



Social Security FAQ

WHAT ARE THE DIFFERENT TYPES OF SOCIAL SECURITY RETIREMENT BENEFITS?

- ✓ Retirement Benefits
 - This benefit replaces a percentage of a worker's pre-retirement income based on their lifetime earnings.
- ✓ Spousal Benefits
 - Spouses may claim a Social Security benefit based on their own earnings record, or collect a spousal benefit that will provide 50% of the amount of their spouse's retirement benefit calculated at full retirement age. This benefit provides opportunities for ML&R to run simulations and maximize a couple's social security strategy.
 - Survivor Benefits – If one were to become widowed, they would be eligible to receive the greater of either 100% of their deceased spouse's benefits or 100% of their own, at full retirement age.
 - Divorce Benefits – If you are divorced, and you were married 10 years or longer, you can receive benefits based on your ex-spouse's earnings record.

WHEN CAN I APPLY FOR SOCIAL SECURITY BENEFITS?

- ✓ Age 62: the minimum age an individual may begin receiving social security benefits.
- ✓ Age 66 or 67: considered "Full Retirement Age"
 - If you were born prior to 1955, your full retirement age is 66 years and 2 months. This age gradually rises up to 67 for those born in 1960 or later.
- ✓ Age 70: the latest an individual may begin receiving social security benefits

Each year you defer benefits after full retirement age, your annual income will increase by 8%. Delaying benefits until age 70 results in an increase up to 32% more than full retirement age benefits. If you choose to begin taking benefits prior to full retirement age, you will receive a reduced income of up to 25 percent less than the full retirement benefit.



WHEN SHOULD I BEGIN SOCIAL SECURITY?

This answer is different for everybody. ML&R uses a variety of tools to optimize your social security benefits in conjunction with your overall financial plan. We factor in which strategy will maximize your lifetime benefits based on your filing status, as well as take into consideration your tax situation and income needs during retirement. **In order for us to answer this questions using our resources, provide your Social Security earnings statement that you should begin receiving at age 60 to your advisor.**

HOW DOES SOCIAL SECURITY AFFECT MY TAX SITUATION?

- ✓ Social Security Benefits become taxable once your “combined income” reaches \$32,000 for married couples. For these purposes, combined income is calculated as follows:

Combined Income = Adjusted Gross Income + Nontaxable interest + 1/2 of Social Security Benefits.

- ✓ For married couples filing jointly, a combined income between \$32,000 and \$44,000 means that up to 50% of benefits can be taxable. Above \$44,000, 85% of benefits could be taxable.

HOW DO I ENROLL?

- ✓ You can apply either online, in person, or by phone
 - Website: <http://www.ssa.gov/retire2/applying8.htm>
 - Physical Locations:
 - * **Recommended Location:**
5508 B, US-290
Austin, Texas 78735
 - * 1029 Camino La Costa
Austin, Texas 78752
 - Phone Number: 1 (800) 772-1213