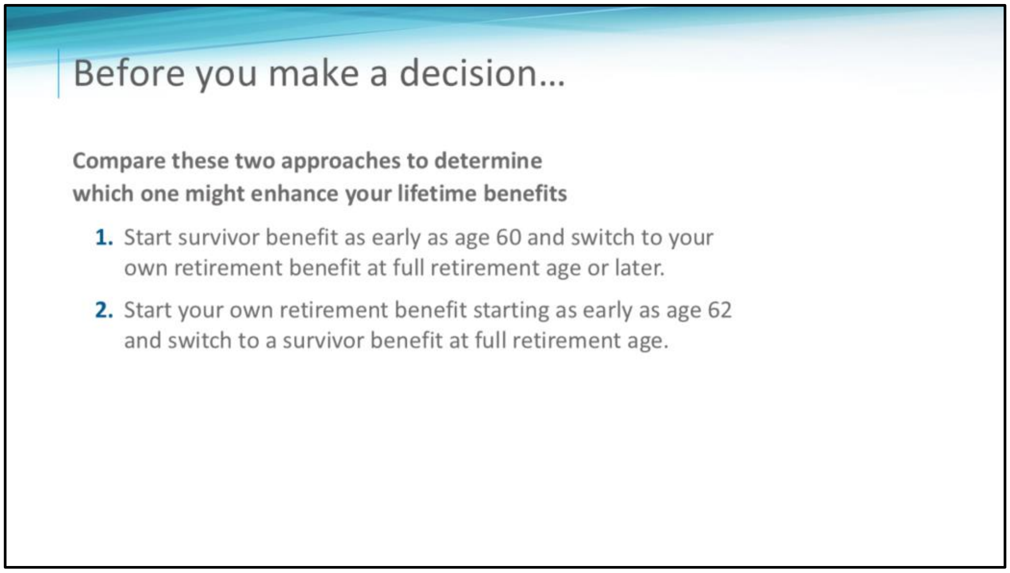
You are eligible for a reduced survivor benefit as early as age 60 or a full survivor benefit (100% of the deceased's worker benefit amount) once you reach full retirement age. Surviving disabled spouses and those with young children may have additional options.

One important point to mention is that if your spouse dies and you remarry *before* reaching age 60, you will forfeit your late spouse's Social Security benefits while you are married. If you remarry *after* age 60, you will continue to qualify for survivor benefits based on your deceased spouse's Social Security record, or you could apply for spousal benefits based on your current spouse's work history. If the spousal benefit based on the current spouse is higher than the survivor benefit, you would receive a combination of benefits that equals the higher amount.



If your spouse dies, you could claim a survivor benefit once you're eligible and later switch to one based on your own work record, or you could claim a benefit based on your own work record and later switch to a survivor benefit at full retirement age if that benefit would be higher. *Again, this may also be the case for an ex-spouse who was married to the deceased for at least 10 years.*

If you continue working while collecting Social Security benefits and have not reached full retirement age, your benefit may be reduced if your earnings exceed specific limits. We'll discuss this in a few minutes.



If you are eligible to receive a survivor benefit as well as a benefit based on your own work history, you might compare the two claiming strategies to determine which one might enhance the total benefits you could receive.

For example, if your spouse died at a young age, you could start receiving survivor benefits as early as age 60. But you won’t receive 100% of his or her basic benefit if you claim a survivor benefit before you reach full retirement age — the benefit will be permanently reduced to 71.5% to 99% of the basic benefit.*

Consider what the survivor benefit would be if you claim it early or if you wait until you reach full retirement age. Then compare it to the retirement benefit you might receive based on your own work history.

You might discover that you could receive more if you claim a survivor benefit early and later switch to one based on your own work history at full retirement age or later. Or you might find that you should start your own retirement benefit as early as age 62 and later switch to a survivor benefit once you reach full retirement age, when it would be higher.

Because each couple’s situation will be different, you need to review your options carefully.

Maximizing Lifetime and Survivor Benefits

Paul and Janet

Scenario 1	Scenario 2	Scenario 3
Both Janet and Paul claim at age 62	Janet claims at age 62, Paul waits until age 67	Janet claims at age 62, Paul waits until age 70
Combined monthly benefits Years 1+ $2,660	**Combined monthly benefits** Years 1–5 $1,260 Years 6+ $3,260	**Combined monthly benefits** Years 1–8 $1,260 Years 9+ $3,740
Paul dies at age 80		
Total benefits $574,560	**Total benefits** $569,040	**Total benefits** $569,760
Monthly survivor benefit $1,400	**Monthly survivor benefit** $2,000	**Monthly survivor benefit** $2,480
Janet dies at age 90		
Lifetime benefits $742,560	**Lifetime benefits** $809,040	**Lifetime benefits** $867,360

Benefit claiming assumptions:

- Paul entitled to $1,400 monthly benefit at age 62 versus $2,000 at full retirement age (67) or $2,480 at age 70
- Janet entitled to $1,260 monthly benefit at age 62 versus $1,800 at full retirement age (67)

Assumes a full retirement age of 67. This hypothetical example is based on Social Security Administration rules and is used for illustrative purposes only. Actual situations will vary.

I mentioned that there are thousands of different combinations for how a married couple can claim Social Security. This hypothetical example focuses on three different claiming strategies, and how a couple could maximize their lifetime Social Security income. Because women tend to live longer than men, the impact on a wife's survivor benefit could be significant if her spouse is the higher earner and he predeceases her.

Paul and Janet are 62 years old and have been married for 35 years. If they both wait until full retirement age (67) to claim Social Security, Paul would receive $2,000 a month and Janet would receive $1,800 based on their individual earnings histories. If they claim benefits early at age 62, Paul would receive $1,400 a month and Janet would receive $1,260.

