

EMPOWERING TODAY'S WOMAN

A GUIDE TO HELP ENHANCE SOCIAL SECURITY BENEFITS



COMPLIMENTS OF



THE
HENDERSON
FINANCIAL GROUP

INTRO

This guide is being provided to you by a Licensed Insurance Agent. Please note that financial professionals can provide information, but not give tax, legal, or Social Security advice. Your financial professional may be able to identify potential retirement income gaps and may introduce insurance products, such as a fixed annuity, as a potential solution.

On November, 2, 2015, President Obama signed into law the Bipartisan Budget Act of 2015. The Act contained modifications to certain Social Security filing strategies. These changes impact individuals differently based upon their year of birth. Where appropriate, this guide reflects the legislative modifications that became law under the Act.¹

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¹ "H.R.1314 - Bipartisan Budget Act of 2015, Act of 2015", Title VIII, Sec. 831(b)," November 2015

Please note that the insurance professional providing you this guide and their representatives do not give legal, tax or Social Security advice. You are encouraged to consult your attorney, tax advisor, or the Social Security Administration via your local office or online at ssa.gov.

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CONSIDER THESE FACTS²

- Women reaching age 65 are expected to live, on average, almost 3 years longer than men;
- In 2016, 46% of all elderly unmarried females receiving Social Security benefits relied on Social Security for 90% or more of their income;
- In 2016, the average annual Social Security income received by women 65 years and older was \$13,891 compared to \$17,663 for men;

The first person to ever receive a monthly Social Security retirement benefit was a woman by the name of Ida May Fuller. That was in 1940.³

In 2016, of all adults receiving monthly Social Security benefits 45% were men and 55% were women.⁴ Certainly, demographics have changed since the inception of the Social Security program.

The 21st century has brought significant and unique challenges to women. Longer anticipated life expectancies, decisions surrounding careers outside the home, or staying home to raise a family have all factored into the changing landscape of the American family and the roles of women within the family. For this reason, women should embrace the necessity to become more equipped to handle their own unique financial circumstances. Women can no longer afford to take a back seat in the decisions surrounding their retirement.

Social Security represents a key source of retirement income for many, but for women, Social Security and the considerations surrounding how and when to file for benefits can have a significant impact on the comfort level of the “golden” years. Further, overlooked opportunities to file for certain forms of Social Security benefits to which women may be entitled can significantly reduce the overall lifetime benefits that they receive.

This guide is designed to be able to help you feel better equipped to ask questions, find answers, and maybe even have an “Aha!” moment about your Social Security benefits. We’ve gathered some of our most commonly asked questions in the following pages in an effort to empower you in planning for the retirement you really want.

² Social Security Administration, “Social Security Is Important to Women,” August 2018

³ Social Security Administration, “Social Security History,” June 2017

⁴ Social Security Administration, “Fast Facts and Figures about Social Security,” 2017

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QUESTION 1

Am I eligible and how much can I potentially receive?



You qualify for Social Security benefits by working for an employer that pays Social Security taxes or have earned income from self employment.

Generally speaking, you need at least 10 years of work history, or 40 credits, to be eligible for Social Security benefits.⁵ The amount to which you are entitled under your own work record depends upon your earnings over the highest 35 years of work that you have.

If you have less than 35 years of work history, those non-qualifying years will count as “zero” years so the more years that you earn wages, the higher your benefit can be. The Social Security Administration recalculates your benefit each

year based upon your most recent earnings so adding additional years of earnings may help in elevating your future Social Security benefits.⁶

The maximum Social Security benefit for a worker retiring at Full Retirement Age in 2018 is \$2,788/month.⁷

Generally speaking, you need at least 10 years of work HISTORY, or 40 credits, to be eligible for Social Security benefits.⁵

⁵ Social Security Administration, “Benefits Planner: Social Security Credits,” July 2018

⁶ Social Security Administration, “Retirement Planner: The Difference Between Retirement Age and Stop Working Age,” July 2018

⁷ Social Security Administration, “OASDI and SSI Program Rates and Limits, 2017,” July 2018

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QUESTION 2

When may I begin collecting benefits?



You are eligible to collect Social Security benefits as early as age 62 and as late as age 70.

If you elect to claim benefits prior to your full retirement age (FRA), which is based upon your year of birth and represented in the table below, you will receive a permanent reduction to your monthly benefit. If, however, you elect to file for benefits beyond your full retirement age, you will receive a delayed retirement credit for each month beyond your FRA that you delay claiming your benefit, up to a maximum of 8% per year up to age 70.⁸

YEAR OF BIRTH*	FULL RETIREMENT AGE
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
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

* If you were born on January 1st of any year you should refer to the previous year. If you were born on the 1st of the month, both your benefit and your full retirement age will be figured as if your birthday was in the previous month.⁹

⁸ Social Security Administration, "Retirement Planner: Delayed Retirement Credits," July 2018

⁹ Social Security Administration, "Retirement Planner: Benefits by Year of Birth," July 2018

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QUESTION 3

I stayed home to raise a family and do not have the required number of credits to be eligible for Social Security benefits under my own record. Am I eligible to receive anything?



