Using Your Social Security Statement to Plan for Retirement
It’s easy to see how much of your paycheck goes to Social Security. But up until now, it hasn’t been easy to find out how much Social Security will pay you when you retire or become disabled, or the amount your family may receive from Social Security if you die.

Many of the answers you need are contained in a mailing called “Your Social Security Statement,” which you’ll receive from the Social Security Administration about three months before your birthday.

The Statement should play an important role in your retirement planning. It’s a personalized summary of your lifetime earnings, and it projects the monthly amounts you may receive from Social Security for retirement, disability, or survivor’s benefits for your family.

Using the projections in your Statement and following a few simple steps now can help you get a clearer picture of your readiness for retirement—whether it’s decades in the future or just around the corner.
Page 2 of the Statement provides estimates of your Social Security retirement benefits, as well as disability and survivor protection. Your Social Security retirement benefits are based on your:

- Past earnings
- Age
- Age when you begin receiving benefits

You can begin receiving benefits any time between the ages of 62 and 70, but your age will affect how much you receive. Don’t assume that you can draw full benefits at age 65—the rules have changed. (See chart on opposite page.)

To avoid confusion with future benefit payments, it’s important to verify that the facts and figures on your Statement are correct. While errors are not common, you should review all the personal data—especially your earnings history—and report any discrepancies to the Social Security Administration.

### AGE TO RECEIVE FULL SOCIAL SECURITY BENEFITS

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or earlier</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 and 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 and 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 and 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 and 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 and 10 months</td>
</tr>
<tr>
<td>1943–1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
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<tr>
<td>1956</td>
<td>66 and 4 months</td>
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<tr>
<td>1957</td>
<td>66 and 6 months</td>
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<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67</td>
</tr>
</tbody>
</table>

Source: Social Security Administration.

*Note: Persons born on January 1 of any year should refer to the full retirement age for the previous year.*

If your full retirement age is more than 65 (that is, you were born after 1937), you still will be able to take your retirement benefits at age 62, but there will be a reduction in your benefit amount.

To find out how retiring earlier will affect your benefits, you may request another annual Statement indicating your anticipated retirement age. Simply contact the Social Security Administration directly at (800) 772-1213 or access their website at [www.ssa.gov/mystatement](http://www.ssa.gov/mystatement).
Go back to your Statement. Take another look at your projected monthly benefit. If you’re like most people, Social Security will not provide enough income for your retirement. That’s why you need an effective plan.

Approximate your retirement expenses
The conventional wisdom is that you need 70% to 80% of your preretirement income—adjusted each year for inflation. But that’s not the way many retirees spend money.

Depending upon your lifestyle and dreams, you might need a higher level of income in the early years of retirement in order to travel or pursue hobbies. Later on, you might spend less on these items, but more on healthcare.

Your plan should take your changing needs into account. Also factor in the effects of inflation, because it will decrease your buying power over time.

Where will your money come from?
List other income sources you have to help bridge the gap between Social Security benefits and the income you’ll actually need in retirement. For instance:

- A 401(k) or pension plan at work
- IRAs
- Annuities
- Personal savings and investments
- Part-time work while retired (Keep in mind that working in retirement can reduce your Social Security benefits prior to reaching your normal retirement age.)

This is a good time to review your company benefit statement [pension and 401(k)] to see how much retirement income these plans might provide. Are you participating to the fullest extent possible? If your income projection still comes up short, there are other steps you can take to try to get on track for a comfortable retirement.

Your financial professional can review your Statement and your current retirement plan to see if you’re on track to reach your goals. If you haven’t done much planning, he or she can help you develop a strategy to begin building assets for the future.
Effective management of your investments is one key to a successful retirement. Your assets should be invested to:

- Keep taxes to a minimum
- Have growth opportunities before and during retirement
- Help you manage risk

An effective asset allocation can help you accomplish these goals. Review your current allocation with your financial professional to see if it’s appropriate for your investor profile. At times, you may choose to invest more aggressively to try to “catch up” on your retirement savings.

PROTECT YOURSELF FROM THE UNEXPECTED

Page 2 of your Statement also provides projected benefit amounts in the event of your disability or death. Take this opportunity to consider whether those benefits will be sufficient to protect your assets and your family.

The checklist to the right can help you get started.

PROTECTION CHECKLIST

Disability Benefits
Your Statement shows how much you would receive from Social Security if you become disabled.

- Will that be enough money to meet your needs?
- Do you have other resources and disability protection?

Survivor Benefits
The survivor benefits on page 2 of the Statement show how much Social Security may provide your family if you were to die prematurely.

- Will these benefits be enough to replace your income?
- Do you have enough life insurance to meet your family’s future income needs?

Medicare
Social Security also provides Medicare benefits when you reach retirement age, but Medicare doesn’t cover all your healthcare expenses.

- How will you fill the gap between what Medicare provides and the coverage you will need?
- Since Medicare doesn’t generally provide nursing home coverage, should you consider long-term care insurance?
GET THE REST OF THE STORY

Your Social Security Statement provides important information, but as you can see, it raises as many questions as it answers:

■ Are you investing wisely, and are you on course to achieve your retirement goals?
■ Will your assets produce the income you need in retirement?
■ Are you protected from unexpected interruptions in income?

*Call for a free retirement checkup today!*

Your financial professional will discuss your Statement and current retirement plan, and answer any questions you may have. Then he or she will use a variety of planning tools to suggest ways you can build assets and help create income for an enjoyable retirement.