RAYMOND JAMES

Maximizing your Social Security retirement benefits

Your first step toward understanding when and how to apply

Within your retirement income plan, Social Security retirement benefits should be considered a critical asset alongside other sources of reliable income.

Baby boomers are living longer, on average, than any previous generation. It's good news, but it also presents several new challenges. A longer life increases the likelihood that you'll have substantial medical and long-term care expenses. The value of your nest egg will be up against a rising cost of living over a longer period of time. And, quite simply, you could outlive your money.

Alongside your other accounts and savings, Social Security is a key source of retirement income, and to maximize its value, you'll need a strategy.

This guide offers an overview of how these important benefits work and the critical factors that relate to making the most of them.

KEY TAKEAWAYS

Deciding when and how to start drawing Social Security retirement benefits involves a number of factors specific to each investor's personal situation.

Delaying benefits on your own account as long as you can (up to age 70) will increase the amount you are eligible to receive, as well as survivor benefits.

Consult your financial advisor to address each factor as it pertains to your circumstances, and develop a plan to get the most from your benefits.

KEY ISSUES TO ADDRESS BEFORE DRAWING SOCIAL SECURITY BENEFITS

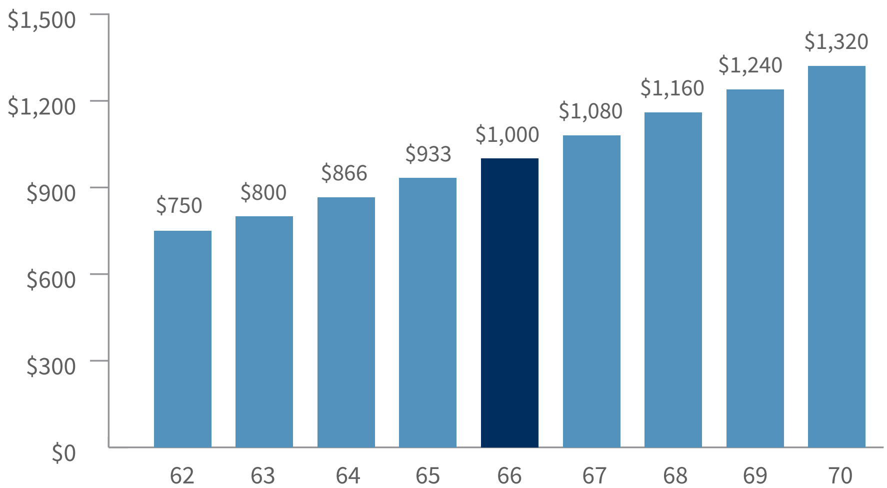
YOUR AGE: WHEN SHOULD YOU DRAW BENEFITS?

Perhaps the most impactful decision you can make regarding Social Security benefits is the age at which you'll begin drawing them. Your full retirement age (FRA) falls between ages 65 and 67, depending on the year in which you were born. (See the table on page 3 to determine your full retirement age.) Your monthly benefit at FRA is based on your Primary Insurance Amount (PIA). You need 10 years of work history (40 credits) to qualify for your own benefits, which will be based on an average of the 35 years in which you earned the most. Higher lifetime earnings result in higher benefits, and if there are years in which you earned low or no income, your benefit amount may be lower than if you had worked steadily.

You may be eligible to draw benefits sooner than your FRA – as early as age 62 – but this will permanently reduce the payout you are eligible to receive. On the other hand, if you elect to delay benefits until after your FRA (up to age 70), you will receive an increased benefit.

The virtues of patience:

Your benefits will differ based on the age at which you begin collecting them. For example, waiting to draw on Social Security – up to age 70 – will increase your benefits, while drawing benefits before you reach FRA will reduce your payout.



Assuming full retirement age of 66.

If you are considering applying for benefits soon, you're likely concerned with four primary decision factors:

1 **Your Age**
When should you draw benefits?

2 **Your Job**
How do earnings impact your benefits?

3 **Your Taxes**
How are benefits taxed when combined with other retirement income?

4 **Your Marriage**
How do spousal and survivor benefits work?

Full retirement age (FRA)

Full retirement age is age 66 for anyone born from 1943 through 1954. Reduced benefits are still available starting at age 62.

