Social Security Analysis & Recommendation

Prepared for Joe Example
and Jane Example

The Impact of Starting Age on Monthly Benefits

Many personal and household factors can influence your Social Security retirement benefits, and perhaps the most significant is the age you begin benefits. You can see below the range of benefits you will receive depending on the age you begin benefits. This does not include the impact of spousal benefits if you are married, which can make a significant difference when added in. The information below was created from information you provided.

Joe Example	
Monthly benefits if begun at 62	$1,227
Monthly benefits if begun at Full Retirement Age 66	$1,636
Monthly benefits if begun at 70	$2,159
Jane Example	
Monthly benefits if begun at 62	$829
Monthly benefits if begun at Full Retirement Age 66	$1,100
Monthly benefits if begun at 70	$1,452

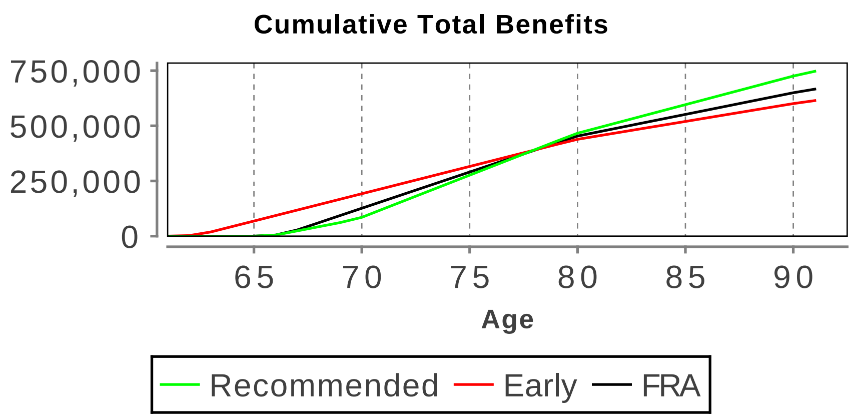
All benefits levels are expressed in today's dollars. All payments will increase with Cost of Living Adjustments (COLAs).

Not only does the age you begin benefits impact your monthly payments, it also affects your "longevity risk" - the risk of outliving your resources. If you choose to begin receiving Social Security benefits before your Full Retirement Age (FRA), your monthly benefits will be reduced. If you delay the start of benefits until after your Full Retirement Age (FRA), your monthly benefits will be increased. So, the basic tradeoff is between beginning earlier and receiving more but smaller payments or beginning later and receiving fewer but larger payments.

Since Joe was born in 1951, FRA is 66 and any benefit taken before age 66 will be reduced by 5/9% per month for up to 36 months, plus 5/12% per month for the next 12 months. So, if benefits are begun at age 62, the monthly benefit level would be $1,227. If benefits are delayed until after attaining FRA, monthly benefits will be increased by 2/3% per month for up to 48 months and will be $1,636 per month. Further, delaying the start of benefits until age 70 will increase the monthly benefit to $2,159. While we've used Joe 's information for the purposes of explanation, the same basic calculations apply also to Jane's benefits. All benefit levels are expressed in today's (i.e., inflation-adjusted) dollars and reflect the current promises of the Social Security system, which can be altered by the U.S. Congress at any time.

How Your Recommended Strategy Makes a Difference

Your recommended strategy for claiming Social Security benefits is customized to your specific situation. To create your recommended strategy, our firm analyzed all the possible claiming strategies available to you and the overall benefit each would render. We weighed many factors in recommending this strategy for you, including monthly benefit amount, your life expectancy, your marital status and others.



