

Social Security

Make the Most of Your Benefit



Western & Southern
Financial Group

Challenging Retirement Trends

Times have changed since Social Security was created back in the 1930s:

- › Life expectancies are longer*
- › Employer-provided pension plans are diminishing*
- › The number of workers supporting each retiree is fewer*

With so many challenges to a stable and comfortable retirement, it's critical to find ways to **maximize** your Social Security benefit and make the most of your hard-earned money.



*Peter G. Peterson Foundation, *Three Major Challenges to Retirement Security*, April 24, 2018.

Make Your Money Work in Retirement

You worked hard for your money. Over the years, a portion of every dollar you earned has gone into the Social Security system, which will help provide a foundation to support your retirement. Unfortunately, your benefit amount may be reduced depending on when it's taken, and its value may be subject to significant taxation.

Careful retirement income planning can help maximize the value of your Social Security benefit. Whether you're deciding when to start taking Social Security, or have been receiving benefits for months or years, act now to make your money work as hard for you going forward as you did when you earned it.

Planning Tip: Repositioning

Do you receive interest earnings that you're not using for income? Not only are you paying unnecessary taxes on this money, but those earnings may increase the amount of your taxable Social Security benefit. Repositioning certain assets into a tax-deferred annuity can help reduce or eliminate excessive taxes.

Taxes in Retirement: Know What You're Paying

The first way to maximize your Social Security benefit is to understand how your taxes are calculated, and then find ways to reduce them. To determine how much of your Social Security benefit will go to taxes, you first must know what income is taxable. This is termed "provisional income."

Because your provisional income determines the tax on your Social Security benefit, knowing your provisional income is essential. This information comes from your tax return and generally includes:

- Earned income
- Taxable distributions from pensions, 401(k) plans and all IRAs
- Taxable interest and gains (interest, dividends, capital gains, rental income, etc.)
- Tax-exempt interest (municipal securities)
- 50% of your Social Security benefit



Your provisional income places you in one of three tax brackets. The chart below shows how much of your Social Security benefit is taxed.

Once you know what portion of your benefit is being consumed by taxes, you then can plan to reduce that liability. Your goal: to preserve the comfortable retirement lifestyle you have worked so hard to attain.

Your Social Security Benefit: How Much of It is Taxed?

If your filing status is:	AND your provisional income is:	Then the % of Social Security benefit taxed is:
Single	Under \$25,000	None
	\$25,000–\$34,000	Up to 50%
	Over \$34,000	50% to 85%
Married Filing Jointly	Under \$32,000	None
	\$32,000–\$44,000	Up to 50%
	Over \$44,000	50% to 85%

Consider Strategies to Maximize Your Benefit

Several strategies provide an opportunity to maximize your Social Security benefit.

Tax Deferral

One common way is to move assets into a tax-deferred annuity. This approach works because annuity earnings are excluded from provisional income until withdrawn, reducing provisional income – and taxes due – in the meantime. Remember, the real value of your Social Security benefit isn't the amount you receive, it's what remains after taxes.

Delaying Benefits

Another strategy is to delay your Social Security benefit past your Full Retirement Age (FRA). Depending on your birth year, your FRA will range from age 66 to, for those born in 1960 and later, age 67. Each year that you defer receiving your Social Security retirement benefit after reaching your FRA, your benefit will increase by 8% per year, up to age 70. This increased benefit is locked in for the rest of your life. One safe way to secure retirement income while you delay starting your Social Security benefit is to use an immediate annuity for guaranteed fixed monthly payments in the interim.

Take control of your retirement funds and your financial future. Your financial professional, drawing on the resources of Western & Southern Financial Group member companies, can provide the tools you need to help maximize your Social Security benefit.

Pursue your goals with strategies that keep you in control as needs change and opportunities arise.

Planning Tip: Talk to a Pro

Ask your financial professional about other resources to help you calculate your Social Security benefit tax as well as determine if you might benefit from a relatively simple shift in strategy tailored to your needs.



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