



Maximizing Social Security Benefits

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Importance of Social Security in Retirement Planning

CURRENT BENEFITS OF SOCIAL SECURITY:

- Provides income stream for life not impacted by stock market volatility
- Cost-of-living adjustments to help keep up with inflation
- Provides survivorship benefits for married couples

SOCIAL SECURITY PROVIDES STEADY INCOME STREAM IN RETIREMENT

Consider a married couple both at Full Retirement Age (FRA) who worked:

	Mr.	Mrs.	Total
Monthly Social Security Benefit		\$2,000	\$1,261
	<u>x12</u>	<u>x12</u>	
	<u>\$24,000</u>	<u>\$15,132</u>	<u>\$39,132</u>
Safe Withdrawal Rate %			4%*
Size of Investment Portfolio Needed			<u>\$ 978,300</u>

* William P. Bengen is an author and a certified financial planner, who published what has come to be referred to as The Four Percent Drawdown rule for withdrawal rates from retirement savings.

How is a Person Eligible?

- Work sufficient # of quarters - worker with 40 quarters insured for life
(Or married to spouse who worked 40 quarters to receive spousal benefits)
- Quarter of coverage - need earnings of: \$1,160
- Can earn all four quarters in a couple of months
- Maximum of four quarters per year
- Need to pay FICA payroll tax for those quarters
- Maximum monthly benefit for worker retiring at FRA = \$2,533
- Estimated average monthly benefit for all retired workers = \$1,261

Social Security Crisis?

PER 2013 SS TRUSTEES' REPORT

- Social Security & Medicare together accounted for 38% of federal expenditures in fiscal year 2012.
- Starting in 2010, Social Security expenditures have exceeded tax receipts (since 1983) & are projected to exceed income for the next 75 years.
- By 2033 it is projected that the trust fund will be exhausted - unchanged from last year's report, with 77% of benefits still payable at that time.
- Tax income will pay about 75% of benefits through 2087.
- The 2% temporary cut in the employee payroll tax in 2011 and 2012 reduced revenues by an estimated \$222 billion.

Source: Social Security and Medicare Boards of Trustees - Status of the Social Security and Medicare Programs Summary of the 2013 Annual Report found at ssa.gov/OACT

POSSIBLE CORRECTIONS TO FIX SOCIAL SECURITY PROBLEM

- Raise retirement age
- Decrease retirement benefits
- Increase FICA tax above 6.2%
- Raise earning cap above \$113,700
- Change cost-of-living adjustment (COLA) to "Chained COLA" which would reduce benefit by 3/10ths of 1% / yr
- Need to take action ASAP! whatever the fix is - more time available to phase-in changes

Social Security and Working

EARNINGS LIMIT BETWEEN AGE 62 AND FRA

Age	2013 Limits	Considerations
Under (FRA)	\$15,120	For every \$2 over the limit \$1 is withheld from benefits
In the year FRA is reached	\$40,080	For every \$3 over limit, \$1 is withheld from benefits until month in which FRA is reached
Starting month of FRA	No limit on earnings	Not applicable

See SSA Publication No. 05-10003 for annual changes in the earnings limit.
Source: ssa.gov/pubs/10003.html

WORKING WHILE RECEIVING BENEFITS

Example - Earnings before FRA:

Earned Income at age 63 \$25,000

2013 Earnings Limit ~~\$(15,120)~~

Amount over Limit = \$9,880

Amount over Limit \$9,880

Benefit Reduction $\div 2$ (\$1 deduction from benefits for every \$2 earned over limit)

Reduction in Annual Benefit \$4,940

Earnings Test During First Partial Year:

Earned income prior to collecting benefits not counted and earnings test is applied on a monthly basis (\$1,260/Mnth) for the remainder of the first year.

Earnings Test in Year FRA is Reached:

Limit applies only to the months before reaching FRA.

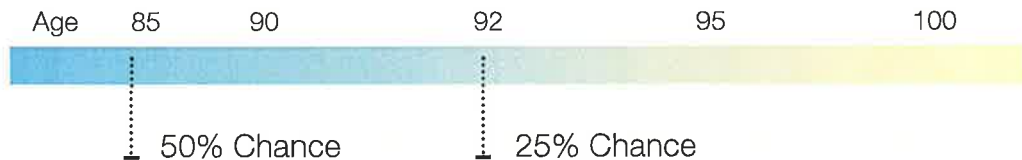
Benefits lost to earnings cap deferred - SSA recalculates benefits @ FRA

Potential Ways to Optimize Social Security

- Build earnings credits while you can
- Win the actuarial game
- Consider delayed retirement credits
- Coordinate spousal benefits
- Minimize taxes on benefits

PLAN FOR LONGEVITY

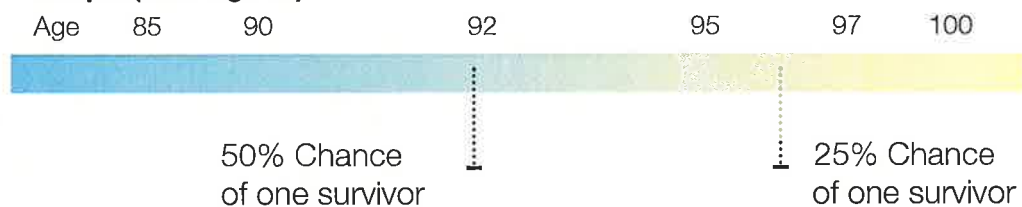
Male Age 65



Female Age 65



Couple (Both Age 65)



Source: Annuity 2000 Mortality Table, American Society of Actuaries.
Figures assume you are in good health.

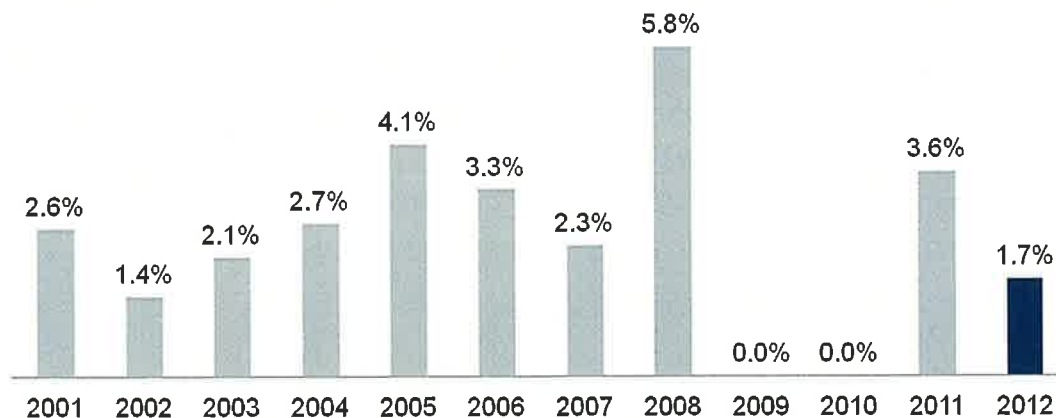
Taxation of Social Security Benefits

Filing Status	Combined Income*	Amount of SS Subject to Tax
Married filing jointly	Under \$32,000	Zero
	\$32,000 - \$44,000	50%
	Over \$44,000	85%
Single, head of household; widow(er), married filing separate (MFS) & living apart	Under \$25,000	Zero
	\$25,000 - \$34,000	50%
	Over \$34,000	85%
MFS & living with spouse	Over zero	85%