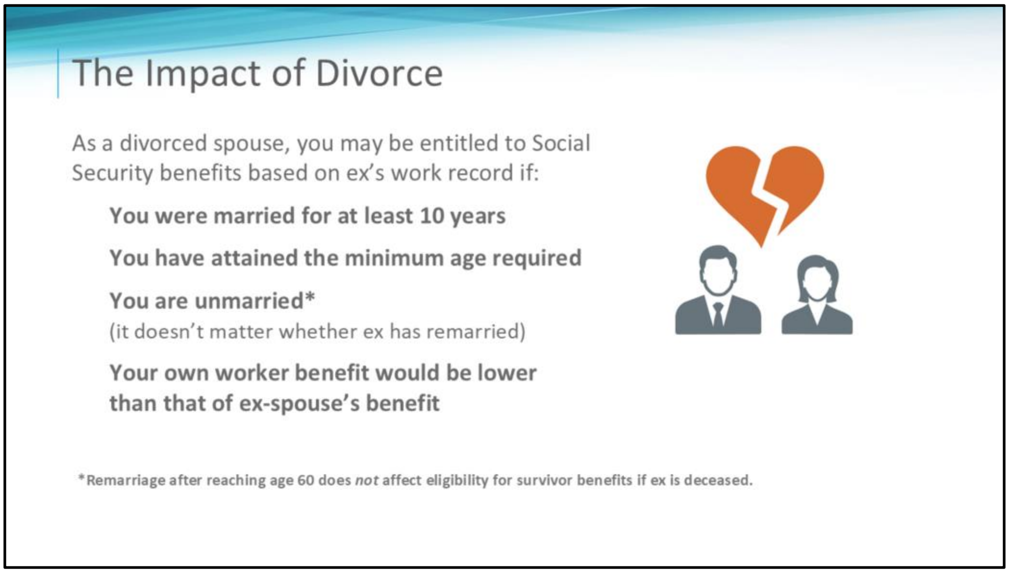
These three scenarios show the impact on their combined monthly and lifetime Social Security benefits, assuming Paul dies at age 80 and Janet dies at age 90.

Scenario 1 shows the impact if both claim Social Security at age 62, Scenario 2 shows the result if Janet claims at 62 and Paul waits until age 67 (full retirement age), and Scenario 3 shows the result if Janet claims at 62 and Paul waits until age 70 to receive his maximum $2,480 benefit.

[Note to presenter: Review how their combined benefits change under each scenario.]

If Paul dies at age 80, Janet's monthly survivor benefit would be only $1,400 under Scenario 1, $2,000 under Scenario 2, and $2,480 under Scenario 3 (annual amounts are $16,800, $24,000, and $29,760, respectively). Although the couple's combined benefits at the time of Paul's death would be highest under Scenario 1, the third scenario would provide the highest lifetime benefits if Janet were to live to age 90.

This hypothetical example is based on Social Security Administration rules and is used for illustrative purposes only. Actual situations will vary.



A divorced spouse may be able to collect Social Security retirement benefits based on a former spouse's work history, whether the ex is living or deceased.

If you were married for at least 10 years to a fully insured worker, have attained the minimum age required, and are unmarried, you are entitled to Social Security benefits based on your ex-spouse's work record as long as you aren't eligible for a higher benefit based on your own work history. This won't affect the benefits that your ex-spouse receives, even if he or she has remarried.

Note: If you remarry, you cannot collect retirement benefits on a former spouse's record unless your marriage ends (by death, divorce, or annulment). And as is the case with a current spouse, when you file for Social Security benefits, you will be deemed to be applying for the maximum benefit to which you are entitled — a spousal benefit or a worker benefit.

If your ex is living and you meet the criteria, you can receive Social Security retirement benefits starting at age 62 as long as your former spouse is entitled to receive Social Security retirement or disability benefits. The *maximum* benefit you can receive would be 50% of your ex's primary insurance amount if you claim the spousal benefit at your full retirement age. If you claim a spousal benefit before reaching full retirement age, you will receive a permanently reduced benefit.

If your former spouse is eligible for but has not applied for Social Security benefits, you can still receive a spousal benefit if you have been divorced for at least two years; this waiting period does not apply if your ex is already receiving benefits. And even if your former spouse has suspended his or her benefit, you are still able to receive spousal benefits during the suspension period.

If your ex is deceased — and you were married to him or her for at least 10 years — you can receive survivor benefits just like a widow or widower starting at age 60. This benefit will be reduced if you claim it prior to reaching full retirement age. However, if you are caring for a deceased ex's child (under age 16), you may be entitled to benefits regardless of your age or the length of your marriage.

*Note: If you remarry **before** you reach age 60, you cannot receive benefits as a surviving ex-spouse while you are married. However, remarriage **after** you reach age 60 will not affect your eligibility for survivor benefits if your ex is deceased.*

We've been focusing on basic filing strategies for Social Security and how you might enhance the monthly and lifetime benefits you receive. But there are additional strategies you might also consider if you need a lump-sum benefit or change your mind about how you filed for Social Security.

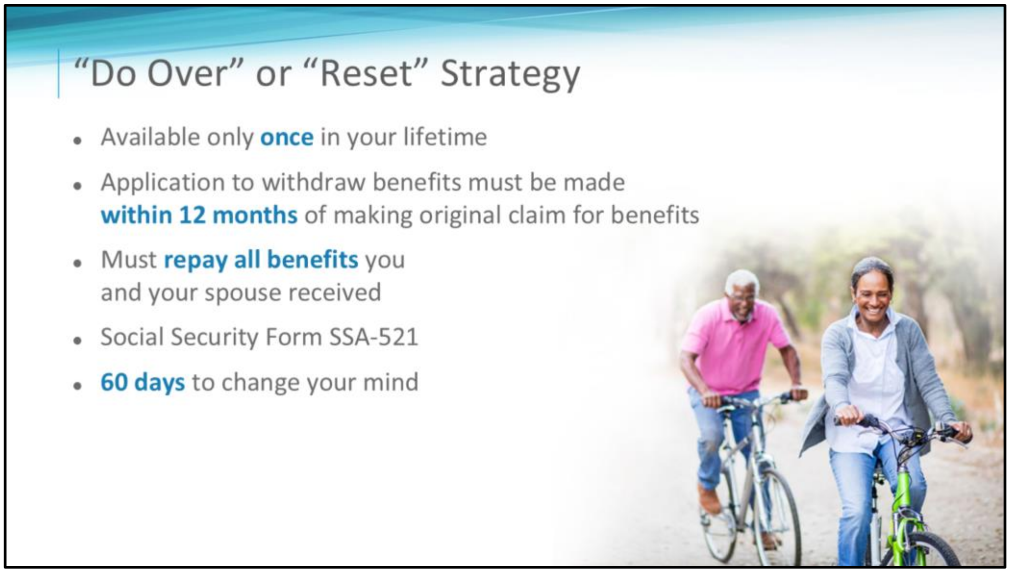
If you postpone claiming Social Security benefits past your full retirement age, you could request a lump-sum payment for **up to six months** of retroactive benefits.