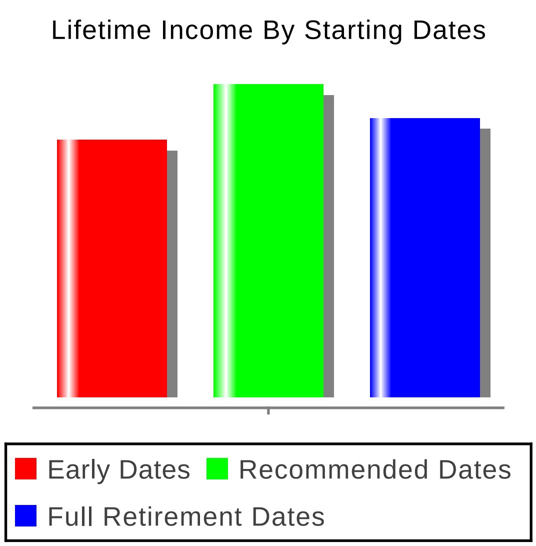
We have recommended a claiming strategy that will pay about

$747,047

over the course of your lifetime. The details of this strategy and why it works are discussed in this report.

Your recommended strategy was created using the expected lifetimes of 80 for Joe and 90 for Jane. Given these factors, you need to maximize benefits for a potentially long joint life. Your recommended strategy also provides the highest monthly benefit amount to a surviving spouse, reducing the chance of running out of money in his or her lifetime.

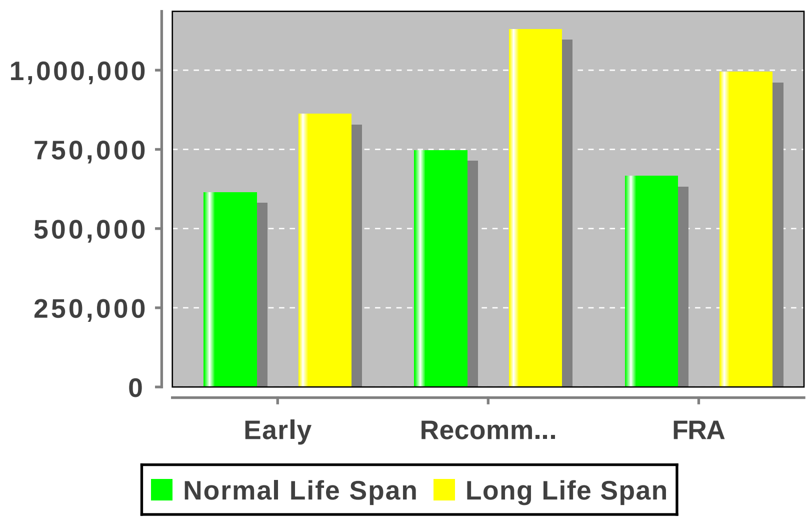
The graph on the right represents the cumulative lifetime benefits you could expect to receive over your life expectancy if you took benefits early (represented by the red bar), at Full Retirement Age (represented by the blue bar), or according to the recommended strategy we have created for you (represented by the green bar).



Protection Against Longevity Risk

The best strategy for you balances your cumulative lifetime benefits with income protection should you live longer than the ages you provided, 80 years for Joe and 90 years for Jane. This concept is known as "longevity risk," or the risk that you will run out of money in your lifetime.

The reason this is an important part of your Social Security decision is that, the longer your life, the longer your retirement savings must last. Getting more from your Social Security benefits means that you will need to withdraw less from your portfolio over the years, giving your savings time for continued growth.



The green bar in the graph on the left illustrates the cumulative lifetime benefit you could expect to receive should you live to the exact life expectancy you provided. The yellow bar represents the comparative value of the cumulative lifetime benefits should you live 10 years longer than expected.

The Difference a Long Life Makes

The table below shows the approximate value of your lifetime cumulative benefits over your life expectancy if you choose to take benefits early, at Full Retirement Age or according to our recommended strategy. The Short Life Span row illustrates the amount if each of you lives 10 years less than you plan. The Normal Life Span row illustrates the amount if each of you live to the exact age you provided. The Long Life Span row is the amount you could expect if each of you lives 10 years longer than expected.