*Combined income includes tax-exempt interest, excluded foreign income, plus 50% of Social Security benefits

Sources: socialsecurity.gov/planners/taxes.htm
irs.gov/pub/irs-pdf/p915.pdf

Social Security Cost-of-Living Adjustments



Source: socialsecurity.gov/cola/automatic-cola.htm

The 1.7 percent cost-of-living adjustment (COLA) will begin for Social Security beneficiaries January 2013 and for SSI beneficiaries on December 31, 2012.

What Is Your Full Retirement Age?

Last change in retirement age was 1983 when Congress cited improvements in health and increases in average life expectancy as primary reasons for increasing FRA from 65 to:

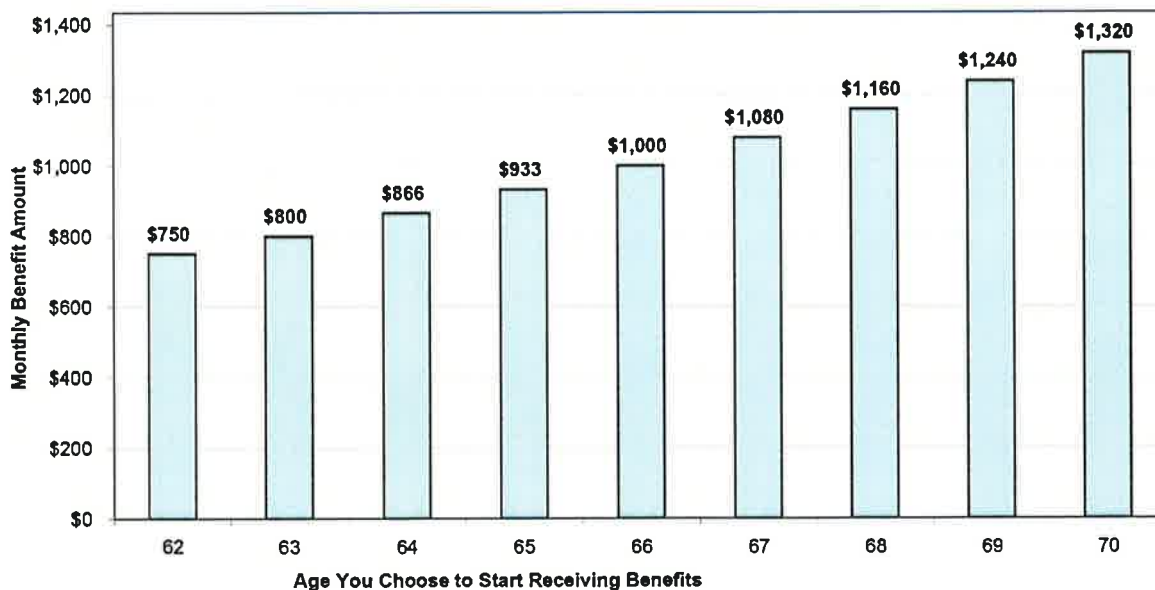
Year of Birth	Social Security FRA		Benefit Reduction at 62
	Age	Months	
1943-1954	66	0	25.00%
1955	66	2	25.83%
1956	66	4	26.67%
1957	66	6	27.50%
1958	66	8	28.33%
1959	66	10	29.17%
1960 and later	67	0	30.00%

Source: socialsecurity.gov/OACT/quickcalc/earlyretire.html

TAKING SOCIAL SECURITY AT AGE 62 IS AN IRREVERSIBLE DECISION WITH POTENTIAL LONG-TERM EFFECTS

Monthly benefit amounts differ based on the age you decide to start receiving benefits

This example assumes a benefit of \$1,000 at a FRA (age 66)



SSA Publication No. 05-10147, July 2008, ICN 480136

DELAYED RETIREMENT CREDIT

- Earn 8% for every year you delay claiming Social Security beyond FRA.
- The credits stop at age 70.
- The credit only applies to worker's benefit.

Year of Birth	Delayed Retirement Credit
1943-1954	132.00%
1955	130.67%
1956	129.33%
1957	128.00%
1958	126.67%
1959	125.33%
1960 and later	124.00%

Source: socialsecurity.gov/OACT/ProgData/ar_drc.html

Social Security & Divorce

- Age Requirement:
 - To qualify for ex-spouses' benefits you must be at least 62 years of age
 - Benefits increase if you wait until FRA (50% of ex-spouse benefit)
- Marriage Requirement:
 - Must have been married to ex-spouse for a minimum of 10 years
 - Divorced from ex-spouse for at least two years
 - Must be currently unmarried
- If Ex-Spouse is Deceased:
 - Can qualify for deceased ex-spouse's benefits if you were married for at least 10 years and are 60 years old - 50 years old if disabled
 - There is no age or marriage requirement if you are caring for your ex-spouse's minor child

SOCIAL SECURITY & DIVORCE (CONTINUED)

- Maximize Benefits:

Can begin receiving one benefit and switch to other benefit:

- If your retirement benefit > ex-spouse benefit, collect ex-spouse benefit at FRA (currently 66) and delay taking own retirement benefit until age 70.
- If ex-spouse benefits > own retirement benefit, consider not collecting ex-spouse's benefit before FRA since it will be permanently reduced.

Social Security & Survivor Benefits

- Age Requirement:

- To qualify for survivor benefits you must be at least 60 years of age
- Benefits increase if you wait until FRA

- Marriage Requirement:

- Must have been married at least nine months before spouse died (There are exceptions)
- Must not remarry before age 60

- Maximize Benefits

Widow/Widower begins receiving one benefit at reduced rate and at FRA, switch to other benefit at unreduced rate:

- If higher earner's retirement benefit > survivor benefit, collect survivor benefit at age 60, or ASAP if older, and delay taking own retirement benefit until FRA or age 70.
- If lower earner's survivor benefits > own retirement benefit, consider not collecting survivor benefit before FRA since it will be permanently reduced.