The tradeoff of this little-known opportunity is that it reduces your monthly benefit for the rest of your life. Your future benefit would be based on the lower monthly amount that would have been established at the earlier date.

Requesting retroactive benefits might be helpful if you face a change in health or other situation that makes it more important to claim an initial lump sum than to receive a higher monthly benefit going forward.

Here's an example: Someone filing for Social Security at age 68 who is eligible for a $2,320 monthly benefit could choose to take a $13,440 lump sum — six months of retroactive benefits — and a lower monthly lifetime benefit of $2,240 (the amount he or she would have received at age 67 and 6 months).

Retroactive benefits are not available for any month before full retirement age.



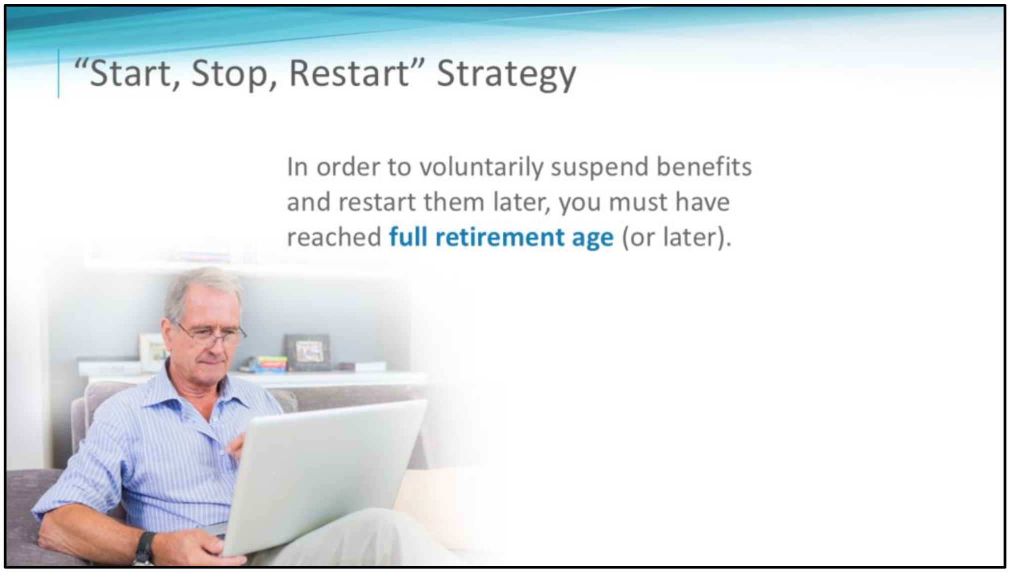
Another strategy some people might consider in certain situations is the "do over" or "reset." This might be appropriate if you filed for early Social Security benefits *before* reaching full retirement age and regret taking a permanently reduced benefit. It also has the potential to benefit your surviving spouse, who might be eligible to claim a survivor benefit based on a higher amount.

You are allowed to take this action only once in your lifetime, and the application to withdraw benefits must occur within 12 months of the time you made your original claim for retirement benefits. Moreover, you must repay all the Social Security benefits you and your family have received up to that point. Fortunately, you won't have to pay any interest.

To reset your benefit, you need to fill out and file Social Security Form 521, *Request for Withdrawal of Application*, noting the reason why you want to withdraw the application to benefits on the form.

The Social Security Administration will respond to your request and notify you of the amount of benefits that need to be repaid. You have only 60 days to cancel an approved withdrawal.

Once this process has been approved and completed, you will be able to reapply for Social Security benefits at a future date. If you wait until full retirement age to reapply, you would receive your "full" benefit amount, and if you wait until age 70, you could receive your maximum benefit.



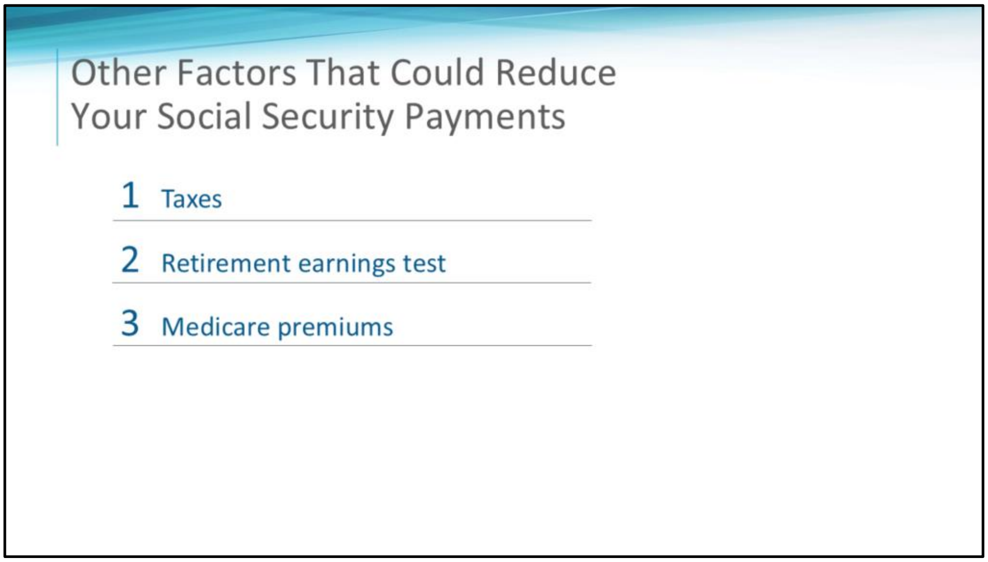
An additional strategy you might use if you regret claiming early Social Security benefits (before reaching full retirement age) might be called "start, stop, restart." It involves voluntarily suspending current benefits and restarting them at a future date.

To utilize this strategy, you must have reached full retirement age or later.

