



RAYMOND JAMES®

Social Security

Guide

NATIONWIDE RETIREMENT INSTITUTE®

# Social Security

*The choice of a lifetime*



*Your choice on when to file  
could increase your annual  
benefit by as much as*

**77%**<sup>1</sup>



<sup>1</sup> This figure is based on an individual with full retirement age of 67; it compares early filing at age 62 and receiving reduced benefits of 71% of the primary insurance amount versus delayed filing at age 70 and receiving credits to increase benefits by 25% of the primary insurance amount.



# Social Security: It's more than a monthly check

As you approach retirement, you are likely to face a host of decisions that could significantly impact your financial future. One of the critical decisions you'll make is filing for your Social Security benefits, a choice that plays an important role in your broader retirement income plan.

Social Security is designed to provide older Americans and disabled persons with a portion of the financial support needed to cover essential retirement expenses. The program offers many benefits, such as:

- **Lifetime retirement income**
- **Payments indexed for inflation**
- **Certain spousal and survivor benefits**
- **Preferential tax treatment**

With benefits such as these, it's easy to see why Social Security is so important to your financial plan for retirement.

Making a sound decision about Social Security benefits is critical for ensuring your financial security in retirement. It also requires a greater understanding of how Social Security income fits into your overall retirement plan. Along with this guide, your financial professional can provide the information you need to make a decision that's right for you.

- 4** / Social Security opportunities
- 8** / Social Security basics
- 12** / Social Security filing options
- 14** / Social Security considerations
- 18** / Getting started

# Social Security opportunities

Your decision about when and how to file for Social Security benefits is one of the most important financial decisions you will ever make. That's why we call it the choice of a lifetime.

Your Social Security decision will certainly impact the amount of essential and discretionary income you have during retirement. And the decision you make is largely permanent (although you do have a 12-month window to change your decision).

Regardless of your income level, Social Security benefits are a significant component of your overall portfolio, and they provide an opportunity you don't want to overlook. As a portion of your lifetime retirement income—and one that is indexed for inflation—Social Security takes on added importance as pensions and personal assets continue to decline.

Not only can Social Security benefits help fill the gap by covering basic retirement expenses, but you can also grow your baseline and increase your benefits through options such as delayed filing and maximizing survivor benefits.

While the importance of your Social Security decision cannot be overstated, don't worry—your financial professional can assist you with the process. **The Social Security 360<sup>®</sup> program from Nationwide<sup>®</sup> gives you and your financial professional greater visibility of many facets of Social Security.** With insight into your filing options, you and your financial professional can build a retirement income plan around your individual needs.

Please note that Nationwide does not provide legal, tax or accounting advice. You should consult with your accounting or tax professional for guidance regarding your specific financial situation.

## What if you want to change your filing decision?

You can apply to withdraw your filing application within 12 months of starting benefits. If approved, you are required to repay all benefits you and your family members have already received. You are limited to one withdrawal per lifetime.



*Social Security benefits represent about*

**33%**  
*of income for the elderly<sup>2</sup>*

## *Understanding your benefits*

For many years, 65 was the default age for retirement, because that's when full Social Security benefits used to begin.

Times have changed. Today, full Social Security benefits start between age 66 and 67 for most Americans. Plus, you now have the options to get reduced benefits as early as age 62 or to delay taking your benefits up to age 70 to increase your monthly Social Security income.

Many Americans file for Social Security at age 62 — as soon as they are eligible.<sup>3</sup> Filing early may make sense for some people, but it's important to understand the limitations and the opportunity that you may miss to increase your Social Security income.

### **Should you file early?**

#### **LIMITATIONS**

##### **Filing for benefits at age 62**

means you may receive a reduced monthly benefit from Social Security.

#### **OPPORTUNITY**

##### **Delaying benefits up to age 70**

could help you grow your Social Security income by as much as 77%.

