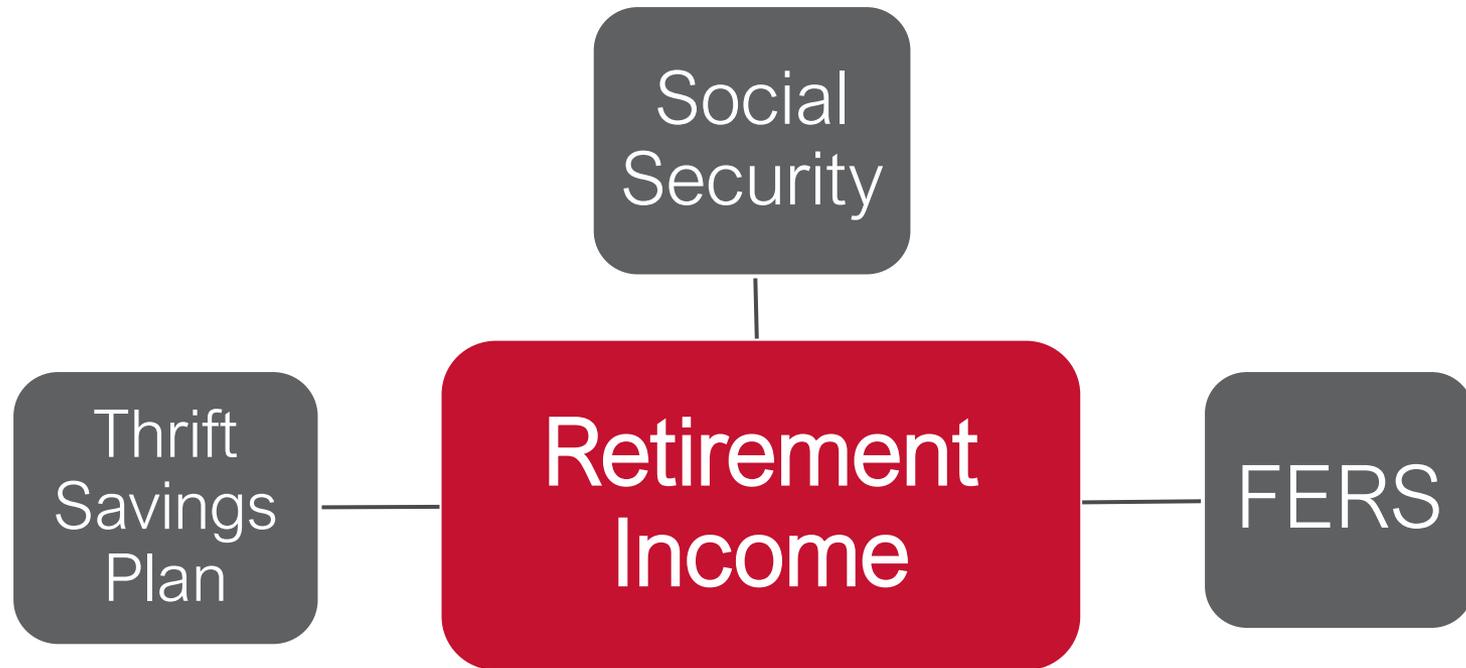


Federal Employee Benefits Webinars

- ❑ Federal Employee Retirement System (FERS)
- ❑ **Social Security Benefits (SS / SSDI)**
- ❑ Thrift Savings Plan (TSP)
- ❑ Insurance Benefits (Health, FEGLI, Medicare)

Three Sources of Retirement Income





What You Need to Know About Your Social Security Benefits

Stephanie Summers, ChFEBCSM, RFC, MBA
Jeremiah Thompson, CFP[®], MSPFP

When Should You Start Receiving Benefits?

Disability (SSDI)	Before your full retirement age	At your full retirement age	After your full retirement age
Any age (40 credits)	As early as age 62	Age 66-67	As late as age 70



Why Is It an Important Decision?

- When you claim benefits can significantly affect your overall retirement income
- If you're married, timing can also affect your spouse/survivor's income

**There's no one-size-fits-all answer.
It's a personal decision.**



What Should You Consider?