Let's assume that Mike lost his job and claimed early Social Security benefits at age 64 — three years before his full retirement age — because he needed the income. A couple of years later he is working again and no longer needs Social Security benefits for current income, but he'd like to increase the benefit that he could receive when he leaves the workforce on a permanent basis.

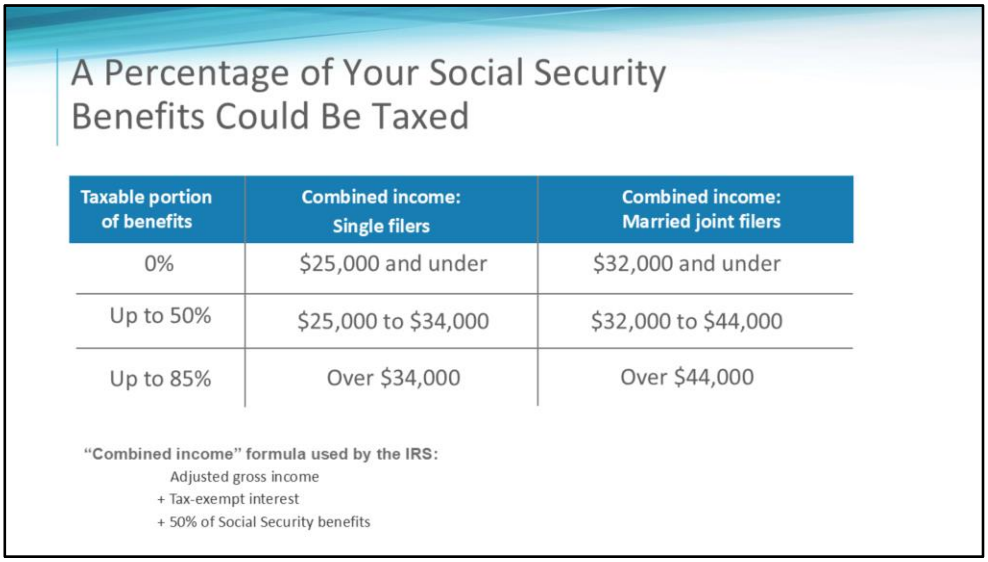
Once Mike reaches full retirement age (67), he could ask Social Security to suspend future benefits and have them restarted at a future date. Delayed retirement credits would accrue during the time when those benefits have been suspended. If he suspends benefits at age 67 and waits until age 70 to restart, his benefit could be 24% higher for the rest of his life.

Keep in mind that your spouse will not be eligible to receive spousal benefits during the time when your benefits are suspended. Nor would an eligible dependent child be able to receive dependent benefits during the suspension period.



When calculating your future income needs in retirement, you might be factoring in your Social Security benefit based on the estimates in your Social Security Statement. But did you know that there are many things that could reduce the actual payments you receive?

We'll explore factors that could result in smaller Social Security payments than you might have expected.


A Percentage of Your Social Security Benefits Could Be Taxed

Taxable portion of benefits	Combined income: Single filers	Combined income: Married joint filers
0%	$25,000 and under	$32,000 and under
Up to 50%	$25,000 to $34,000	$32,000 to $44,000
Up to 85%	Over $34,000	Over $44,000

"Combined income" formula used by the IRS:
Adjusted gross income
+ Tax-exempt interest
+ 50% of Social Security benefits

Many people don't realize that if their income exceeds certain annual limits, their Social Security benefits will be taxed.

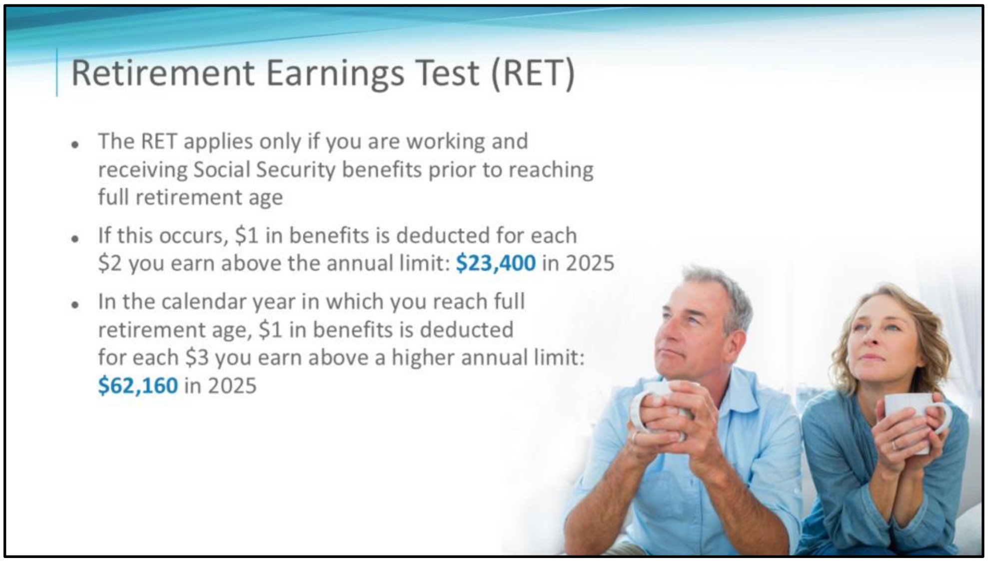
Typically, this happens only if you have "substantial" income (including wages, dividends, interest, and other taxable income) in addition to your Social Security benefits. Even so, no one pays federal income tax on more than 85% of his or her benefits. In addition, some states tax Social Security benefits and others may exempt Social Security benefits from taxation.

The annual income limits here are based on "combined income," which is basically adjusted gross income plus tax-exempt interest (which could be interest from municipal bonds and savings bonds) plus 50% of your Social Security benefits.*

If your "combined income" as a single filer or as a married joint filer exceeds certain levels, you may owe federal income tax on up to 50% or 85% of your Social Security benefits. If you are married and file a separate tax return, 85% of all your Social Security benefits may be taxed.

Remember, too, that after you reach age 73, you must begin taking required minimum distributions from traditional IRAs and employer-sponsored retirement plans — whether you need the money or not — and these taxable distributions may increase your annual income.