Note: The OPPORTUNITY statement is based on an individual with full retirement age of 67. This calculation compares early filing at age 62 and receiving reduced benefits of 71% of the primary insurance amount versus delayed filing at age 70 and receiving credits to increase benefits by 25% of the primary insurance amount.

## *Other considerations for filing early*

Filing early also may impact the options that members of your family may be eligible for, including:

- Benefits for your spouse
- Benefits for a surviving spouse
- Benefits for dependent children

Most importantly, your Social Security decision should be coordinated with your overall retirement income plan in mind. How and when you file will have a lasting effect on your financial situation throughout retirement.

<sup>3</sup> "Annual Statistical Supplement to the Social Security Bulletin, 2021," Social Security Administration (December 2021).

## Social Security concerns

Whenever you face important decisions that affect your future, some concerns may also arise. With these decisions, it's important to get the facts straight and sort out any misconceptions you may have.

Let's look at two of the most common concerns people have about Social Security: solvency and longevity.

### Common concern #1: **Will Social Security be there for you?**

The Old-Age and Survivors Insurance (OASI) Trust Fund, which pays retirement and survivors benefits, will be able to pay scheduled benefits on a timely basis until 2033, one year earlier than reported last year. At that time, the fund's reserves will become depleted and continuing tax income will be sufficient to pay 76% of scheduled benefits.<sup>4</sup>



Full benefits  
are payable  
to at least  
**2033**



**76%**  
of benefits  
are payable  
afterward

Going forward, however, legislation is likely to intervene, with the goal of extending the solvency of Social Security beyond the current assumptions. Potential policy proposals seek to achieve this goal in different ways, including:

- **Link cost-of-living increases to different inflation indexes**  
Offers the possibility of increasing solvency without significant effect on most Americans, although current retirees will see smaller annual benefit increases
- **Increase full retirement age beyond 67**  
Is expected to impact workers age 45 and younger, allowing time to plan for retiring later
- **Increase or eliminate the wage cap for payroll taxes**  
Raises the amount of earned income that would be subject to Social Security taxes; the 2022 cap is set at earned income up to \$147,000
- **Increase payroll taxes**  
Currently set at 12.4% — split evenly between workers and employers



**Learn more:** Read the comprehensive list of proposals in the report from the Social Security Administration's Chief Actuary Office, "Summary of Provisions That Would Change the Social Security Program," available at [ssa.gov](https://ssa.gov).

## Common concern #2: Will you be there for Social Security?

You may worry that you won't live long enough to reap the benefits of Social Security if you wait to file. The truth is that many pre-retirees underestimate their life expectancy.

|   | MALE<br>65 YEARS OLD | FEMALE<br>65 YEARS OLD |
|---|----------------------|------------------------|
| 50% chance of reaching age <sup>5</sup> | 85                   | 88                     |
| 25% chance of reaching age <sup>5</sup> | 91                   | 94                     |

*For married couples, there is a 50% chance one spouse will reach age 92.*

## Understanding break-even points

Longer life expectancies mean you are likely to need Social Security income for a longer period. So it may make sense to take advantage of delaying rules that can grow your monthly benefit, while helping you accumulate more benefits over the course of your retirement.

There are times, however, when it makes sense to start Social Security benefits sooner, even if they're reduced. For everyone, there is a break-even point — typically between 12 and 15 years from the start of Social Security benefits — where accumulating higher benefits over a shorter period outweighs collecting smaller benefits over a longer period.

For a single person, life expectancy primarily determines when this break-even point may occur. For a couple, a break-even analysis is complicated by the different life expectancies of each individual. Typically, this analysis would look at all possible life expectancy combinations and focus on a strategy that would provide the largest lifetime benefit to both spouses for as long as either spouse is alive.

<sup>5</sup> American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/>, (accessed March 31, 2021). This assumes average-rated health for each spouse.