- Your full retirement age and benefit calculation
- Amount of your future benefit and effect of early or delay retirement
- How Long you expect retirement to last based on life expectancy
- Whether you plan to continue working
- Other sources of retirement income
- Income taxes
- How your spouse might be affected

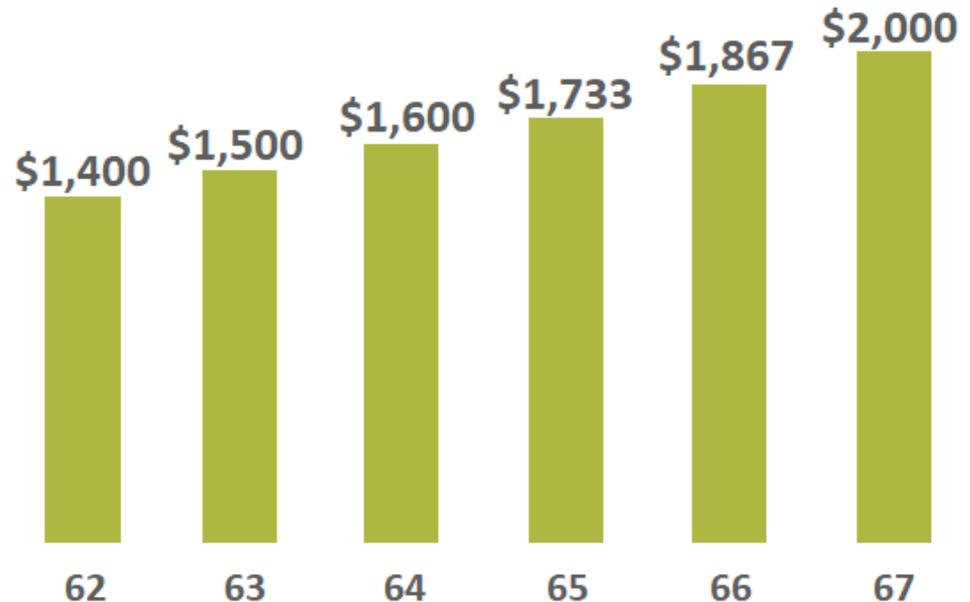
What Is Your Full Retirement Age (FRA)?

Your full retirement age is the age at which you can receive a full (unreduced) Social Security retirement benefit.

Year of birth	Full retirement age
1943-54	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 & later	67

How Much You'll Receive: Claiming Benefits Earlier

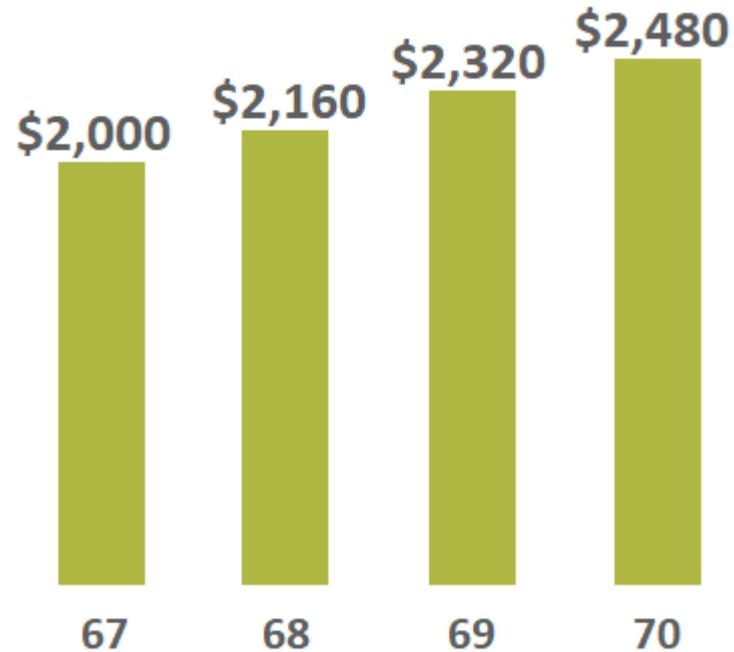
- Can start benefits as early as age 62
- Benefit reduction - you'll receive 25% to 30% less at 62 than at full retirement age
- Benefits received for a longer period of time



These are hypothetical examples of mathematical principles based on Social Security Administration rules and are meant for illustrative purposes only.