**Interest paid on municipal bonds issued by your state or local government is typically free of federal income tax. If a bond was issued by a municipality outside the state in which you reside, the interest could be subject to state and local income taxes. If you sell a municipal bond at a profit, you could also incur capital gains taxes. The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Some municipal bond interest could be subject to the federal alternative minimum tax.*



You can receive Social Security benefits and still earn wages from a job or self-employment, but if you do so prior to reaching full retirement age, your benefits could be reduced by the retirement earnings test (RET).

When this occurs, $1 in benefits will be deducted for each $2 you earn above the annual threshold, which is $23,400 in 2025.

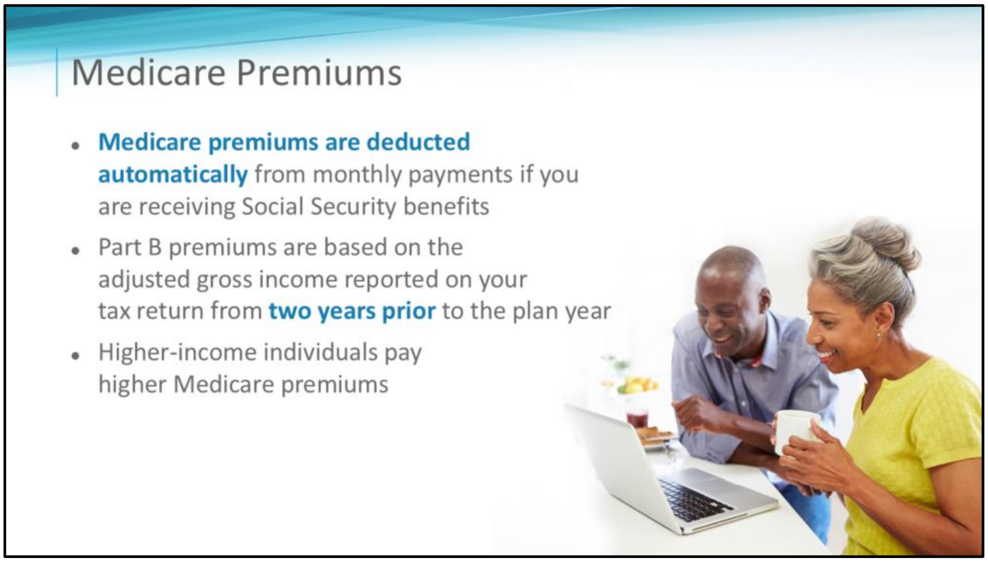
The reduction amount changes in the calendar year in which you reach full retirement age. At that time, $1 in benefits will be deducted for each $3 you earn above a higher annual limit ($62,160 in 2025) until your birthday month. Starting in the month you reach full retirement age, there is no reduction of benefits if you continue working.

These earnings limitations apply only to wages earned through employment and not to investment income such as interest or dividends.

The Social Security Administration may withhold benefits as soon as it determines that your earnings are on track to surpass the annual limit. The estimated amount will typically be deducted from your monthly benefit in full, which could result in your not receiving any Social Security benefits for one or more months before benefits resume.

The RET is not considered a penalty because your benefit will be recalculated after you reach full retirement age, and you will receive credit for any benefits you did not receive because of your earnings.

This hypothetical example is used for illustrative purposes only. Actual situations will vary.



When you enroll in Medicare, your premiums could lower your Social Security payments.

Although Medicare Part A hospital insurance is premium-free for most Americans, monthly premiums apply to Medicare Part B medical insurance, which helps cover physician services, inpatient and outpatient medical services, outpatient hospital care, and diagnostic tests.

If you are receiving Social Security benefits, Medicare Part B premiums will be deducted automatically from your monthly Social Security payments. If you aren't yet receiving Social Security benefits but are enrolled in Part B, you will receive a Medicare Premium Bill, unless you sign up to have premiums deducted from your bank account.

Part B premiums are based on the modified adjusted gross income (MAGI) reported on your tax return from two years prior to the plan year. For the 2025 plan year, premiums are based on the MAGI reported on your 2023 tax return. Higher-income beneficiaries usually pay more each month.

Private plans offering Medicare Advantage Part C, Medicare Part D prescription drug coverage, and Medigap coverage have different ways to pay premiums that vary by provider, but might also include the option of having premiums withheld from your Social Security payments.

2025 Medicare Costs

Part A monthly premium (for those who pay a premium)*	**$285 or $518**
Part A deductible	**$1,676** for each benefit period
Part B monthly premium (for lower-income beneficiaries)	**$185** standard premium Those subject to hold harmless provision may pay less.
Part B monthly premium (for higher-income beneficiaries)**	**$259 to $628.90**
Part B annual deductible	**$257**

Note: Premiums and out-of-pocket costs for Medicare Part D vary by plan and individual situation.

*Part A premium only affects people who paid insufficient or no Medicare taxes while working.

**Modified adjusted gross income above $106,000 (single filers) or $212,000 (joint filers).

Source: Centers for Medicare & Medicaid Services, 2024

Medicare has some fairly stiff deductibles, copays, and limitations, which we don't have time to cover today. This table illustrates basic costs for the Original Medicare program for 2025.

Part A is premium-free if you or your spouse paid Medicare payroll taxes for at least 10 years. If not, the $285 monthly premium would apply if you paid payroll taxes for at least 7.5 years but not 10 years. The $518 monthly premium would apply if neither you nor your spouse paid payroll taxes for at least 7.5 years. The Part A deductible (for each benefit period) is $1,676 in 2025.

The standard Part B premium is $185 for single filers who have a modified adjusted gross income (MAGI) of $106,000 or less and married joint filers with a MAGI of $212,000 or less.

For those with higher incomes, the Part B premium ranges from $259 to 628.90. The Part B annual deductible is $257 in 2025.

A small group of Social Security beneficiaries protected by the "hold harmless provision" may pay less for Part B if their COLA is not large enough to cover the full premium increase. To be covered by the hold harmless provision in 2025, you must have your Part B premiums deducted from your Social Security payments beginning no later than November 2024 and continuing through at least January 2025. High-income earners and new enrollees in Medicare are not protected by the hold harmless provision.

If you are enrolled in a Medicare Advantage Part C plan, you typically pay a monthly premium for Medicare Advantage *in addition* to your Part B premium, as well as copayments or coinsurance for covered services.

One common misconception about Medicare is that it will help pay for care in a nursing home. It's important to understand that Medicare does **not** pay for long-term custodial care.