---

## *Social Security*

---

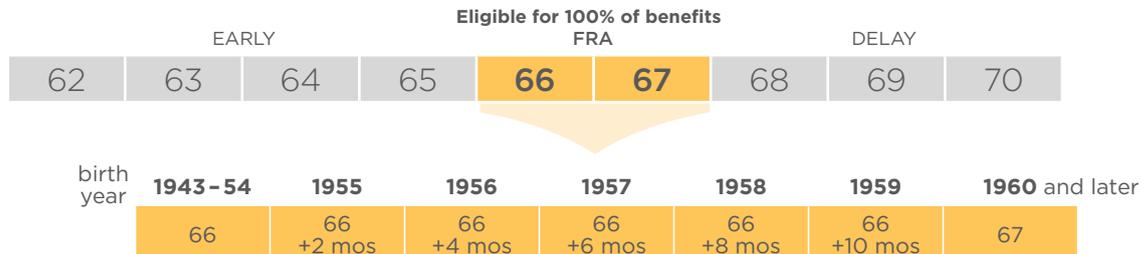
# Basics

---

Everyone's Social Security decision is a personal one. And the opportunity to enhance retirement income is tremendous. So before you make the choice of a lifetime, it's important to understand the basics. Let's discuss some important terms to know and rules you'll need to consider as part of your decision.

## Full retirement age (FRA)

This is the age when you are eligible to begin receiving the entirety of the monthly Social Security retirement benefit you are eligible for based on your lifetime employment record (which is your primary insurance amount; there's more on that below). Historically, full retirement age occurred in the year you turned 65 for those born prior to 1943. FRA began gradually increasing to 67, starting with people born in 1943 or later. Early filing can occur starting at age 62 and go until full retirement age. But you can delay filing up to age 70 in order to increase your benefit amount.



## Primary insurance amount (PIA)

Quite simply, your PIA is the amount of your monthly Social Security benefit at FRA. The formula for calculating PIA benefits differs from formulas typically used to determine pension benefits, which are often based on your top five or past three earnings years, for instance.

PIA is based on lifetime Social Security-covered earnings adjusted for inflation.

- Average indexed monthly earnings over the highest 35 years of earnings
- Benefit reflects a percentage of average monthly earnings
- Higher-income earners receive a smaller percentage than low-wage earners

PIA is capped at \$3,345 for 2022. The PIA is also subject to cost-of-living adjustments (COLAs), which protect against inflation.

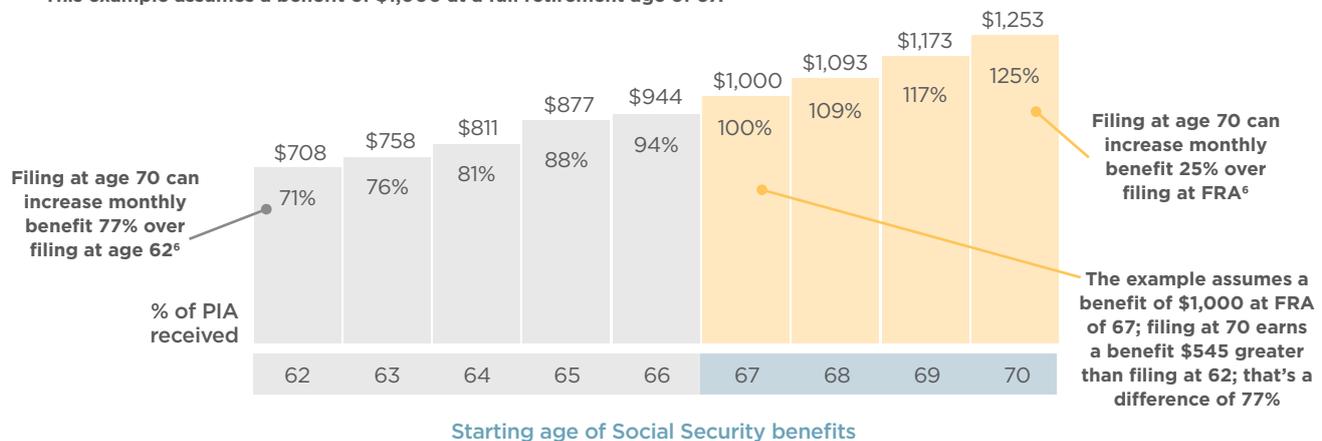
*To obtain your current PIA, download your current benefit statement at [ssa.gov/myaccount](https://ssa.gov/myaccount).*