- If you were born between 1954 and 1960, your FRA is 66 plus 2-month increments depending on the year you were born (see the table below).
- If you were born in 1960 or later, your FRA is 67.

Delayed retirement credit

Once you reach FRA, a delayed retirement credit is applied to your benefits for each full year that you delay drawing benefits. The delayed retirement credit is 8% per year for those born in 1943 or later. The credit stops once you reach age 70.

Benefit limit

In 2018, the maximum payout for any beneficiary is $2,788 per month.

Year of birth	Full retirement age	Percentage of full benefits received at 62	Yearly increase if retirement delayed beyond FRA
1937 or earlier	65	80%	–
1938	65 and 2 months	79.1	–
1939	65 and 4 months	78.3	–
1940	65 and 6 months	77.5	–
1941	65 and 8 months	76.6	7.5%
1942	65 and 10 months	75.8	7.5
1943 – 1954	66	75	8
1955	66 and 2 months	74.1	8
1956	66 and 4 months	73.3	8
1957	66 and 6 months	72.5	8
1958	66 and 8 months	71.6	8
1959	66 and 10 months	70.8	8
1960 or later	67	70	8

Source: Social Security Administration, www.ssa.gov

KEEP MEDICARE IN MIND:

Even though you are eligible to receive Social Security benefits starting at age **62**, keep in mind that Medicare eligibility age remains **65**.

YOUR JOB: HOW DO EARNINGS IMPACT YOUR BENEFITS?

If you are employed and earning an income, it may be to your advantage to continue working and delay drawing Social Security until FRA to avoid partial withholding of benefits.

If you elect to start drawing benefits before reaching your FRA, they will be reduced by $1 for every $2 of annual earnings above $17,040. If you reach FRA in 2018, the earnings limit is $45,360 through the months before your birthday. Above that, the reduction is $1 for every $3. If you continue to work, there are no earnings limits after reaching FRA; you will receive your full benefit.

	2018 Earnings Limit
Under FRA $1 of benefits withheld for every $2 in earnings above the limit	**$17,040**
Year individual reaches FRA $1 of benefits withheld for every $3 in earnings above the limit for months prior to attaining FRA	**$45,360**
Month individual reaches FRA and beyond Reduction no longer applies	**Unlimited**

THE LONG GAME

If you choose to continue working beyond your FRA the benefits are twofold: you'll increase your eventual Social Security payout and have more time to contribute to your qualified retirement plans.

YOUR TAXES: HOW ARE BENEFITS TAXED WHEN COMBINED WITH OTHER RETIREMENT INCOME?

Social Security benefits may be taxed depending on your total provisional income*. Your job earnings, pensions, investment interest, even tax-exempt interest, are included, as well as other sources such as annuity payments.

Depending on your filing status and provisional income, there are different tax thresholds. If your preliminary adjusted gross income falls within these thresholds, a portion of your Social Security benefit must be included as taxable income on your federal tax return.

It's important to consult both your financial advisor and tax professional for guidance on your situation.

Filing Status	Provisional Income	% of Benefit Potentially Taxable
Single	<$25,000	0%
	$25,000-$34,000	50%
	>$34,000	85%
Married, filing jointly	<$32,000	0%
	$32,000-$44,000	50%
	>$44,000	85%

*The provisional income formula is the sum of: Adjusted Gross Income plus any tax-exempt interest plus 50% of Social Security benefits.

YOUR MARRIAGE: HOW DO SPOUSAL AND SURVIVOR BENEFITS WORK?

There are three critical factors in determining Social Security benefits for spouses: length of the marriage, work history and the age of both spouses.

When applying for Social Security benefits, each spouse is deemed to have filed for both their own benefit and any spousal benefit for which they are eligible, unless filing restricted application, and will automatically receive the highest amount for which they are eligible.

If the higher-earning spouse elects to receive benefits before or after attaining FRA, their benefit will be reduced or increased, whereas the spousal benefit remains dependent on the PIA at the filing age of the spouse. If the spouse claiming spousal benefits claims prior to their FRA, their benefit will be permanently reduced.

To receive benefits based on a spouse's work history:

- Both spouses must be at least age 62.
- They need to have been married for at least one year or have a dependent child together.
- The spouse must apply for and begin taking their Social Security retirement benefits or filed and suspended their retirement benefit before May 2, 2016.