Source: Centers for Medicare & Medicaid Services, 2024

When Should You Enroll in Medicare?

If you enroll during the...	Coverage starts the...
Three months before the month you turn 65	Month you turn 65*
Month you turn 65	First day of the month after enrollment
First, second, or third month after you turn 65	First day of the month after enrollment

*If your birthday is the first day of the month, coverage will begin on the first day of the month before you turn 65.

To avoid penalties, you should enroll in Medicare during your initial enrollment period, which starts three months before the month you turn 65 and ends three months after the month you turn 65. Depending on when you enroll, coverage will start on the first day of the month indicated here.

[Note to presenter: Review the information on the slide.]

There is also a general enrollment period when you can sign up for Medicare Part A and/or Part B if you didn't do so when you were first eligible. It ranges from January 1 to March 31 each year. Coverage would begin on the first day of the month after you enroll. However, you may have to pay a higher premium for late enrollment.

If you are covered under a group health insurance plan based on your current employment (or your spouse's employment), you don't have to sign up for Medicare during the initial enrollment period shown here. You can enroll in Medicare at any time you have other health coverage without paying a penalty, as well as during the eight-month period that begins the month after employment ends or your group health coverage ends *(whichever comes first).*

The penalty for late enrollment can be steep. If you did not sign up for Medicare Part B (medical insurance) when you were first eligible, you might have to pay a late-enrollment penalty *for as long as you have Medicare*. Your monthly premium for Part B could go up 10% for each full 12-month period that you could have had Part B but didn't sign up.

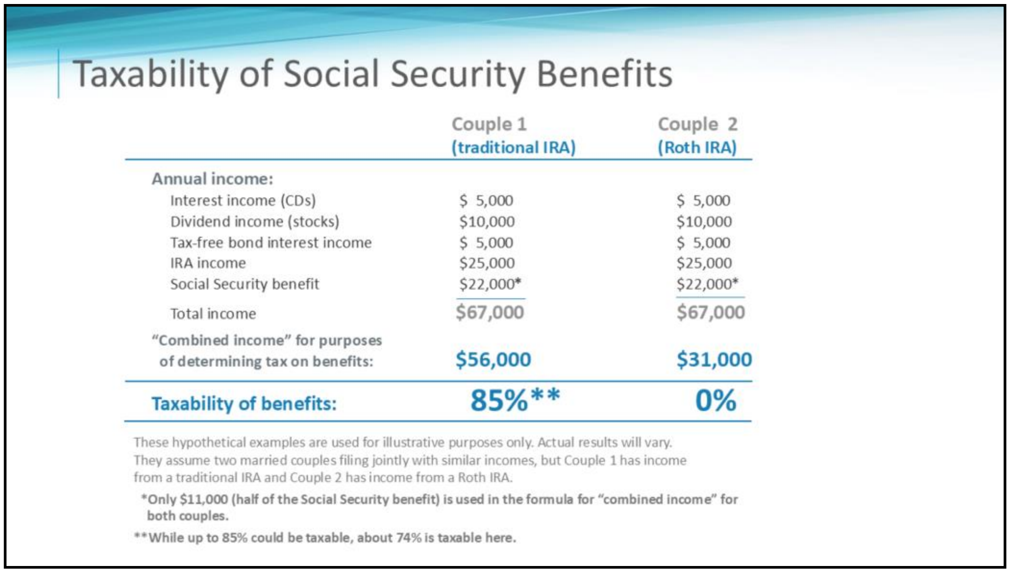
As I've mentioned, the higher your adjusted gross income, the more likely you are to be subject to higher Medicare premiums and taxes on your Social Security benefits. A Roth IRA is one strategy that might help you avoid this situation.

Although tax-exempt bond interest is included in the formula for taxability of Social Security benefits, that's not the case with tax-free income from a Roth IRA. Even though you don't receive an income tax deduction on any contributions made to a Roth IRA, qualified distributions — including any earnings — are tax-free. Thus, qualified Roth IRA distributions are not included in gross income and do not affect the taxability of your Social Security benefits.

Having an income source that is not taxable may be even more important to high-income taxpayers to avoid the 3.8% net investment income tax that applies to those with a modified adjusted gross income (MAGI) exceeding specific levels: over $200,000 for single filers and over $250,000 for joint filers. And because Medicare premiums are based on MAGI, and Roth IRA income is not included in that formula, you might pay a lower premium for Medicare.

Unlike the case with tax-deferred retirement plans such as 401(k)s and traditional IRAs, minimum distributions are not required from Roth IRAs and work-based Roth accounts.

Contributions to a Roth IRA can be withdrawn at any time without penalty or taxes. To qualify for a tax-free and penalty-free withdrawal of earnings (and any assets converted to a Roth IRA), Roth IRA distributions must meet the five-year holding requirement and take place after age 59½. Exceptions to the 10% early-withdrawal penalty include the original owner's death or disability; qualified, unreimbursed medical expenses exceeding 7.5% of AGI; qualified higher-education expenses; and a qualified first-time home purchase ($10,000 lifetime maximum).



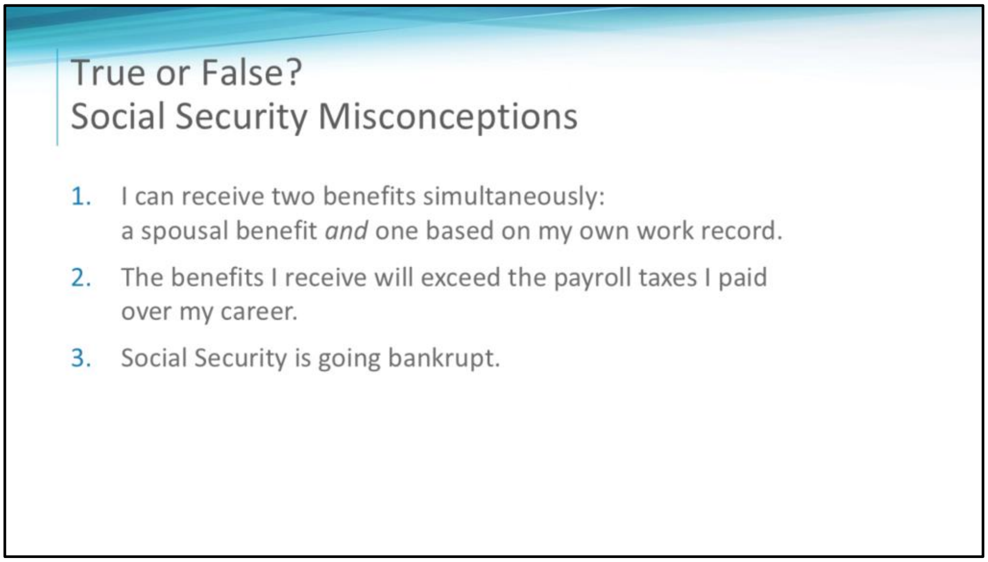
Using a Roth IRA to help reduce (and possibly avoid) taxes on Social Security benefits can become a bit complicated, so let's look at a hypothetical example.