- If Deceased Spouse Had Begun Benefits:

- Before FRA = Surviving spouse entitled to larger of what deceased spouse was getting or 82.5% of their primary insurance amount, subject to reduction if survivor is not yet FRA.
- At FRA or later = Surviving spouse entitled to whatever deceased spouse was receiving, including delayed retirement credits subject to reductions if survivor is not yet FRA.

- Social Security will not notify widows/widowers of their eligibility for survivor benefits.

SURVIVOR BENEFITS

Survivor benefits are reduced if claimed before FRA

If you were born between 1945 and 1956:

Age	Amount of Benefit
60	71.50%
61	76.30%
62	81.00%
63	85.80%
64	90.50%
65	95.30%
66	100.00%

Source: socialsecurity.gov/survivorplan/1945s.html

Earnings rule applies to survivorship benefits prior to FRA

Social Security & Singles

- Take Social Security at 62, FRA, 70 or in-between.
- No one-size fits all answer.
- Depends on health, finances and retirement age.
- Provides a hedge against outliving your assets.

Social Security Planning Strategies

DECISIONS FOR SPOUSES

- Married couples have more options
- Need to coordinate spousal benefits
- There are unusual filing strategies
- Goal - Create largest survivor benefit

COORDINATE SPOUSAL BENEFITS

- Spouses are eligible for a larger of:
Benefit on their own record
OR
Up to 50% of their spouse's work record
- Can't claim spousal benefits until spouse files for own
- Don't leave money (spousal benefit) on the table.

WITHDRAWAL OF APPLICATION

- Retirees able to withdraw application for Social Security benefits only once during lifetime & only within 12 months of when they begin receiving their benefits.

If you withdraw your application:

- Must repay all the benefits you & your family received based on your retirement application.
- Must repay Medicare premiums & any federal tax withholding.
- Need to fill out Social Security Form SSA-521.
- If unable to withdraw retirement application, once you reach FRA, but are not yet age 70, can ask Social Security to suspend payments.

Source: socialsecurity.gov/retire2/withdrawal.htm

Jack & Diane Example

SOCIAL SECURITY COMPARISON

- For Illustrative Purposes Only -

1. This analysis compares Jack and Diane's Social Security benefits assuming Jack lives through ages 85 & 75, and Diane through age 95.
2. The projected Social Security benefits are as follows:

	Gross Annual Benefit	After-Tax Annual Benefit	Gross Monthly Benefit
Jack			
Age 62	\$18,000	\$15,705	\$1,500 (Today's Dollars)
Age 66	\$24,000	\$20,940	\$2,000 (Today's Dollars)
Age 70	\$31,680	\$27,641	\$2,640 (Today's Dollars)

Assume future taxable earnings of: \$58,400 until the age Jack begins taking benefits

	Gross Annual Benefit	After-Tax Annual Benefit	Gross Monthly Benefit
Diane			
Age 62	\$11,352	\$9,905	\$946 (Today's Dollars)
Age 66	\$15,132	\$13,203	\$1,261 (Today's Dollars)
Age 70	\$19,968	\$17,422	\$1,664 (Today's Dollars)

Assume future taxable earnings of: \$30,072 until the age Diane begins taking benefits

3. Other assumptions are as follows:

Estimated marginal tax rate in retirement 15% (WI does not tax Social Security)

After-tax investment return** 5.74%

Social Security benefit inflation assumption 2%

4. If the after-tax return assumption is increased, the breakeven ages indicated in this analysis will likely increase and vice versa if the return is decreased.

** The after-tax investment return is derived from a balanced investment objective (typically 60% equities/40% fixed) with anticipated returns as determined by U.S. Bank's Asset Management Group (AMG).

Current projected rate of return is: 6.75% (Balanced Portfolio)

(Per U.S. Bank's Asset Management Group - net of investment fees)

Unique Filing Strategies

FILE & SUSPEND

- Individual at FRA claims Social Security benefit & immediately suspends payment.
- Allows spouse to claim a spousal benefit.
- Value of own future benefit increases by building up delayed retirement credits.
- A spousal benefit is equal to half of the retired worker's benefit, assuming that both the spouse and the retired worker have reached FRA (claiming earlier will reduce the amount of the benefit).
- The spouse **cannot** claim a spousal benefit until their husband or wife claims their retired worker benefit.
- If married couple are both at FRA, the one with the higher benefit applies for benefits now and has the payments suspended, while the other applies only for spousal benefits.

	Jack				
	F&S				X
Age	66	67	68	69	70

	Diane				
	S				X
Age	66	67	68	69	70

F&S Files for own benefits, but immediately suspends payment

X Begins receiving benefits based on own work record

S Files for spousal benefits - must tell Social Security to restrict benefit to spousal only

Source: socialsecurity.gov/retire2/suspend.htm

CLAIM NOW - CLAIM MORE LATER

- Married individual can claim spousal benefit at **FRA** and switch to own retirement benefit at a later date.
- Allows worker to begin claiming one type of benefit while still building up delayed retirement credits (**DRC**).
- **Example - married couple who both work:**
 - Spouse with lower benefit claims Social Security at 62.
 - Spouse with larger benefit at **FRA** files for spousal benefit only and at age 70, switches to own benefit with **DRC**.

Jack					
	S				X
Age	66	67	68	69	70

Diane					
	X				
Age	62	63	64	65	66

X Begins receiving Social Security benefits based on own work record

S Files for spousal benefits - must tell Social Security to restrict benefit to spousal only

Source: crr.bc.edu/briefs/strange-but-true-claim-social-security-now-claim-more-later

Social Security Example

- Assuming Jack lives through age 85 and 75 and Diane through age 95.