To receive benefits based on a divorced spouse's work history:

- Both spouses must be at least age 62.
- They must have been married for at least 10 years.
- The claiming spouse cannot be remarried, unless they remarry after age 60, or unless remarried to a person receiving benefits as a widow, widower, parent or disabled child.
- They must have been divorced for at least two years, unless entitled before the divorce in which case there is no waiting period.

A widow(er) may receive survivor benefits at age 60 if married for at least nine months before death occurs or at any age if he or she has a child who is under age 16 or disabled. Should the widow(er) remarry before the age of 60, the Social Security benefit for the widow(er) will terminate – but the benefit for the eligible child will not.

FILE AND SUSPEND

Those collecting benefits as of May 2, 2016, based on the earnings of someone who has suspended their benefit, can continue to collect. However, this is no longer an option after May 2, 2016.

RESTRICTED APPLICATION

Only those who were born January 1, 1954 or earlier can collect a spousal benefit while allowing their individual benefit to continue earning delayed retirement credits.

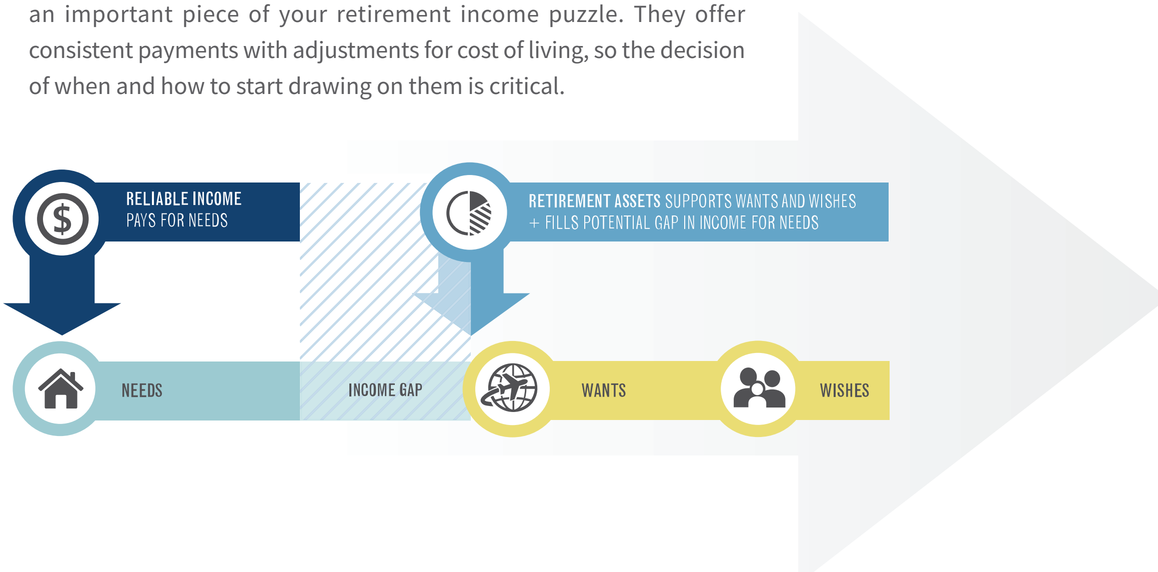
Restricted application can only be used at full retirement age.

NEXT STEPS

There are myriad different scenarios that may impact your decision about when to apply for – and begin drawing – your Social Security benefits. Since each situation is unique, it's important to seek guidance on how to maximize your benefits. Begin the process by meeting with your financial advisor to take a comprehensive look at your situation in the context of your overall retirement plan.

YOUR RETIREMENT INCOME PICTURE

Along with your other savings, your Social Security benefits are an important piece of your retirement income puzzle. They offer consistent payments with adjustments for cost of living, so the decision of when and how to start drawing on them is critical.



TALK TO YOUR FINANCIAL ADVISOR

Your financial advisor has the tools, resources and expertise to help you weigh your options and make the decisions that best fit into your overall retirement plan.

Assess the impact of Social Security on your overall retirement plan. ▶ Evaluate key decision factors and understand how they affect your benefits. ▶ Implement your unique plan to maximize the benefits you're entitled to.

Please note that changes in tax laws or regulations may occur at any time and could substantially impact your situation. Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.

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