How Much You'll Receive: Claiming Benefits Later

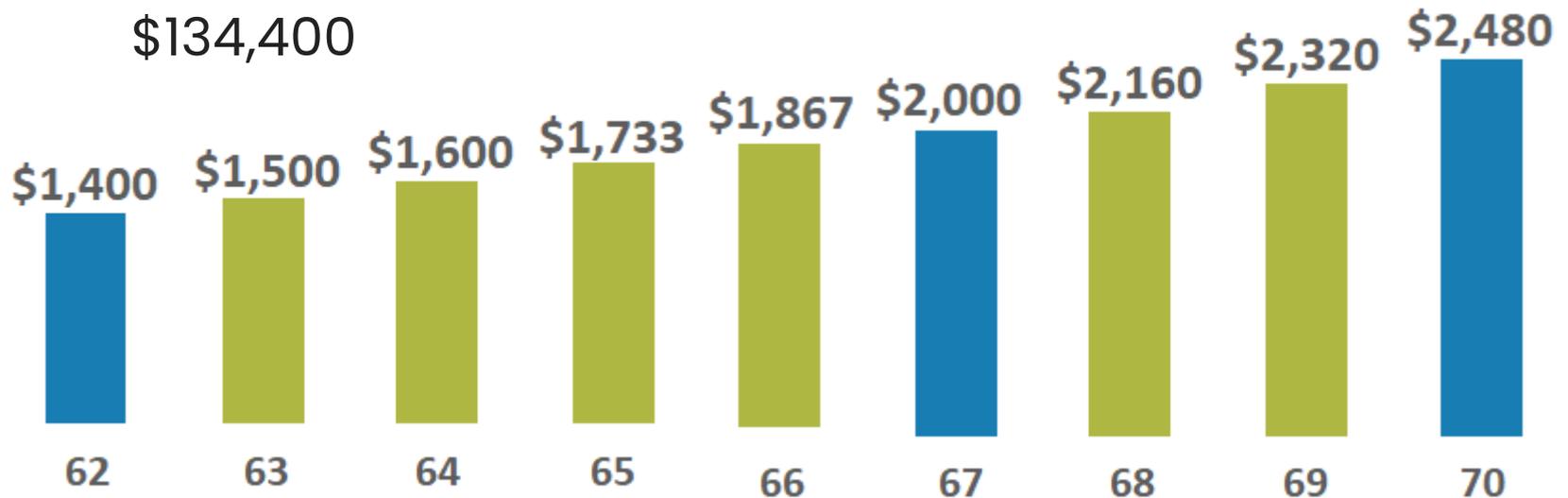
- You receive delayed retirement credits, up until age 70
- Benefit is increased 8% for each year you postpone receiving benefits past full retirement age



These are hypothetical examples of mathematical principles based on Social Security Administration rules and are meant for illustrative purposes only.

Monthly Benefit Comparison: 62, 67, 70

- Benefit at age 70 is 77% more than benefit at age 62
- But cumulative benefits from age 62 to 70 equal \$134,400



These are hypothetical examples of mathematical principles based on Social Security Administration rules and are meant for illustrative purposes only.

Monthly Benefit Comparison: Breakeven Point

- If you wait until age 70, you will receive additional \$1,080 per month
- Takes 124.44 months to add up to the \$134,400 cumulative benefits that a person will receive from age 62-70
- Don't benefit from waiting to age 70 until they are over age 80



Sample Social Security Statement

Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn credits through your work - up to four each year.

Your full retirement age is **67**, based on your date of birth: March 13, 1972. As shown in the chart, you can start your benefits at any time between **ages 62 and 70**. **For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.**

These personalized estimates are based on your earnings to date and assume you continue to earn \$142,800 per year until you start your benefits. Learn more at ssa.gov/benefits/retirement/learn.html.

Disability Benefits

You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about **\$3,341 a month**. Learn more at ssa.gov/disability.

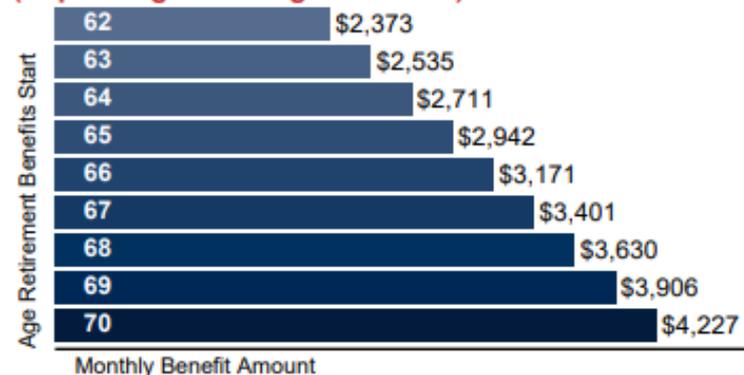
Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$2,516
Spouse, if caring for a disabled child or child younger than age 16:	\$2,516
Spouse, if benefits start at full retirement age:	\$3,355
Total family benefits cannot be more than:	\$5,873

Your spouse or minor child may be eligible for an additional one-time death benefit of **\$255**. Learn more at ssa.gov/survivors.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



Medicare

You have enough credits to qualify for Medicare at age 65.