	Early Age	Recommended Age	Full Retirement Age
Short Life Span	$366,785	$364,847	$337,916
Normal Life Span	$614,225	$747,047	$666,236
Long Life Span	$861,665	$1,129,247	$994,556

Important Filing Dates

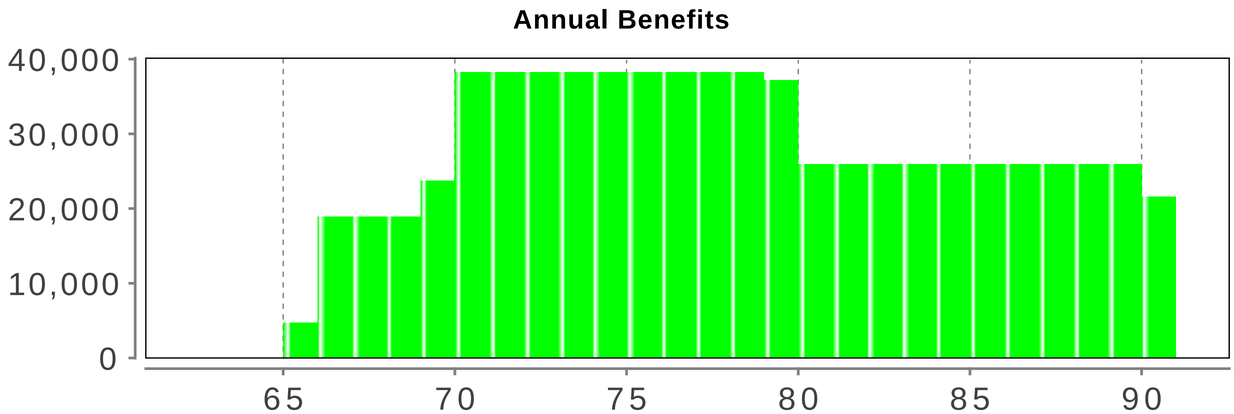
In order for you to take advantage of our recommended strategy and maximize your benefits, you should pay close attention to these filing dates:

- Joe files a restricted application for spousal benefits only in October 2017 at age 66.
- Jane begins benefits based on his or her earnings record in October 2017 at age 65.
- Joe switches to benefits based on his or her earnings record in October 2021 at age 70.
- At Joe 's death (estimated December 2031), Jane switches to survivor benefits.

Be sure to file for benefits about three months before you expect to receive your first payment.

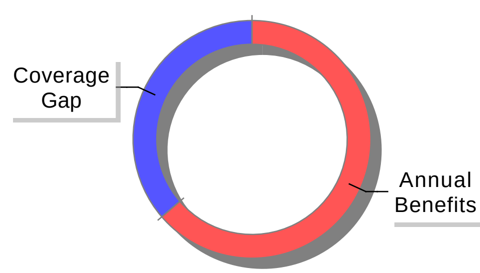
Annual Benefits You Can Expect by Age with Recommended Strategy

The graph below illustrates the annual total income you will receive by using our recommended strategy.



Expenses and Your Annual Benefits

You've estimated your annual after-tax expenses to be approximately $60,000. Your monthly benefit of $3,185 will cover about about 64% of your expenses.



Your Recommended Social Security Strategy Details

We've constructed this recommended strategy based on the information you provided. Your recommended strategy was created to balance two equally important yet separate goals: get the most lifetime income and offer income protection if you live longer than expected. While getting the highest cumulative lifetime benefit may initially seem most important, taking both criteria into account is prudent in the event you live longer than expected. Our tools allow you to compare your recommended strategy against other strategies to ensure that the recommended strategy is best for your situation.

- Joe files a restricted application for spousal benefits only in October 2017 at age 66.
- Jane begins benefits based on his or her earnings record in October 2017 at age 65.
- Joe switches to benefits based on his or her earnings record in October 2021 at age 70.
- At Joe 's death (estimated December 2031), Jane switches to survivor benefits.

Here's why your Recommended Strategy was selected:

The Recommended Solution reflects a specific strategy for claiming your Social Security benefits in line with two goals shared by most retirees: maximizing expected lifetime benefits and minimizing longevity risk. It also has incorporated any complicated strategies around spousal benefits that will result in more money for you.