## When you file can change your monthly benefit

Making a decision about when to file varies based on your individual situation. Your options include early filing, delayed filing or opting to file for benefits at full retirement age. The longer you wait to file, the more your monthly benefit will be. The decision about when to file can significantly impact your retirement income. That's why the pros and cons of each option should be carefully considered.

## Early and delayed filing affects monthly benefit

This example assumes a benefit of \$1,000 at a full retirement age of 67.



Pre-eligibility increases are based on the average wage index. Post-FRA increases are based on the Consumer Price Index.

<sup>6</sup> Annual cost-of-living adjustments may result in a greater percentage increase.

## Providing for yourself and your loved ones

The Social Security rules offer opportunities to extend benefits in certain family situations. Family members who depend on you may be eligible for Social Security benefits based on your work record, so it's good to know which benefits apply to your situation. The family rules make it possible to optimize your income during retirement and provide income to a surviving spouse when one spouse passes away.



### Benefits for spouses

Spousal benefits are among the most common available. Spouses are eligible for benefits based on their spouse's earnings record, and for a nonworking spouse, these benefits may represent significant dollars. To be eligible for spousal benefits, you must be age 62 and have been married for at least one year. Benefits can be significant — up to 50% of the working spouse's PIA.

#### ✓ Eligibility

- Eligible at at age 62
- Married for at least one year
- One spouse must file for the other to claim benefits

#### ✓ Benefits

- Up to 50% of spouse's PIA



### Benefits for surviving spouses

Married couples should also be aware of survivor benefits, especially because these benefits can significantly affect lifetime earnings from Social Security. A surviving spouse is eligible based on the deceased spouse's record. To be eligible for survivor benefits, you must be 60 years old and have been married for at least nine months.<sup>7</sup>

A surviving spouse is eligible to receive up to the greater of what the deceased spouse would have received if still alive or 82.5% of the spouse's PIA. Plus, a surviving spouse is able to elect widow benefits without electing retirement benefits.

#### ✓ Eligibility

- Married for at least 9 months<sup>8</sup>
- Benefits can be taken as early as age 60
- Currently widowed or remarried after age 60

#### ✓ Benefits

- Eligibility is based on when each spouse files for benefits
- Survivor benefits are separate from benefits earned on a surviving spouse's own work record

<sup>7</sup> There are exceptions that allow the survivor to receive benefits younger than age 60 (e.g., a surviving spouse has a disability, there are children in their care under age 16).

<sup>8</sup> Find exceptions to this rule on the Social Security website ([ssa.gov](https://ssa.gov)).



## If you've been divorced

Divorced persons may be eligible for benefits based on the ex-spouse's record. However, certain rules apply. The couple must have been married for at least 10 years, and the ex-spouse claiming the benefits must be currently unmarried. Benefits can begin at age 62.

Similar to married couples, one ex-spouse must also have filed for benefits in order for the other to file for divorced spouse benefits. But this rule applies only if the divorce was finalized within the previous two years. After two years, a divorced spouse becomes independently entitled, eliminating the requirement of the ex-spouse filing for benefits. The ex-spouse needs only to be eligible to file.