If you are not eligible under your own record, you may be entitled to benefits under your spouse's work record.

Your spouse must be collecting his/her own Social Security benefit in order for you to collect a spousal benefit. One exception to this requirement applies to eligible individuals who filed and suspended their benefits prior to April 30, 2016. For these individuals, benefits may be paid to a spouse during the period of suspension of the primary worker's own benefit.¹⁰ You may be eligible to receive a maximum of 50% of your spouse's full retirement age benefit. In order to

receive the maximum spousal benefit of 50%, you must wait until you reach your full retirement age to collect the benefit. However, you may file for a spousal benefit as early as age 62 but your benefit will be permanently reduced based upon the number of months prior to your FRA that you decide to collect the benefit.¹¹

You may be eligible to receive a maximum of 50% of Your Spouse's Full Retirement Age benefit.

¹⁰ Social Security Administration, "Retirement Planner: Voluntary Suspension FAQs," July 2018

¹¹ Social Security Administration, "Retirement Planner: Benefits for You as a Spouse," July 2018

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QUESTION 4

Both my spouse and I are eligible for Social Security benefits. What options should we consider when claiming retirement benefits?



You are not able to collect benefits from your own work record and from your spouse's work record at the same time.

In general, your own benefit will be paid first and only if the spousal benefit results in a higher benefit will you be paid the difference to bring you to the higher benefit amount.¹² If certain conditions are met, you may be able to file for spousal benefits only and hold off on collecting your own benefits later (See Question 5 for more details). Further, if the spousal benefit is higher than your own benefit, your spouse must actually be collecting his/her own in order for you to receive a benefit under his/her work record, unless he/she suspended benefits by April 29, 2016 (discussed previously in Question 3).¹³ Because each situation is unique and the law has recently changed regarding how couples may collect Social Security benefits, it is important that you understand your options before making a claiming decision.

In some cases, it may make sense for the higher wage earner to delay claiming benefits for as long as possible to accumulate delayed retirement credits (See Question 2 or Glossary). The decision to wait to collect a higher benefit later may also benefit the surviving spouse in the future since the survivor will be entitled to the higher of the two benefit amounts (not both) upon the death of the first spouse (See Question 8).

Other strategies may be considered. Consult the Social Security Administration to discuss which options might be appropriate for you.

Your own benefit will be paid first and only if the spousal benefit results in a higher benefit will you be paid the difference to bring you to the higher benefit amount.¹²

¹² Social Security Administration, "Deemed Filing for Retirement and Spouse's Benefits FAQs," July 2018

¹³ Social Security Administration, "Retirement Planner: Voluntary Suspension of Retirement Benefits FAQs," July 2018

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QUESTION 5

Both my spouse and I have relatively high estimated Social Security benefits. Is there any benefit to one of us filing a spousal claim on the other spouse rather than just filing for our own benefits?



Anticipated life expectancy, whether you wish to continue working, and assets saved and earmarked for retirement all factor into the decision on when and how to claim your Social Security benefits.

An opportunity might exist for you and/or your spouse to delay taking your own retirement benefit(s) until age 70 to enjoy the increase to your eventual monthly Social Security benefit by virtue of the delayed retirement credits you would earn.

If either of you were born prior to January 2, 1954, it may make sense for one of you (if either of you meet the requirement outlined above) to file a restricted application for spousal benefits at full retirement age (currently age 66) and then switch to your own retirement benefit later.¹⁴ Such a strategy might allow you to enhance benefits.

However, a spousal benefit may only be collected if the other spouse has either started collecting his/her own benefit or falls into the special grandfathered category of individuals who filed and suspended their benefits by April 29, 2016.¹⁵ For these reasons, it is important to understand the options based upon your particular situation before making any claiming decisions.

A restricted application would entitle you to receive a spousal benefit of as much as 50% of the full retirement benefit of your spouse.

¹⁴ Social Security Administration, "Deemed Filing for Retirement and Spousal Benefits FAQs," July 2018

¹⁵ Social Security Administration, "Retirement Planner: Voluntary Suspension of Retirement Benefits FAQs," July 2018

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QUESTION 6

My children are grown and I plan to return to work. Should I consider waiting to collect my Social Security benefits even though I am age 62 and eligible for them?