Our Recommended Solution is based on your life expectancy inputs and is the strategy that will likely provide the greatest cumulative lifetime benefit. However, because you are married, you should also consider survivor benefits in your claiming strategy. A surviving spouse can receive the larger of the two benefit amounts, but not both. If at least the higher earner waits to begin benefits on his or her earnings record until age 70, survivor income will be greatest. But if you live a short life, waiting may increase survivor benefits, but it may not provide the greatest cumulative lifetime payout over your joint lifetimes. You should carefully consider these factors as you determine your best starting age.

Furthermore, because waiting to claim benefits increases your benefit with delayed retirement credits, it decreases the amount of money that must be withdrawn from savings each month and reduces the chance that a surviving spouse will run out of money in his or her lifetime.

If your Recommended Solution states that one of you should "file and suspend" or "file a restricted application," be certain that you are clear about this to the agent taking your application. It is not uncommon for an agent to be unfamiliar with a claiming strategy. If the agent is hesitant, ask to speak with a "technical expert" or an office manager.

Here's when it might not work:

Your recommended solution may not be your best choice if either of you live significantly longer or shorter than projected, or if you continue to work and are younger than Full Retirement Age.

If you continue to work and are younger than Full Retirement Age:

- Social Security benefits based on your earnings record (including your spouse's spousal benefits) will be subject to an earnings test, which could reduce those benefits. The earnings test does not apply after you reach Full Retirement Age.
- If the earnings test will result in the loss of most or all of these benefits, you should consider waiting until Full Retirement Age (or until you stop working, whichever is sooner) to file for benefits.

*This recommended strategy assumes you do not have a child(ren) who could receive Social Security benefits based on your earnings records and neither spouse will receive a pension from work not covered by Social Security. If these assumptions do not apply to you, the recommended strategy may not be your best strategy for claiming Social Security benefits.

Analysis of Cumulative Lifetime Benefits

On the following pages, you will see schedules that compare the differences between two Social Security claiming strategies.

Schedule 1 illustrates the difference in both monthly and cumulative lifetime benefits between two strategies for claiming benefits. The "breakeven line" indicates the ages at which one strategy begins to pay more in benefits than the other, meaning that if you live beyond those ages, the recommended strategy is the best choice for your situation.

Schedule 2 calculates the amount of funds you will need to withdraw from your savings each year to supplement your Social Security benefits in order to meet your expected spending needs. It shows the annual and cumulative withdrawals for each of the two strategies. The breakeven line marks the ages at which the two strategies require the same amount of cumulative withdrawals from your financial portfolio.

Typically, starting Social Security benefits early will require smaller withdrawals from your financial portfolio in the early years, but you will need to withdraw more after the higher earner reaches age 70. In contrast, waiting to begin benefits means a higher monthly benefit for the remainder of your lifetime and will require smaller withdrawals from your portfolio in order to meet your spending needs. The result is that your savings will last longer since you are withdrawing less each month.

Schedule 1

Breakeven Analysis comparing two strategies:

Joe Example	Jane Example	Early				Recommended				Difference
		Joe Example (PIA=1636.0)	Jane Example (PIA=1100.0)	Annual Benefits	Cumulative Benefits	Joe Example (PIA=1636.0)	Jane Example (PIA=1100.0)	Annual Benefits	Cumulative Benefits	
61	60	$0	$0	$0	$0	$0	$0	$0	$0	$0
62	61	$1,233	$0	$2,466	$2,466	$0	$0	$0	$0	($2,466)
63	62	$1,233	$829	$16,454	$18,920	$0	$0	$0	$0	($18,920)
64	63	$1,233	$829	$24,744	$43,664	$0	$0	$0	$0	($43,664)
65	64	$1,233	$829	$24,744	$68,408	$0	$0	$0	$0	($68,408)
66	65	$1,233	$829	$24,744	$93,152	$550	$1,026	$4,728	$4,728	($88,424)
67	66	$1,233	$829	$24,744	$117,896	$550	$1,026	$18,912	$23,640	($94,256)
68	67	$1,233	$829	$24,744	$142,640	$550	$1,026	$18,912	$42,552	($100,088)
69	68	$1,233	$829	$24,744	$167,384	$550	$1,026	$18,912	$61,464	($105,920)
70	69	$1,233	$829	$24,744	$192,128	$2,159	$1,026	$23,739	$85,203	($106,925)
71	70	$1,233	$829	$24,744	$216,872	$2,159	$1,026	$38,220	$123,423	($93,449)
72	71	$1,233	$829	$24,744	$241,616	$2,159	$1,026	$38,220	$161,643	($79,973)
73	72	$1,233	$829	$24,744	$266,360	$2,159	$1,026	$38,220	$199,863	($66,497)
74	73	$1,233	$829	$24,744	$291,104	$2,159	$1,026	$38,220	$238,083	($53,021)
75	74	$1,233	$829	$24,744	$315,848	$2,159	$1,026	$38,220	$276,303	($39,545)
76	75	$1,233	$829	$24,744	$340,592	$2,159	$1,026	$38,220	$314,523	($26,069)
77	76	$1,233	$829	$24,744	$365,336	$2,159	$1,026	$38,220	$352,743	($12,593)
Break Even Point										
78	77	$1,233	$829	$24,744	$390,080	$2,159	$1,026	$38,220	$390,963	$883
79	78	$1,233	$829	$24,744	$414,824	$2,159	$1,026	$38,220	$429,183	$14,359
80	79	$1,233	$1,349	$24,031	$438,855	$2,159	$2,159	$37,194	$466,377	$27,522
81	80	$0	$1,349	$16,188	$455,043	$0	$2,159	$25,908	$492,285	$37,242
82	81	$0	$1,349	$16,188	$471,231	$0	$2,159	$25,908	$518,193	$46,962
83	82	$0	$1,349	$16,188	$487,419	$0	$2,159	$25,908	$544,101	$56,682
84	83	$0	$1,349	$16,188	$503,607	$0	$2,159	$25,908	$570,009	$66,402
85	84	$0	$1,349	$16,188	$519,795	$0	$2,159	$25,908	$595,917	$76,122
86	85	$0	$1,349	$16,188	$535,983	$0	$2,159	$25,908	$621,825	$85,842
87	86	$0	$1,349	$16,188	$552,171	$0	$2,159	$25,908	$647,733	$95,562
88	87	$0	$1,349	$16,188	$568,359	$0	$2,159	$25,908	$673,641	$105,282
89	88	$0	$1,349	$16,188	$584,547	$0	$2,159	$25,908	$699,549	$115,002
90	89	$0	$1,349	$16,188	$600,735	$0	$2,159	$25,908	$725,457	$124,722
91	90	$0	$1,349	$13,490	$614,225	$0	$2,159	$21,590	$747,047	$132,822

Important Disclosure

This report is for informational purposes only. All the information provided is based on Social Security rules, benefit calculations, and payout promises of existing Social Security policy at the time this report was printed. The purpose of the report is to educate and give general guidance to help craft a personalized approach to taking Social Security.

The Social Security claiming strategy highlighted in this report was generated based on information you provided. That information included estimates of your and, when applicable, your spouse's Primary Insurance Amount, life expectancy(ies), and date(s) of birth. If this information you provided, including your life expectancy projection(s), should prove wrong after the fact, then the recommended strategy may not be the best strategy after the fact. Before selecting this or any other claiming strategy, you should analyze and compare it with other scenarios generated by your financial professional. The optimal strategy for a specific client depends, in part, on that client's tradeoff between the goals of maximizing expected lifetime benefits and minimizing the risk of outliving his or her financial assets. As such, it is ultimately the responsibility of the client to carefully consider the recommended strategy before adopting it as his, her or their own. This report should be used only as a general guideline and not as the ultimate source of information about Social Security claiming strategies.