### ✓ Eligibility

- Married for at least 10 years
- Currently unmarried
- Ex-spouse must also file for benefits
- After 2 years, the ex-spouse filing requirement is eliminated

### ✓ Benefits

- Spousal or survivor benefits
- No impact on ex-spouse's benefit
- Not subject to the family maximum



## Benefits for other family members

Social Security also considers the needs of other family members beyond spouses, so they may be eligible for benefits too. There is a family maximum limit that applies to retirement benefits that is based on a percentage of the earner's average wages and uses a formula similar to that used to calculate PIA. It's best to work with your financial professional to create an optimal strategy that addresses the needs of you and your family.

### ✓ Eligibility

### ✓ Benefits

|                             |  |  |
|-----------------------------|--|--|
| <b>Dependent children</b>   | Under 18 if unmarried; 18 and 19 <sup>9</sup> if still attending primary or secondary school; 18 and older if disabled (as long as disability started before age 22) | 50% of parent's PIA or 75% of deceased parent's PIA            |
| <b>Disabled individuals</b> | May qualify for individual, spousal and survivor benefits  | Individual, spousal and survivor benefits                      |
| <b>Dependent parents</b>    | Age 62 or older upon death of primary support provider if providing at least 50% of support to the parent (except those with children under 16)                      | 82.5% of PIA for one parent 75% of PIA for each of two parents |

<sup>9</sup> This provision is valid up to two months past the 19th birthday.



## *Navigating the rules*

Finding your way to the right Social Security filing decision is not something you have to do on your own. Your financial professional can provide valuable guidance as you navigate the rules.

Moreover, with the Social Security 360 Analyzer® from Nationwide, your financial professional can map out the filing strategy that offers you the opportunity for highest cumulative returns and show you how other strategies may vary in terms of monthly and cumulative income.

### **Filing terms to know**

As you approach your Social Security filing decision, it's helpful to understand many of the terms you'll encounter and how the different options work. Generally, flexibility around your options increases once you reach full retirement age—a fact you should consider as you weigh your decision to delay Social Security benefits or start them early.

#### **Prior to or after FRA**

##### **Deemed filing<sup>10</sup>**

- File for all eligible benefits
- Individual benefits must be claimed with spousal or divorced benefits
- Benefits may be reduced

#### **At or after FRA**

##### **Standard filing**

- File for any eligible benefit without reductions

##### **File restricted**

- Allows you to begin spousal or divorced benefits (if you were born on or before January 1, 1954) or survivor benefits while earning delayed retirement credits on your own benefit

<sup>10</sup> For people born on or after Jan. 2, 1954, all filings will be considered deemed.

---

*Social Security*

---

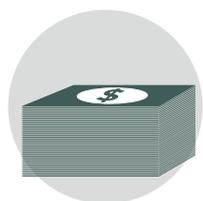
# Considerations

---

The filing rules are just one aspect of Social Security you should know. There are also a few more topics that can influence your filing decision. These considerations, including taxation, working in retirement and government pensions, should be carefully examined.

## *How taxes affect Social Security benefits*

When you plan for retirement, it's important to consider how various income sources are taxed, because it can affect how much money you'll actually have for retirement expenses. **At most, 85% of your Social Security benefit will be taxed**, making it one of the more tax-efficient sources of income for retirees.



### FULLY TAXABLE RETIREMENT INCOME

- Pension income
- Traditional retirement accounts (401(k), IRA)
- Interest and dividend income



### PARTIALLY TAXABLE RETIREMENT INCOME

- **Social Security — up to 85% taxed**
- Immediate annuity income
- Cash value of life insurance



### TAX-FREE RETIREMENT INCOME

- Roth IRAs and Roth 401(k)s
- Interest from municipal bonds
- Loans from life insurance policies

The portion of Social Security income that is taxable varies with each individual, and it is dependent on your adjusted gross income and the amount of Social Security benefits you receive. Filing early for Social Security forces you to be more dependent on assets that could be fully taxed. On the other hand, when Social Security is a larger part of your retirement income plan, you can potentially reduce your taxable income and increase the amount of money you are able to keep.