Jack & Diane Sample
Social Security Comparison
Jack Lives Through age 85
For Illustrative Purposes Only

JS Age	DS Age	Scenario 1 (Take Early)				Scenario 2 (Full Retirement Age)				Scenario 3 (File & Suspend)				Scenario 4 (Claim Now, Claim More Later)			
		Jack's @ Age 62 / Diane's @ Age 62				Jack's @ Age 66 / Diane's @ Age 66				Jack's @ Age 70 / Diane's @ Age 66				Diane's @ Age 62 / Jack sp @ age 66, then @ 70			
		Jack Gross Annual Benefit	Diane Gross Annual Benefit	After-Tax Annual Benefit	Income Tax	Jack Gross Annual Benefit	Diane Gross Annual Benefit	After-Tax Annual Benefit	Income Tax	Jack Gross Annual Benefit	Diane Gross Annual Benefit	After-Tax Annual Benefit	Income Tax	Jack Gross Annual Benefit	Diane Gross Annual Benefit	After-Tax Annual Benefit	Income Tax
62	62	18,000	11,352	25,610	(3,742)	25,978	16,379	(5,401)	36,957	-	-	-	-	-	11,352	(1,447)	9,905
63	63	18,360	11,579	26,122	(3,817)	26,498	16,707	(5,509)	37,696	-	-	-	-	-	11,579	(1,476)	10,103
64	64	18,727	11,811	26,644	(3,894)	27,028	17,041	(5,619)	38,450	-	-	-	-	-	11,811	(1,506)	10,305
65	65	19,102	12,047	27,177	(3,971)	27,568	17,382	(5,731)	39,219	-	-	-	-	-	12,047	(1,536)	10,511
66	66	19,484	12,288	27,721	(4,051)	28,120	17,730	(5,846)	40,004	37,118	23,396	(7,716)	52,798	8,190	12,288	(2,611)	17,867
67	67	19,873	12,534	28,275	(4,132)	28,682	18,084	(5,963)	40,804	37,861	23,864	(7,870)	53,854	8,353	12,534	(2,663)	18,224
68	68	20,271	12,784	28,841	(4,215)	29,256	18,446	(6,082)	41,620	38,618	24,341	(8,027)	54,931	8,521	12,784	(2,716)	18,588
69	69	20,676	13,040	29,417	(4,299)	29,841	18,815	(6,204)	42,452	39,390	24,828	(8,188)	56,030	8,691	13,040	(2,771)	18,960
70	70	21,090	13,301	30,006	(4,385)	30,438	19,191	(6,328)	43,301	40,178	25,324	(8,352)	57,151	37,118	13,301	(6,428)	43,990
71	71	21,512	13,567	30,606	(4,472)	31,047	19,575	(6,454)	44,167	40,981	25,831	(8,519)	58,294	37,861	13,567	(6,557)	44,870
72	72	21,942	13,838	31,218	(4,562)	31,667	19,966	(6,583)	45,051	41,801	26,347	(8,689)	59,460	38,618	13,838	(6,688)	45,768
73	73	22,381	14,115	31,842	(4,653)	32,301	20,366	(6,715)	45,952	42,637	26,874	(8,863)	60,649	40,178	14,115	(6,822)	46,683
74	74	22,828	14,397	32,479	(4,746)	32,947	20,773	(6,849)	46,871	43,490	27,412	(9,040)	61,862	40,981	14,397	(6,958)	47,617
75	75	23,285	14,685	33,129	(4,841)	33,606	21,188	(6,986)	47,808	44,360	27,960	(9,221)	63,099	40,981	14,685	(7,097)	48,569
76	76	23,751	14,979	33,791	(4,938)	34,278	21,612	(7,126)	48,764	45,247	28,519	(9,405)	64,361	41,801	14,979	(7,239)	49,540
77	77	24,226	15,278	34,467	(5,037)	34,963	22,044	(7,269)	49,739	46,152	29,090	(9,593)	65,648	42,637	15,278	(7,384)	50,531
78	78	24,710	15,584	35,157	(5,137)	35,663	22,485	(7,414)	50,734	47,075	29,671	(9,785)	66,961	43,490	15,584	(7,532)	51,542
79	79	25,204	15,896	35,860	(5,240)	36,376	22,935	(7,562)	51,749	48,016	30,265	(9,981)	68,300	44,360	15,896	(7,683)	52,573
80	80	25,708	16,213	36,577	(5,345)	37,104	23,394	(7,713)	52,784	48,977	30,870	(10,180)	69,666	45,247	16,213	(7,836)	53,624
81	81	26,223	16,538	37,308	(5,452)	37,846	23,862	(7,868)	53,840	49,956	31,488	(10,384)	71,060	46,152	16,538	(7,993)	54,697
82	82	26,747	16,868	38,055	(5,561)	38,602	24,375	(8,020)	54,931	50,734	32,100	(10,590)	72,458	47,075	16,868	(8,153)	55,791
83	83	27,282	17,206	38,816	(5,672)	39,375	24,909	(8,177)	56,030	51,749	32,734	(10,800)	73,907	48,016	17,206	(8,316)	56,906
84	84	27,828	17,550	39,592	(5,786)	40,178	25,487	(8,336)	57,151	52,784	33,372	(11,016)	75,404	48,977	17,550	(8,482)	58,044
85	85	28,384	17,901	40,384	(5,901)	41,016	26,082	(8,500)	58,294	53,840	34,016	(11,232)	76,952	49,956	17,901	(8,652)	59,205
86	86	-	31,847	41,016	(6,016)	41,801	26,697	(8,669)	59,460	54,931	34,671	(11,457)	78,500	-	50,955	(8,827)	60,386
87	87	-	32,484	41,620	(6,132)	42,637	27,312	(8,838)	60,649	56,030	35,326	(11,682)	80,048	-	51,974	(9,002)	61,580
88	88	-	33,134	42,245	(6,250)	43,490	27,960	(9,009)	61,862	57,151	36,000	(11,916)	81,646	-	53,014	(9,177)	62,784
89	89	-	33,796	42,899	(6,369)	44,360	28,646	(9,188)	63,099	58,294	36,691	(12,150)	83,250	-	54,074	(9,352)	63,998
90	90	-	34,472	43,561	(6,489)	45,247	29,347	(9,363)	64,361	59,460	37,386	(12,384)	84,854	-	55,156	(9,527)	65,212
91	91	-	35,162	44,232	(6,610)	46,152	30,090	(9,542)	65,648	60,649	38,100	(12,618)	86,458	-	56,259	(9,702)	66,436
92	92	-	35,865	44,909	(6,732)	46,871	30,773	(9,721)	66,961	61,862	38,821	(12,851)	88,062	-	57,384	(9,877)	67,660
93	93	-	36,582	45,592	(6,855)	47,617	31,504	(9,900)	68,300	63,099	39,552	(13,084)	89,666	-	58,532	(10,052)	68,884
94	94	-	37,314	46,296	(6,979)	48,360	32,246	(10,079)	69,666	64,361	40,296	(10,316)	91,270	-	59,702	(10,227)	70,108
95	95	-	38,060	47,000	(7,104)	49,104	33,000	(10,258)	71,060	65,648	41,040	(10,459)	92,874	-	60,896	(10,398)	71,332