Here are two scenarios for married couples (filing jointly), both of whom have a $67,000 annual income. Each couple has $5,000 interest income from CDs, $10,000 dividend income from stocks, and $5,000 tax-free interest from bonds; $25,000 of IRA income; and $22,000 annual Social Security benefits (of which only 50%, or $11,000, is used in the formula for "combined income" to determine taxability of Social Security benefits). The only difference is that Couple 1 has taxable income from a traditional IRA and Couple 2 has tax-free income from a Roth IRA.

For Couple 1, all $56,000 income from these sources (using half of the Social Security benefit) is included in the calculation of "combined income" to determine the taxability of Social Security benefits. Because they're over the $44,000 income threshold for joint filers, they could owe taxes on up to 85% of their Social Security benefits.

For Couple 2, however, the Roth IRA income is excluded from the formula, and thus their "combined income" is only $31,000, which is below the $32,000 threshold for taxing benefits. As a result, their Social Security benefits will not be taxed.

These hypothetical examples are used for illustrative purposes only. Actual results will vary.



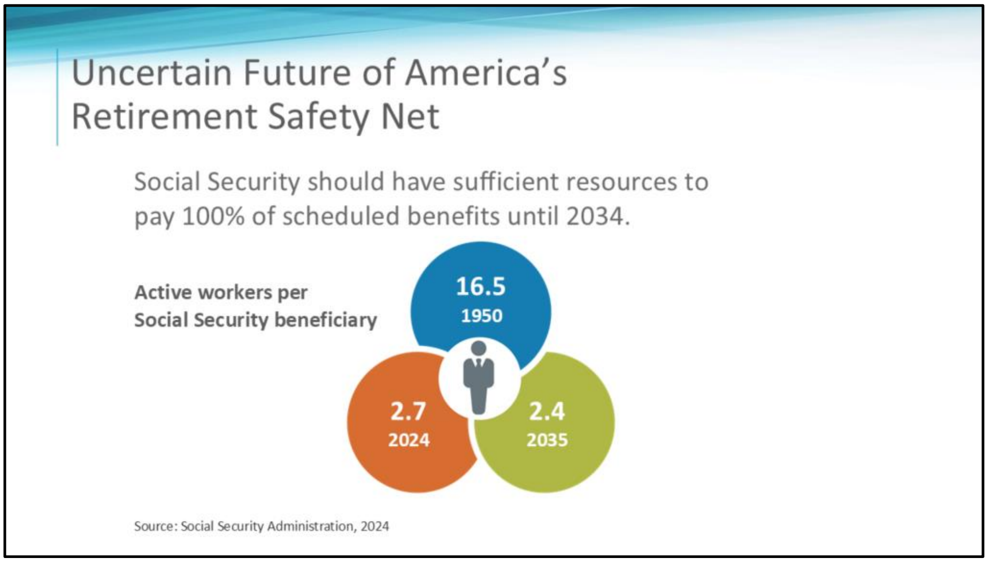
Before we conclude our discussion of Social Security, I'd like to cover a few misconceptions about the program.

[Note to presenter: Ask participants to answer True or False and then explain the answers.]

1. I can receive two benefits simultaneously: a spousal benefit *and* one based on my own work record.
This is not true. If you're eligible for both, you would receive the benefit that is the highest.

2. The benefits I receive will exceed the payroll taxes I paid over my career.
This may or may not be true. For many retirees, the amount they paid into the system over the years might exceed the benefits they will receive. Longevity plays a major role, so someone who dies early won't receive benefits that exceed payroll taxes paid. And, on average, married couples may benefit more than single people.

3. Social Security is going bankrupt.
This is not true. Payroll taxes collected from workers are used to fund payments for current retirees, so there are always tax revenues going into the system. However, there are serious challenges facing the program.



Social Security should have sufficient resources to pay 100% of scheduled benefits until 2034. Once the trust fund reserves are exhausted, payroll tax revenues may be sufficient to cover only about 83% of scheduled benefits initially, but the percentage will decline to 73% by 2098 (based on the current formula).

Although it is unlikely that Social Security will go away, this widely popular program faces an uncertain future. In 1950, as the baby boom was just beginning, there were 16.5 active workers for each Social Security beneficiary. In 2024, there were 2.7 workers per retiree. And it's projected that by 2035, the ratio will fall to 2.4 workers for each beneficiary.

Meanwhile, the number of Americans collecting Social Security benefits is expected to grow from about 68 million today to 81 million by 2035.
The program's projected financial shortfalls, combined with the federal government's budget deficits and growing national debt, suggest that it is highly likely that Social Security will undergo some major changes in the coming years.

Source: Social Security Administration, 2024

We've touched on how you might enhance your Social Security benefits and avoid some common pitfalls, but as I said at the beginning, Social Security is only intended to supplement your retirement income. There are many other important decisions to make when you leave the workforce that will play a significant role in how you spend your retirement years.

For example, there might be advantages to transferring some or all of your employer retirement plan assets to an IRA to maintain control and consolidate your retirement investment accounts.

You might decide to convert traditional IRA or employer plan assets to a Roth IRA to benefit from a source of tax-free income in retirement.

And you might consider creating a "do-it-yourself pension" by purchasing an annuity, which could provide a guaranteed income stream for the rest of your life.

I would like the opportunity to discuss these issues with you during the complimentary consultation.