Please note that Nationwide does not provide legal, tax or accounting advice. You should consult with your accounting or tax professional for guidance regarding your specific financial situation.

## How delaying benefits can lower taxes

In this example, Jim and Linda want an annual income in retirement of \$90,000 before taxes. If they delay filing for Social Security benefits and rely less on income that is fully taxable, their taxable income can decrease by 32%.

| Jim & Linda receive:  | Reduced benefits <sup>11</sup> | Maximum benefits <sup>12</sup> |            |
|---|--------------------------------|--------------------------------|------------|
| Target pretax income  | \$90,000                       | \$90,000                       |            |
| <b>Social Security benefits</b>   | <b>\$30,690</b>                | <b>\$54,014<sup>13</sup></b>   | <b>77%</b> |
| Traditional retirement income   | \$59,310                       | \$35,986                       |            |
| Provisional income <sup>14</sup>  | \$74,655                       | \$62,993                       |            |
| <b>Total taxable income</b><br>(Other income <sup>15</sup> + income after SS income test) | <b>\$85,397</b>                | <b>\$58,130</b>                | <b>32%</b> |

*This example is for illustrative purposes only.*

## If you work in retirement

For those of you who have worked for many years, you may look forward to relegating your work clothes to the back of the closet, or you may want to work part time to reach a desirable income during retirement or because you enjoy working. Maybe you view retirement as a time to pursue new careers and opportunities.

If you plan to work while collecting Social Security benefits, some of your benefits may be withheld if you start collecting before full retirement age or in the year you reach full retirement age. That money can be recouped at full retirement age when you begin receiving these withheld benefits.

Once you pass FRA, the Social Security Administration no longer limits the amount of earnings you can receive.

### IF YOU'RE UNDER FRA FOR THE FULL YEAR

**\$1 of benefits withheld for every \$2** of earnings above annual limit (\$19,560 or \$1,630/month)

### IN THE YEAR YOU REACH FRA

**\$1 of benefits withheld for every \$3** of earnings above annual limit (\$51,960 or \$4,330/month)

### IN THE MONTH YOU REACH FRA AND BEYOND

**No limit** on earnings  
Future benefits increased based on amount of benefits withheld

<sup>11</sup> Both filed early at age 62.

<sup>12</sup> The couple maximized Social Security benefits by Jim delaying until age 70 and Linda delaying until 69.

<sup>13</sup> This figure assumes a 62-year-old married couple with an average life expectancy of 86 for the husband, 89 for the wife, and primary insurance amounts of \$2,400 and \$1,300. Individual calculations may vary.

<sup>14</sup> Provisional income includes 50% of Social Security benefits, ordinary income, dividends/capital gains and nontaxable interest income.

<sup>15</sup> Refer to IRS Publication 915 for the definition of other income.

## If you are a government employee

Pensions are a traditional source of retirement income for many Americans, but some pensions can affect your Social Security benefit. Payroll taxes are used to fund Social Security, and this appears on your pay statement as FICA (Federal Insurance Contribution Act) or OASDI (Old Age, Survivor and Disability Insurance). If you work for an employer that does not withhold FICA taxes from your wages, such as some government agencies or nonprofit organizations, the pension you receive from that employer may reduce the amount of benefits you get from Social Security.

### Windfall Elimination Provision (WEP)

This provision reduces your PIA if you receive a pension from an employer that did not withhold FICA taxes. WEP changes the formula used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

If you have 30 years or more of substantial earnings that are subject to FICA taxes, this provision does not apply because you worked the required amount of time to be eligible for full benefits.

### Government Pension Offset (GPO)

As a government employee, not only are your own Social Security benefits subject to reduction, but benefits you can collect as a spouse or widow could also be reduced. If you receive a pension based on work where FICA taxes were not paid, spousal or survivor benefits will be reduced by two-thirds of your pension. This could result in a complete elimination of spousal or survivor Social Security benefits.