Social Security Comparison - After Tax Investment Balance

Jack Lives Through age 85
For Illustrative Purposes Only

		Scenario 1 (Take Early)				Scenario 2 (Full Retirement Age)				Scenario 3 (File & Suspend)				Scenario 4 (Claim Now, Claim More Later)			
		Jack's @ Age 62 / Diane's @ Age 62				Jack's @ Age 66 / Diane's @ Age 66				Jack's @ Age 70 / Diane's @ Age 66				Diane's @ Age 62 / Jack sp @ age 66, then @ 70			
JS Age	DS Age	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance
62	62	-	25,610	-	25,610	-	-	-	-	-	-	-	-	-	9,905	-	9,905
63	63	25,610	26,122	1,469	53,201	-	-	-	-	-	-	-	-	9,905	10,103	568	20,576
64	64	53,201	26,644	3,052	82,897	-	-	-	-	-	-	-	-	20,576	10,305	1,181	32,061
65	65	82,897	27,177	4,756	114,831	-	-	-	-	-	-	-	-	32,061	10,511	1,839	44,411
66	66	114,831	27,721	6,588	149,140	-	36,957	-	36,957	-	11,333	-	11,333	44,411	17,867	2,548	64,826
67	67	149,140	28,275	8,557	185,972	36,957	37,696	2,120	76,774	11,333	11,560	650	23,543	64,826	18,224	3,719	86,769
68	68	185,972	28,841	10,670	225,483	76,774	38,450	4,405	119,629	23,543	11,791	1,351	36,685	86,769	18,588	4,978	110,336
69	69	225,483	29,417	12,937	267,837	119,629	39,219	6,864	165,712	36,685	12,027	2,105	50,816	110,336	18,960	6,331	135,627
70	70	267,837	30,006	15,367	313,210	165,712	40,004	9,508	215,223	50,816	52,798	2,916	106,530	135,627	43,990	7,782	187,399
71	71	313,210	30,606	17,970	361,786	215,223	40,804	12,348	268,375	106,530	53,854	6,112	166,497	187,399	44,870	10,752	243,021
72	72	361,786	31,218	20,757	413,762	268,375	41,620	15,398	325,393	166,497	54,931	9,553	230,981	243,021	45,768	13,943	302,732
73	73	413,762	31,842	23,740	469,344	325,393	42,452	18,669	386,514	230,981	56,030	13,253	300,263	302,732	46,683	17,369	366,784
74	74	469,344	32,479	26,929	528,751	386,514	43,301	22,176	451,992	300,263	57,151	17,228	374,642	366,784	47,617	21,044	435,445
75	75	528,751	33,129	30,337	592,217	451,992	44,167	25,933	522,092	374,642	58,294	21,495	454,430	435,445	48,569	24,984	508,998
76	76	592,217	33,791	33,978	659,987	522,092	45,051	29,955	597,098	454,430	59,460	26,073	539,963	508,998	49,540	29,204	587,742
77	77	659,987	34,467	37,867	732,321	597,098	45,952	34,258	677,308	539,963	60,649	30,980	631,592	587,742	50,531	33,722	671,995
78	78	732,321	35,157	42,017	809,495	677,308	46,871	38,861	763,039	631,592	61,862	36,238	729,691	671,995	51,542	38,556	762,092
79	79	809,495	35,860	46,445	891,799	763,039	47,808	43,779	854,626	729,691	63,099	41,866	834,656	762,092	52,573	43,725	858,390
80	80	891,799	36,577	51,167	979,543	854,626	48,764	49,034	952,424	834,656	64,361	47,888	946,905	858,390	53,624	49,250	961,264
81	81	979,543	37,308	56,201	1,073,052	952,424	49,739	54,645	1,056,809	946,905	65,648	54,329	1,066,882	961,264	54,697	55,153	1,071,113
82	82	1,073,052	38,055	61,566	1,172,673	1,056,809	50,734	60,634	1,168,178	1,066,882	66,961	61,212	1,195,056	1,071,113	55,791	61,455	1,188,359
83	83	1,172,673	38,816	67,282	1,278,771	1,168,178	51,749	67,024	1,286,951	1,195,056	68,300	68,566	1,331,922	1,188,359	56,906	68,182	1,313,447
84	84	1,278,771	39,592	73,369	1,391,733	1,286,951	52,784	73,839	1,413,574	1,331,922	69,666	76,419	1,478,007	1,313,447	58,044	75,359	1,446,851
85	85	1,391,733	40,384	79,851	1,511,967	1,413,574	53,840	81,104	1,548,517	1,478,007	71,060	84,801	1,633,868	1,446,851	59,205	83,013	1,589,069
86	86	1,511,967	41,197	86,749	1,626,503	1,548,517	54,934	88,846	1,671,044	1,633,868	72,123	93,743	1,772,069	1,589,069	60,358	91,173	1,724,701
87	87	1,626,503	42,032	93,321	1,748,166	1,671,044	56,034	95,876	1,801,274	1,772,069	73,288	101,672	1,919,090	1,724,701	61,548	98,955	1,869,003
88	88	1,748,166	42,899	100,301	1,877,376	1,801,274	57,141	103,348	1,939,664	1,919,090	74,452	110,108	2,075,452	1,869,003	62,793	107,234	2,022,492
89	89	1,877,376	43,787	107,714	2,014,577	1,939,664	58,044	111,288	2,086,694	2,075,452	75,642	119,079	2,241,711	2,022,492	64,040	116,040	2,185,712
90	90	2,014,577	44,721	115,586	2,160,241	2,086,694	59,034	119,724	2,242,875	2,241,711	76,812	128,618	2,418,452	2,185,712	65,288	125,405	2,359,240
91	91	2,160,241	45,671	123,944	2,314,863	2,242,875	60,034	128,685	2,408,746	2,418,452	77,959	138,759	2,606,297	2,359,240	66,548	135,361	2,543,688
92	92	2,314,863	46,621	132,815	2,478,971	2,408,746	61,034	138,202	2,584,878	2,606,297	79,108	149,536	2,805,900	2,543,688	67,806	145,944	2,739,699
93	93	2,478,971	47,571	142,231	2,653,120	2,584,878	62,034	148,307	2,771,874	2,805,900	80,258	160,989	3,017,958	2,739,699	69,056	157,190	2,947,958
94	94	2,653,120	48,521	152,223	2,837,899	2,771,874	63,034	159,036	2,970,373	3,017,958	81,408	173,155	3,243,203	2,947,958	70,306	169,139	3,169,188
95	95	2,837,899	49,471	162,824	3,033,931	2,970,373	64,034	170,425	3,181,049	3,243,203	82,557	186,079	3,482,414	3,169,188	71,557	181,832	3,404,152