While you are eligible to file for benefits as early as age 62, if you continue to work and file for benefits, you should be aware of the earned income limitation.

This limit applies to individuals who claim Social Security benefits prior to reaching their full retirement age (FRA).

If you are under FRA and continue to work, any earned income that you received over \$17,040 (in 2018) reduces your Social Security benefit by \$1 for every \$2 over this threshold.¹⁶

In the year that you reach FRA, this limit increases to \$45,360 of earned income and your Social Security benefit will be reduced by \$1 for every \$3 you earn over the income limit. However, only earnings prior to the month you reach full retirement age are counted. Once you reach full retirement age, any benefits that were deducted due to this earned income limit are factored back in to your benefit and paid out to you in your future monthly benefit payments.¹⁶

Keep in mind that the potential reduction due to this earned income limitation is not the same as the reduction you will receive in your monthly benefit amount for claiming it prior to full retirement age. Unlike the earned income limitation, the decision to claim prior to FRA will, in most instances, permanently reduce all future benefit payments that you receive.

If you are under FRA and continue to work, any earned income that you received over \$17,040 (in 2018) reduces your Social Security benefit by \$1 for every \$2 over this threshold.¹⁶

¹⁶ Social Security Administration, "Retirement Planner: Getting Benefits While Working," July 2018

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QUESTION 7

I am divorced. Am I entitled to any benefits from my former spouse?



If you are divorced, you may be entitled to benefits under your former spouse's work record if the following four conditions are met:¹⁷

1. Your marriage lasted 10 years or longer;
2. You are currently unmarried;
3. You are at least 62 years of age or older;
4. **(a)** Your former spouse has filed for his/her own benefits; OR
(b) If your former spouse is eligible but has not yet applied for benefits, you may qualify for divorced spousal benefits if you have been divorced for at least two years.

If you are eligible for retirement benefits on your own record, that amount will be paid first. If the benefit on your former spouse's record is higher, you will get the additional amount on their record so that the combination of benefits equals that higher amount.

If you think that you may be entitled to divorced spousal benefits, it is important for you to explore your options with the Social Security Administration or by visiting www.ssa.gov.

¹⁷Social Security Administration, "Retirement Planner: Benefits for Your Divorced Spouse," July 2018

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QUESTION 8

I am widowed. How much may I be entitled to as a survivor and when can I claim benefits?



If your deceased spouse was entitled to or was receiving Social Security benefits, you may be entitled to as much as 100% of his/her benefit amount.

Your survivor benefit will also include any delayed retirement credits that your spouse earned by electing to claim benefits beyond his/her full retirement age (FRA) up to age 70. You must wait until **your** FRA to receive 100% of the survivor benefit. However, you may claim survivor benefits as early as age 60 but will receive a reduced amount based upon the number of months prior to your FRA that you claim.

You may begin to receive survivor benefits as early as age 50 if you are disabled and the disability started before or within seven years of your spouse's death.

If you are entitled to both your own benefit and that of your deceased spouse, you may select which benefit you would like to claim and then file for the other benefit later. For some, this strategy may enhance the amount that is received.¹⁸

You must wait until your full retirement age to receive 100% of the survivor benefit.

¹⁸ Social Security Administration, "Survivor's Planner: How Much Would Your Benefit Be?" July 2018
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QUESTION 9

I was married, but my spouse passed away and now I am remarried. Whose benefits, besides my own, may I be entitled to?



The answer depends upon how old you were when you remarried.

If you remarried after you reached age 60 (50, if you are disabled), you are still entitled to collect benefits as a surviving spouse. (See Question 8.)

It is possible that you may be eligible for three types of benefits: your own, a spousal benefit from your current spouse and a survivor benefit from your former spouse. That is NOT to say that you can collect all three types of benefits at the same time—the Social Security Administration usually only allows you to receive one, usually the greatest amount for which you are eligible.

However, the option may be available for you to collect one type of benefit now and switch to a different benefit that may be of greater value later.¹⁹ (See Question 10 for more details.)

You may be entitled to three types of benefits: your own, a spousal benefit from your current spouse, and a survivor benefit from your former spouse.

¹⁹ Social Security Administration, "Survivor's Planner: How Much Would Your Benefit Be?" July 2018

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QUESTION 10

Where can I get more information?



You may find information on all the topics discussed in this booklet by visiting the Social Security Administration's official website at www.ssa.gov

This website will also allow you to create an online Social Security account so that you may view your individual benefits statement. Other suggested reading includes a Social Security Administration publication entitled *"What Every Woman Should Know."* You may find this publication by typing the title into the search engine on the www.ssa.gov homepage.

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