Medicare is the federal health insurance program for people:

- age 65 and older,
- under 65 with certain disabilities, and
- of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to **avoid a lifetime late enrollment penalty**. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit medicare.gov or ssa.gov/medicare or call **1-800-MEDICARE (1-800-633-4227)** (TTY **1-877-486-2048**).

Social Security Disability Income (SSDI)

Before age 62	Between age 62 to your full retirement age	After your full retirement age
Apply for SSDI with 6 months waiting period	Apply for early Social Security to start right away then switch to SSDI in 6 months after waiting period	Apply for full Social Security to start right away (no SSDI)

* Apply on the next day after your retirement date

Do You Plan to Continue Working?

Are you under full retirement age?



Earnings from a job will reduce your Social Security or SSDI benefits.

Have you reached full retirement age?



Earnings from a job will not reduce your Social Security benefits. (SSDI stops at FRA)

How Working Affects Benefits

SSDI	Before full retirement age	Year you reach full retirement age	At or after full retirement age
<p>\$1,350 monthly earning limit.</p> <p>If over limit, benefits stop (after 3 months grace period).</p>	<p>Benefits reduce by \$1 for every \$2 over your annual earning limit</p> <p>(\$19,560 in 2022)</p>	<p>Benefits reduce by \$1 for every \$3 over your annual earning limit</p> <p>(\$51,960 in 2022)</p>	<p>Earnings have no effect</p>

Will Your Benefit Be Taxable?

- Up to **50% of benefits** may be taxable if your *combined income** is
 - between \$25,000 and \$34,000 and you file as a single person
 - between \$32,000 and \$44,000 and you file as a married couple filing jointly
- Up to **85% of benefits** may be taxable if your *combined income** is
 - more than \$34,000 and you file as a single person
 - more than \$44,000 and you file as a married couple filing jointly

*Combined income = adjusted gross income +
Nontaxable interest + ½ of your Social Security benefits



How Will Your Decision Affect Your Spouse?

- How can you maximize household and survivor's incomes?
- What's the appropriate combination of claiming ages?
- Former spouses who were married to you for 10 years or more may be eligible for spousal benefits based on your record. However, this will not reduce your own benefit nor your current spouse's benefit.

Retirement/Spousal Benefits

- Retirement benefits are based on your earnings record – at full retirement age you're entitled to receive 100% of your full retirement benefit
- Spousal benefits are based on your earnings record – as much as 50% of your full retirement benefit if your spouse claims at his or her full retirement age
- Reduction for filing for spousal benefits early – spouse can't file until retired worker files



Survivor Benefits

- Surviving spouse generally receives the greater of the retirement benefit the worker was receiving or his or her own benefit
- Survivor benefits may be payable as early as age 60, subject to reduction

The Power of Delaying Benefits

	Age 62 monthly benefit	Age 67 monthly benefit	Age 70 monthly benefit
Spouse 1	\$1,680	\$2,400	\$2,976
Spouse 2	\$1,397	\$1,996	\$2,475
Total joint monthly income	\$3,077	\$4,396	\$5,451

Monthly joint income is \$2,374 more if both spouses claim benefits at age 70 instead of at age 62

Monthly survivor benefit for Spouse 2 also increases



The Choice Is Yours

You may decide to receive benefits **earlier** if:

- You need Social Security income right away
- You want to invest your monthly benefits
- You want to delay having to take funds from other retirement vehicles
- Your spouse wants to delay receiving benefits

You may decide to receive benefits **later** if:

- You want higher monthly retirement benefits
- You want to maximize your survivor income
- You plan to work longer
- You're able to file for spousal benefits first, then switch to your own benefits later



The Choice Is Yours

- Get benefit estimates and a copy of your Social Security Statement at [socialsecurity.gov](https://www.socialsecurity.gov)
- Contact the Social Security Administration to discuss your options
- Apply online, by phone, or in person



Conclusion

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