Jack & Diane Sample
Social Security Comparison
Jack Lives Through age 75
For Illustrative Purposes Only

JS Age	DS Age	Scenario 1 (Take Early)				Scenario 2 (Full Retirement Age)				Scenario 3 (File & Suspend)				Scenario 4 (Claim Now, Claim More Later)			
		Jack's @ Age 62 / Diane's @ Age 62				Jack's @ Age 66 / Diane's @ Age 66				Jack's @ Age 70 / Diane's @ Age 66				Diane's @ Age 62 / Jack sp @ age 66, then @ 70			
		Jack Gross Annual Benefit	Diane Gross Annual Benefit	Income Tax	After-Tax Annual Benefit	Jack Gross Annual Benefit	Diane Gross Annual Benefit	Income Tax	After-Tax Annual Benefit	Jack Gross Annual Benefit	Diane Gross Annual Benefit	Income Tax	After-Tax Annual Benefit	Jack Gross Annual Benefit	Diane Gross Annual Benefit	Income Tax	After-Tax Annual Benefit
62	62	18,000	11,352	(3,742)	25,610	25,978	16,379	(5,401)	36,957	-	-	-	-	-	11,352	(1,447)	9,905
63	63	18,360	11,579	(3,817)	26,122	26,498	16,707	(5,509)	37,696	-	-	-	-	-	11,579	(1,476)	10,103
64	64	18,727	11,811	(3,894)	26,644	27,028	17,041	(5,619)	38,450	-	-	-	-	-	11,811	(1,506)	10,305
65	65	19,102	12,047	(3,971)	27,177	27,568	17,382	(5,731)	39,219	-	-	-	-	-	12,047	(1,536)	10,511
66	66	19,484	12,288	(4,051)	27,721	28,120	17,730	(5,846)	40,004	37,118	23,396	(7,716)	52,798	8,190	12,288	(2,611)	17,867
67	67	19,873	12,534	(4,132)	28,275	28,682	18,084	(5,963)	40,804	37,861	23,864	(7,870)	53,854	8,353	12,534	(2,663)	18,224
68	68	20,271	12,784	(4,215)	28,841	29,256	18,446	(6,082)	41,620	38,618	24,341	(8,027)	54,931	8,521	12,784	(2,716)	18,588
69	69	20,676	13,040	(4,299)	29,417	29,841	18,815	(6,204)	42,452	39,390	24,828	(8,188)	56,030	8,691	13,040	(2,771)	18,960
70	70	21,090	13,301	(4,385)	30,006	30,438	19,191	(6,328)	43,301	40,178	25,324	(8,352)	57,151	37,118	13,301	(6,428)	43,990
71	71	21,512	13,567	(4,472)	30,606	30,882	19,575	(6,454)	44,167	40,981	25,831	(8,519)	58,294	37,861	13,567	(6,557)	44,870
72	72	21,942	13,838	(4,562)	31,218	29,256	18,446	(6,082)	41,620	38,618	24,341	(8,027)	54,931	38,618	13,838	(6,688)	45,768
73	73	22,381	14,115	(4,653)	31,842	29,841	18,815	(6,204)	42,452	39,390	24,828	(8,188)	56,030	39,390	14,115	(6,822)	46,683
74	74	22,828	14,397	(4,746)	32,479	30,438	19,191	(6,328)	43,301	40,178	25,324	(8,352)	57,151	40,178	14,397	(6,958)	47,617
75	75	23,285	14,685	(4,841)	33,129	31,047	19,575	(6,454)	44,167	40,981	25,831	(8,519)	58,294	40,981	14,685	(7,097)	48,569
76	76	-	26,126	(3,331)	22,795	-	31,667	(4,038)	27,630	-	41,801	(5,330)	36,471	-	41,801	(5,330)	36,471
77	77	-	26,648	(3,398)	23,251	-	32,301	(4,118)	28,182	-	42,637	(5,436)	37,201	-	42,637	(5,436)	37,201
78	78	-	27,181	(3,466)	23,716	-	32,947	(4,201)	28,746	-	43,490	(5,545)	37,945	-	43,490	(5,545)	37,945
79	79	-	27,725	(3,535)	24,190	-	33,606	(4,285)	29,321	-	44,360	(5,656)	38,704	-	44,360	(5,656)	38,704
80	80	-	28,279	(3,606)	24,674	-	34,278	(4,370)	29,907	-	45,247	(5,769)	39,478	-	45,247	(5,769)	39,478
81	81	-	28,845	(3,678)	25,167	-	34,963	(4,458)	30,506	-	46,152	(5,884)	40,267	-	46,152	(5,884)	40,267
82	82	-	29,422	(3,751)	25,670	-	35,663	(4,547)	31,116	-	47,075	(6,002)	41,073	-	47,075	(6,002)	41,073
83	83	-	30,010	(3,826)	26,184	-	36,376	(4,638)	31,738	-	48,016	(6,122)	41,894	-	48,016	(6,122)	41,894
84	84	-	30,610	(3,903)	26,708	-	37,104	(4,731)	32,373	-	48,977	(6,245)	42,732	-	48,977	(6,245)	42,732
85	85	-	31,223	(3,981)	27,242	-	37,846	(4,825)	33,020	-	49,956	(6,369)	43,587	-	49,956	(6,369)	43,587
86	86	-	31,847	(4,060)	27,787	-	38,602	(4,922)	33,681	-	50,955	(6,497)	44,458	-	50,955	(6,497)	44,458
87	87	-	32,484	(4,142)	28,342	-	39,375	(5,020)	34,354	-	51,974	(6,627)	45,348	-	51,974	(6,627)	45,348
88	88	-	33,134	(4,225)	28,909	-	40,162	(5,121)	35,041	-	53,014	(6,759)	46,255	-	53,014	(6,759)	46,255
89	89	-	33,796	(4,309)	29,487	-	40,965	(5,223)	35,742	-	54,074	(6,894)	47,180	-	54,074	(6,894)	47,180
90	90	-	34,472	(4,395)	30,077	-	41,785	(5,328)	36,457	-	55,156	(7,032)	48,123	-	55,156	(7,032)	48,123
91	91	-	35,162	(4,483)	30,679	-	42,620	(5,434)	37,186	-	56,259	(7,173)	49,086	-	56,259	(7,173)	49,086
92	92	-	35,865	(4,573)	31,292	-	43,473	(5,543)	37,930	-	57,384	(7,316)	50,067	-	57,384	(7,316)	50,067
93	93	-	36,582	(4,664)	31,918	-	44,342	(5,654)	38,689	-	58,532	(7,463)	51,069	-	58,532	(7,463)	51,069
94	94	-	37,314	(4,758)	32,556	-	45,229	(5,767)	39,462	-	59,702	(7,612)	52,090	-	59,702	(7,612)	52,090
95	95	-	38,060	(4,853)	33,208	-	46,134	(5,882)	40,252	-	60,896	(7,764)	53,132	-	60,896	(7,764)	53,132