#### How GPO can affect spousal benefits

**Let's look at another example with Jim and Linda.** Linda worked for the government throughout her career and is entitled to a pension of \$3,000. Jim worked for an employer who withheld FICA taxes, and his PIA is \$2,500. The government pension offset on Linda's pension income is \$2,000 (two-thirds of her \$3,000 pension). This will eliminate her spousal benefit and reduce her survivor benefit.

|  | LINDA'S BENEFIT<br>BEFORE GPO | LINDA'S BENEFIT<br>AFTER \$2,000 GPO |
|--|-------------------------------|--------------------------------------|
|  Spousal benefit  | \$1,250                       | \$0                                  |
|  Survivor benefit | \$2,500                       | \$500                                |

*This example is for illustrative purposes only.*

---

*Getting*

---

# Started

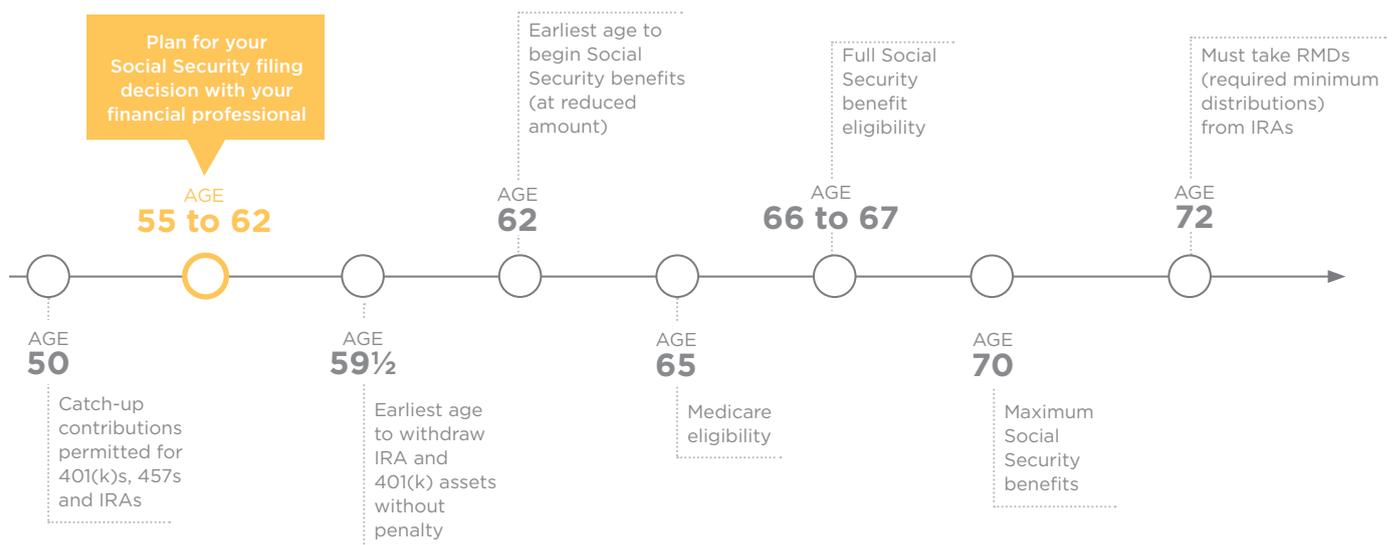
---

Now that you've covered the details of Social Security, you're in a good place to start planning for your Social Security decision. You also have your financial professional as a guide to help you plan your strategy.

## When is the best time to start planning?

As you look ahead to your life before and during retirement, you will see many pivotal decisions about your retirement finances and income. The choices you make will impact the direction your retirement takes.