Tax-deferred assets converted to a Roth IRA are considered taxable income and must be reported on your income tax return for the year in which the conversion takes place. To qualify for a tax-free and penalty-free withdrawal of earnings (and assets converted to a Roth IRA), Roth distributions must meet the five-year holding requirement and take place after age 59½ (with normal IRA exceptions).

Annuities are insurance-based contracts in which you trade current premiums for a future income stream. Annuities have contract limitations, exclusions, fees, expenses, termination provisions, possible surrender charges, and terms for keeping the annuity in force. Withdrawals prior to age 59½ may be subject to a 10% penalty. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.

We’ve covered a lot of information today. I’m confident that the material we’ve shared will help you feel more confident when making decisions about your financial future.

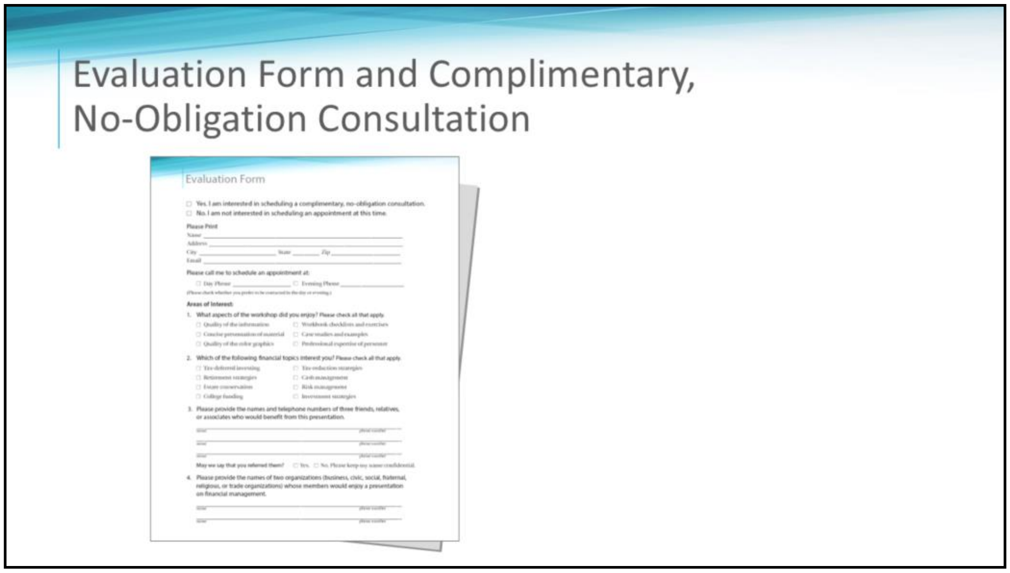
How can you put all this knowledge to work? There are several ways to proceed.

You can do it yourself, which could be a tremendous amount of work, or work with others.

You could work with us. I hope you feel comfortable with what you’ve learned about our professional knowledge and the approach we take with our clients.

Finally, you can procrastinate. Given the long-term ramifications of the decisions you must make, procrastination is not a prudent move.

Of course, I hope you’ll decide to work with us, and I hope you’ll come to the complimentary consultation. I don’t expect you to make any decisions now, nor do I expect you to decide when you come to the office. I want you to decide only when you’re ready. As you get to know us better, I feel confident that you’ll want to work with us. But, again, the choice is totally up to you.



Would everyone please pull out the evaluation form I talked about at the beginning of the presentation?

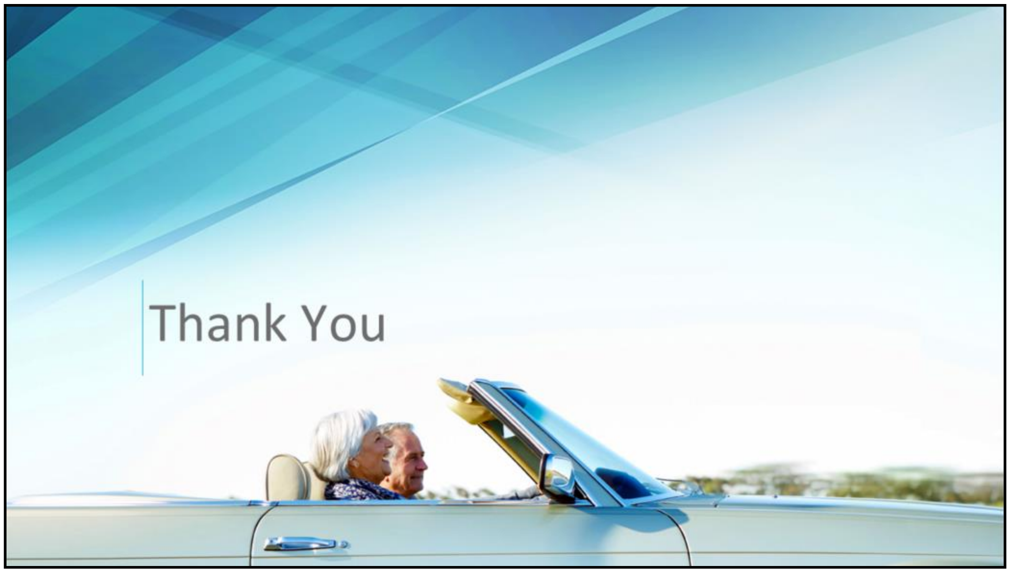
I would like each of you to fill out the form and turn it in. The evaluation form offers a way for you to comment on the seminar. It also lets me know whether you'd like to schedule a personal meeting to discuss any of the ideas you've learned here. Because many of the people who attend our seminars come in for a complimentary consultation, I've blocked out several days over the next couple of weeks to meet with you and address your specific concerns.

[Note to presenter: Have extra evaluation forms available if some participants no longer have them, and allow time for all participants to fill out the forms before they leave.]

Remember my two promises: If you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days to set up an appointment. If you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after today.

I'd like to collect the evaluation forms before you leave.

[Note to presenter: Mention any important financial forms or documents you would like participants to bring to the consultation. There are spaces where they can write them down on the back cover of the workbook.]



Thank you for coming to our seminar. I commend you for the initiative you've shown in wanting to improve your financial future and build a successful retirement.

I look forward to seeing you again in the near future.

[Note to presenter: As people leave, shake hands with them and collect their evaluation forms.]