Jack & Diane Sample
Social Security Comparison - After Tax Investment Balance
Jack Lives Through age 75
For Illustrative Purposes Only

JS Age	DS Age	Scenario 1 (Take Early) Jack's @ Age 62 / Diane's @ Age 62				Scenario 2 (Full Retirement Age) Jack's @ Age 66 / Diane's @ Age 66				Scenario 3 (File & Suspend) Jack's @ Age 70 / Diane's @ Age 66				Scenario 4 (Claim Now, Claim More Later) Diane's @ Age 62 / Jack sp @ age 66, then @ 70			
		Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance	Beginning Balance	After-Tax Annual Benefit	After-Tax Investment Return	Ending Balance
62	62	-	25,610	-	25,610	-	-	-	-	-	-	-	-	-	9,905	-	9,905
63	63	25,610	26,122	1,469	53,201	-	-	-	-	-	-	-	-	9,905	10,103	568	20,576
64	64	53,201	26,644	3,052	82,897	-	-	-	-	-	-	-	-	20,576	10,305	1,181	32,061
65	65	82,897	27,177	4,756	114,831	-	-	-	-	-	-	-	-	32,061	10,511	1,839	44,411
66	66	114,831	27,721	6,588	149,140	-	-	-	-	-	-	-	-	44,411	17,867	2,548	64,826
67	67	149,140	28,275	8,557	185,972	36,957	37,696	2,120	76,774	11,333	11,560	650	23,543	64,826	18,224	3,719	86,769
68	68	185,972	28,841	10,670	225,483	76,774	38,450	4,405	119,629	23,543	11,791	1,351	36,685	86,769	18,588	4,978	110,336
69	69	225,483	29,417	12,937	267,837	119,629	39,219	6,864	165,712	36,685	12,027	2,105	50,816	110,336	18,960	6,331	135,627
70	70	267,837	30,006	15,367	313,210	165,712	40,004	9,508	215,223	50,816	52,798	2,916	106,530	135,627	43,990	7,782	187,399
71	71	313,210	30,606	17,970	361,786	215,223	40,804	12,348	268,375	106,530	53,854	6,112	166,497	187,399	44,870	10,752	243,021
72	72	361,786	31,218	20,757	413,762	268,375	41,620	15,398	325,393	166,497	54,931	9,553	230,981	243,021	45,768	13,943	302,732
73	73	413,762	31,842	23,740	469,344	325,393	42,452	18,669	386,514	230,981	56,030	13,253	300,263	302,732	46,683	17,369	366,784
74	74	469,344	32,479	26,929	528,751	386,514	43,301	22,176	451,992	300,263	57,151	17,228	374,642	366,784	47,617	21,044	435,445
75	75	528,751	33,129	30,337	592,217	451,992	44,167	25,933	522,092	374,642	58,294	21,495	454,430	435,445	48,569	24,984	508,998
76	76	592,217	33,795	33,978	648,990	522,092	27,630	29,955	579,677	454,430	36,471	26,073	516,975	508,998	36,471	29,204	574,673
77	77	648,990	33,251	37,236	709,477	579,677	28,182	33,259	641,118	516,975	37,201	29,661	583,837	574,673	37,201	32,972	644,846
78	78	709,477	33,716	40,706	773,899	641,118	28,746	36,784	706,649	583,837	37,945	33,498	655,280	644,846	37,945	36,998	719,789
79	79	773,899	34,190	44,402	842,491	706,649	29,321	40,544	776,514	655,280	38,704	37,597	731,580	719,789	38,704	41,298	799,790
80	80	842,491	34,674	48,338	915,503	776,514	29,907	44,552	850,974	731,580	39,478	41,974	813,032	799,790	39,478	45,888	885,156
81	81	915,503	35,167	52,527	993,197	850,974	30,506	48,825	930,304	813,032	40,267	46,648	899,947	885,156	40,267	50,786	976,209
82	82	993,197	35,670	56,985	1,075,852	930,304	31,116	53,376	1,014,796	899,947	41,073	51,634	992,655	976,209	41,073	56,010	1,073,292
83	83	1,075,852	36,184	61,727	1,163,763	1,014,796	31,738	58,224	1,104,758	992,655	41,894	56,954	1,091,502	1,073,292	41,894	61,560	1,176,767
84	84	1,163,763	36,708	66,771	1,257,241	1,104,758	32,373	63,385	1,200,516	1,091,502	42,732	62,625	1,196,860	1,176,767	42,732	67,517	1,287,016
85	85	1,257,241	37,242	72,134	1,356,617	1,200,516	33,020	68,880	1,302,416	1,196,860	43,587	68,670	1,309,116	1,287,016	43,587	73,843	1,404,445
86	86	1,356,617	37,787	77,836	1,462,240	1,302,416	33,681	74,726	1,410,823	1,309,116	44,458	75,111	1,428,685	1,404,445	44,458	80,580	1,529,483
87	87	1,462,240	38,342	83,896	1,574,478	1,410,823	34,354	80,946	1,526,123	1,428,685	45,348	81,971	1,556,004	1,529,483	45,348	87,754	1,662,585
88	88	1,574,478	38,909	90,336	1,693,723	1,526,123	35,041	87,581	1,648,726	1,556,004	46,255	89,276	1,691,534	1,662,585	46,255	95,391	1,804,231
89	89	1,693,723	39,487	97,177	1,820,387	1,648,726	35,742	94,596	1,779,084	1,691,534	47,180	97,052	1,835,765	1,804,231	47,180	103,518	1,954,928
90	90	1,820,387	40,077	104,445	1,954,909	1,779,084	36,457	102,074	1,917,595	1,835,765	48,123	105,327	1,989,216	1,954,928	48,123	112,164	2,115,215
91	91	1,954,909	40,679	112,163	2,097,751	1,917,595	37,186	110,022	2,064,803	1,989,216	49,086	114,131	2,152,433	2,115,215	49,086	121,360	2,285,662
92	92	2,097,751	41,292	120,358	2,249,401	2,064,803	37,930	118,468	2,221,201	2,152,433	50,067	123,496	2,325,996	2,285,662	50,067	131,140	2,466,869
93	93	2,249,401	41,918	129,059	2,410,379	2,221,201	38,689	127,441	2,387,331	2,325,996	51,069	133,454	2,510,519	2,466,869	51,069	141,537	2,659,474
94	94	2,410,379	42,556	138,295	2,581,230	2,387,331	39,462	136,973	2,563,766	2,510,519	52,090	144,041	2,706,650	2,659,474	52,090	152,587	2,864,152
95	95	2,581,230	43,208	148,098	2,762,536	2,563,766	40,252	147,096	2,751,114	2,706,650	53,132	155,294	2,915,076	2,864,152	53,132	164,331	3,081,615