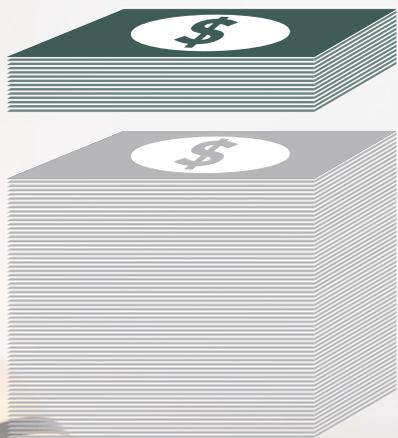
Filing for Social Security benefits is one of the early decisions you'll see. As you now know, the first big decision for many comes at age 62, when you're initially eligible to file for Social Security benefits. Starting at age 55 is generally the best time to talk with your financial professional and to start planning for this decision — and all of the other financial decisions that will soon follow.



### How your financial professional can help you make the right decisions:

- Discuss the filing options that may apply to your specific situation
- Create a personalized Social Security filing options report for you to help illustrate the different decisions you can make
- Put your Social Security options in a broader context with your overall retirement plan and help you make the best decision for your situation

# Your opportunity



Those who work with a financial professional receive over

**17%**

more in Social Security benefits than those who do not.

Yet only **15%** of people have a financial professional who is providing them with Social Security advice.<sup>16</sup>





### 公司簡介 - 強健的生命力

本公司致力於提供優質的客戶服務，並不斷提升我們的競爭力。我們相信，只有不斷學習和成長，才能在激烈的市場競爭中立於不敗之地。我們的目標是成為行業的領先者，為客戶提供最優質的解決方案。



# Your next steps

Now you understand that the decision you make about Social Security is personal. There's no formula or calculator that will make the right decision for you. Your individual situation is different from everyone else's, so personal attention is key.

At this point, your next move is to start the decision-making process by scheduling a Social Security planning meeting with your financial professional. The Social Security 360® program from Nationwide gives you and your financial professional greater visibility of the many facets of Social Security. Together, you can decide when and how to file for benefits.



## Prepare for your Social Security planning meeting

- **Download and bring copies of the Social Security statements for you and your spouse** to the planning meeting; download a copy of your statement when you register for a “My Social Security” account at [ssa.gov/myaccount](https://ssa.gov/myaccount)
- **Complete the Social Security Fact Finder** included with this brochure; your answers will help facilitate a discussion about your specific options
- **Review the enclosed sample of the Social Security 360 Analyzer report;** this tool translates the personal information you provide to your own filing strategy overview, including calculations of WEP and GPO

Remember, Social Security is a choice of a lifetime that can greatly impact the quality of your retirement. That's why it helps to work with your financial professional to arrive at a decision that's best for you.



### Clients

Talk to your financial professional to learn more about making a Social Security decision that meets your needs.

---



### Financial professionals

For more information, call your wholesaler or the Retirement Institute Planning Team at 1-877-245-0763 or visit [nationwidefinancial.com/socialsecurity](http://nationwidefinancial.com/socialsecurity).



**Nationwide<sup>®</sup>**  
is on your side

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Raymond James & Associates, Inc., member New York Stock Exchange / SIPC and Raymond James Financial Services, Inc., member FINRA / SIPC are subsidiaries of Raymond James Financial, Inc. and are independent of Nationwide. Raymond James<sup>®</sup> is a registered trademark of Raymond James Financial, Inc. Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

The content of this brochure is provided for informational purposes only and should not be construed as investment, tax or legal advice or a solicitation to buy or sell any specific securities product. The information provided is based on current laws, which are subject to change at any time, and has not been endorsed by any government agency.

Nationwide Investment Services Corporation (NISC), member FINRA, Columbus, Ohio. The Nationwide Retirement Institute is a division of NISC.

Nationwide, the Nationwide N and Eagle, Nationwide is on your side and Nationwide Retirement Institute are service marks of Nationwide Mutual Insurance Company. Social Security 360 and Social Security 360 Analyzer are service marks of Nationwide Life Insurance Company. © 2022 Nationwide

NFM-12200AO-RJ.9 (01/22)