Things to Consider

- **Financial Need** - Able to defer Social Security benefits until 70?
- **Early Benefits** - if working & drawing benefits prior to FRA a \$1 of Social Security benefit is reduced for every \$2 of wages in excess of \$15,120.
See SSA Publication No. 05-10003 for annual changes in the earnings limit.
ssa.gov/pubs/10003.html
- **Health** - Survivorship benefit based on decedent spouse's benefit. If one chooses benefit at 62, the survivor's benefit will be reduced too.
- **Income Taxes** - If delaying benefits until 70, consider using IRAs to fund the gap. Could lower future required minimum distributions & taxes.
- **Longevity** - if family history shows long life expectancy delay Social Security to provide for additional longevity protection.

OTHER TIPS / INFORMATION

- If individual is close to 65 and not receiving Social Security benefits, apply for Medicare separately. Should apply three months before the month they turn 65.
- Review Social Security benefit statement each year for errors. Can be corrected up to three years, three months and 15 days after year in which the wages / self-employment were paid. After the time limit has passed earnings records can be revised under certain conditions.
- Should contact Social Security up to four months prior to claiming Social Security. It normally takes three to four months to begin receiving benefits.

Recap

WHEN SHOULD I TAKE SOCIAL SECURITY BENEFITS?

- Distribution phase of retirement more complicated than accumulation phase.
- Crash of 2008 & uncertainty of future market returns makes Social Security more important.
- Difficult decision - no easy rule of thumb to follow. Need to look at income, assets, health status, life expectancy, family dynamics & life goals.
- Taking at age 62 is an irreversible decision with long-term effects.
- Need to consider marriage, divorce, remarriage and widowhood. For married couples need to maximize larger benefit since it will live on as survivorship benefit.
- Social Security provides an income stream for life with a cost-of-living adjustment.

Social Security Online Benefits Statement

ACCESSING SOCIAL SECURITY ONLINE BENEFITS STATEMENT

- Go to www.ssa.gov
- Click on: *my Social Security*

FOR NEW USERS:

- Need to create an account - will need following information:
 - Valid email address
 - Social Security number
 - Have a U.S. mailing address
 - Be at least 18 years of age
- Click on Create An Account
- Read Terms of Service and Check the box:
 - I agree to the Terms of Service
- Create an Account - Provide the following information:
 - Name as shown on your Social Security card (could be maiden name)
 - Social Security number
 - Date of birth
 - Home address
 - Primary phone
 - Add extra security to your account by receiving a text message on cell phone
 - Click: Next
- Verify your information – edit if necessary and click: Next
- Read Terms of Service and check the box:
 - I agree to the Terms of Service
- Click: Next – From this screen can view Estimated Benefits, Earnings
- Record and Print /Save Full Statement

FOR EXISTING USERS:

- Click: *my* Social Security
- Sign in using the username and password that you setup
- Click: Sign In
- Read Terms of Service and check the box:
 - I agree to the Terms of Service
- Can view Estimated Benefits, Earnings Record and Print /Save Full Statement



The Private Client Group



**THE
PRIVATE CLIENT
RESERVE**



Ascent
PRIVATE CAPITAL MANAGEMENT

CLIENT PROFILE

Individuals and families seeking comprehensive wealth management and private banking services.

*Typically, \$100,000 or more
in investable assets*

Individuals and families with significant assets and complex wealth management needs seeking sophisticated and comprehensive wealth management services.

*Typically, \$1 million or more
in investable assets*

Individuals and families with significant assets, highly complex needs and a multigenerational perspective who have a desire to make a lasting impact with their wealth.

*Typically, \$25 million or more
in investable assets*

ADVISORY RELATIONSHIP

A Private Banker will work with a dedicated Financial Advisor from our affiliate U.S. Bancorp Investments, Inc. to deliver targeted wealth management services.

A dedicated team of specialists led by a Wealth Management Advisor provides integrated and personalized solutions to meet complex wealth management needs.

A dedicated team focused on a small, select group of clients provides consulting and advisory services to identify and implement highly customized multigenerational wealth management and wealth impact strategies.

SERVICES

Services include private banking, personal trust and insurance services*. Additionally, investment management and financial planning are offered through either U.S. Bancorp Investments or U.S. Bank.

Focused on delivering integrated services to support a wide range of life goals and planning needs.

Services include investment management, personal trust, private banking, financial planning and insurance services*.

Focused on supporting the unique needs of business owners, corporate executives, individuals, families, and non profit organizations.

Services include investment management, personal trust, private banking, financial planning and insurance services* highly customized and fully integrated with wealth impact planning.

Focused on individuals and families with highly complex wealth issues with an emphasis on the continuity of family legacy through education, stewardship, governance and risk management.

**Insurance Services offered through our affiliate, U.S. Bancorp Investments, Inc.*

DISCLOSURES

- This information represents the opinion of U.S. Bank and is not intended to be a forecast of future events or a guarantee of future results. These views are subject to change at any time based upon market or other conditions and are current as of the date indicated on these materials.
- The factual information provided has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.
- U.S. Bank and its representatives do not provide tax or legal advice. Each individual's tax and financial situation is unique. Individuals should consult their tax and/or legal advisor and information concerning their particular situation.
- Investment products, including shares of mutual funds, are not deposits or obligations of, or guaranteed by U.S. Bank or any of its affiliates, nor are they insured by the Federal Deposit Insurance Corporation, or any other government agency. An investment in such product involves investment risk, including possible loss of principal.
- Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. Investments in real estate can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties, such as rental defaults.
- Fixed-income investments are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. Investment in debt securities typically decrease in value when interest rates rise. The risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Foreign investing entails additional risks, including currency fluctuations, political and economic instability, accounting changes, and foreign taxation. Securities may be less liquid and more volatile.
- The performance data shown in this presentation is strictly hypothetical and is not representative of any specific investment or investments and is provided for illustrative purposes only.

Our Mission:

Committed to enriching the lives of our
clients by honoring their unique goals

reserve.usbank.com