



T.RowePrice

Harness *The Power of Social Security* to enhance your business

Presenter Name, T. Rowe Price

Event

Date

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**Knowledge is a process of piling up facts;
wisdom lies in their simplification.**

Martin H. Fischer

What we'll talk about today

1

Social Security—
a powerful retirement
income tool

2

Foundational Social
Security education for
investors

3

Next steps

Did you know...

30.4 million baby boomers are expected to turn age 65 by 2030



Few understand Social Security very well

20%

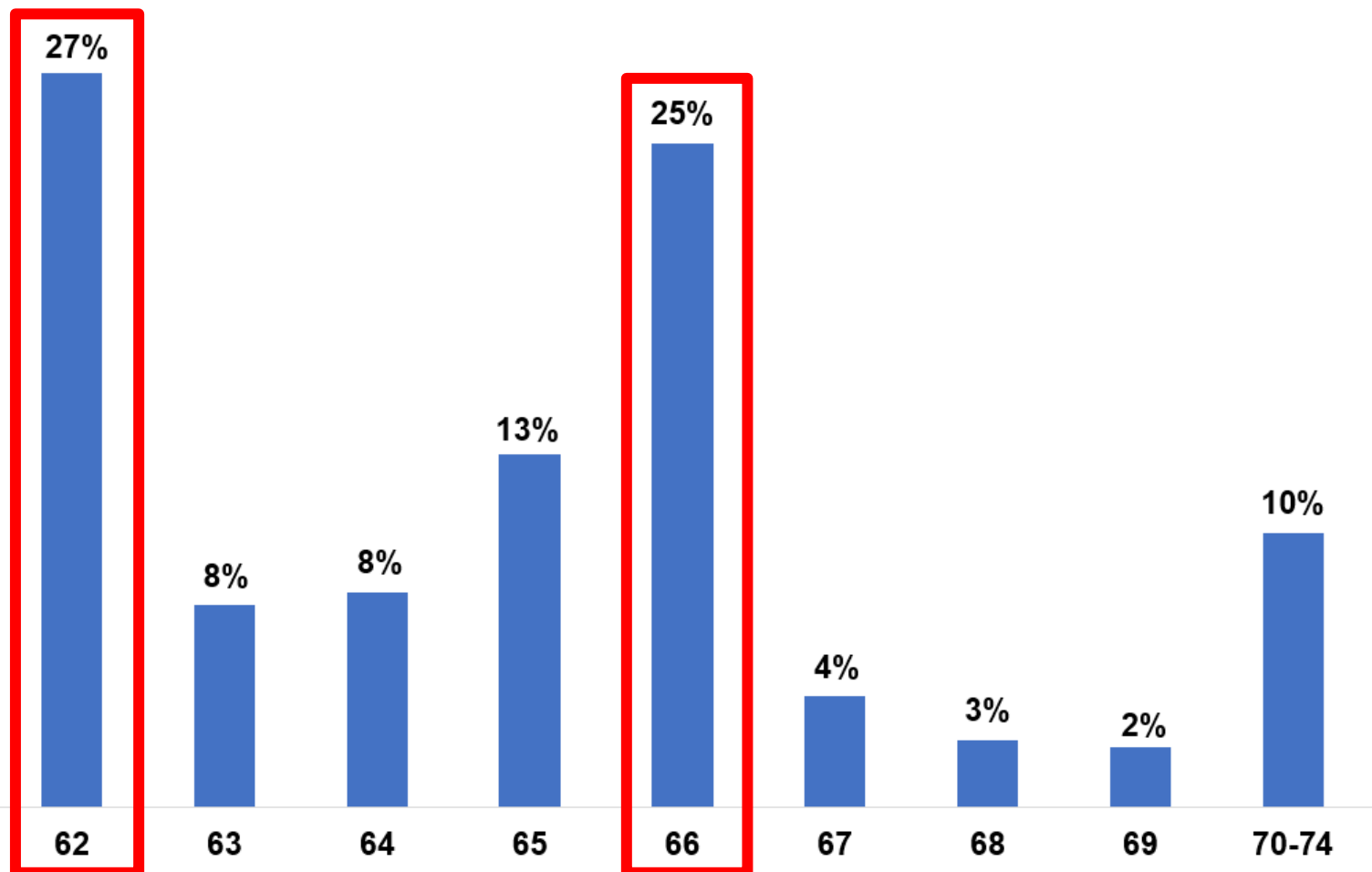
of workers

25%

of retirees

Source: EBRI Retirement Confidence Survey (2024).

When faced with complexity . . .



Source: Annual Statistical Supplement to the Social Security Bulletin (2023).

Nearly

90%

of retirees begin
Social Security benefits
before age 70

80%

of workers say they are interested in guaranteed monthly income for life

Source: EBRI Retirement Confidence Survey (2024).

“The Social Security “annuity” is the best deal around.

Bill Meyer, Social Security expert and founder of Retiree Inc.

Source: Meyer and Reichenstein, "The Case for Procrastination: Why Delaying Social Security is the Best Deal Going," (2019).

A retirement income strategy can be complex

Income buckets



- Social Security
- Earnings from working
- Retirement savings
- DB plan(s)
- Other investments

Key considerations



- Marital status
- Continuing to work
- Taxes
- Life expectancy
- Longevity
- Health concerns



An evolving
strategy

Clients **need help** from a trusted financial professional to develop a thoughtfully curated **retirement income strategy.**



Foundational Social Security education for investors

The Power of Social Security: Three things you need to know

1. How clients may be feeling
2. Common misconceptions
3. Different retirement benefits

Important information

This material is for educational purposes only regarding Social Security. It is not intended to provide specific tax, legal, or financial advice. If you have questions regarding a particular situation, be sure to contact the Social Security Administration.

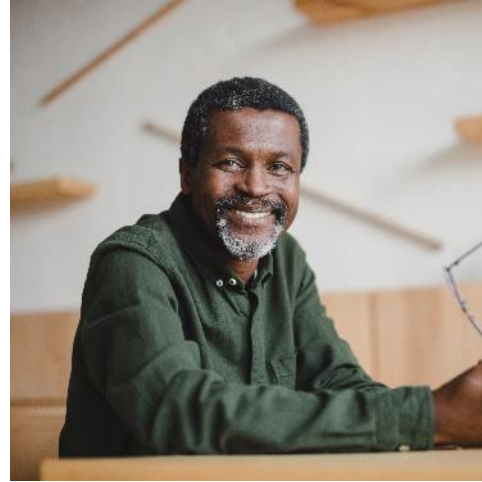
A middle-aged man with grey hair and a beard is sitting on a dark blue couch. He is wearing a light blue button-down shirt and has his right hand resting on his chin in a thoughtful pose. He is looking off to the right. The background is a bright, indoor setting with light-colored curtains and a bookshelf.

**How *are* your
clients feeling about
Social Security?**

Is this how you feel?



I'm concerned about outliving my money.



I have worked since I was 16. I'm retiring at 62 and taking my Social Security.



We don't know when to start Social Security—or how to decide.



I don't want to make a mistake.

Today's goal: You walk out feeling. . .

Confident
in taking the
next step.





Common misconceptions

Three common misconceptions

1

Social Security
is going away.

2

Social Security
payments begin right
after you retire.

3

“Full Retirement
Age” is...

- When you're supposed to stop working
- When you're required to start payments
- The best age to start payments

The reality

1

Social Security
is NOT going away.

Payments are NOT
going to stop.

2

Social Security
payments do NOT
automatically begin
right after you retire.

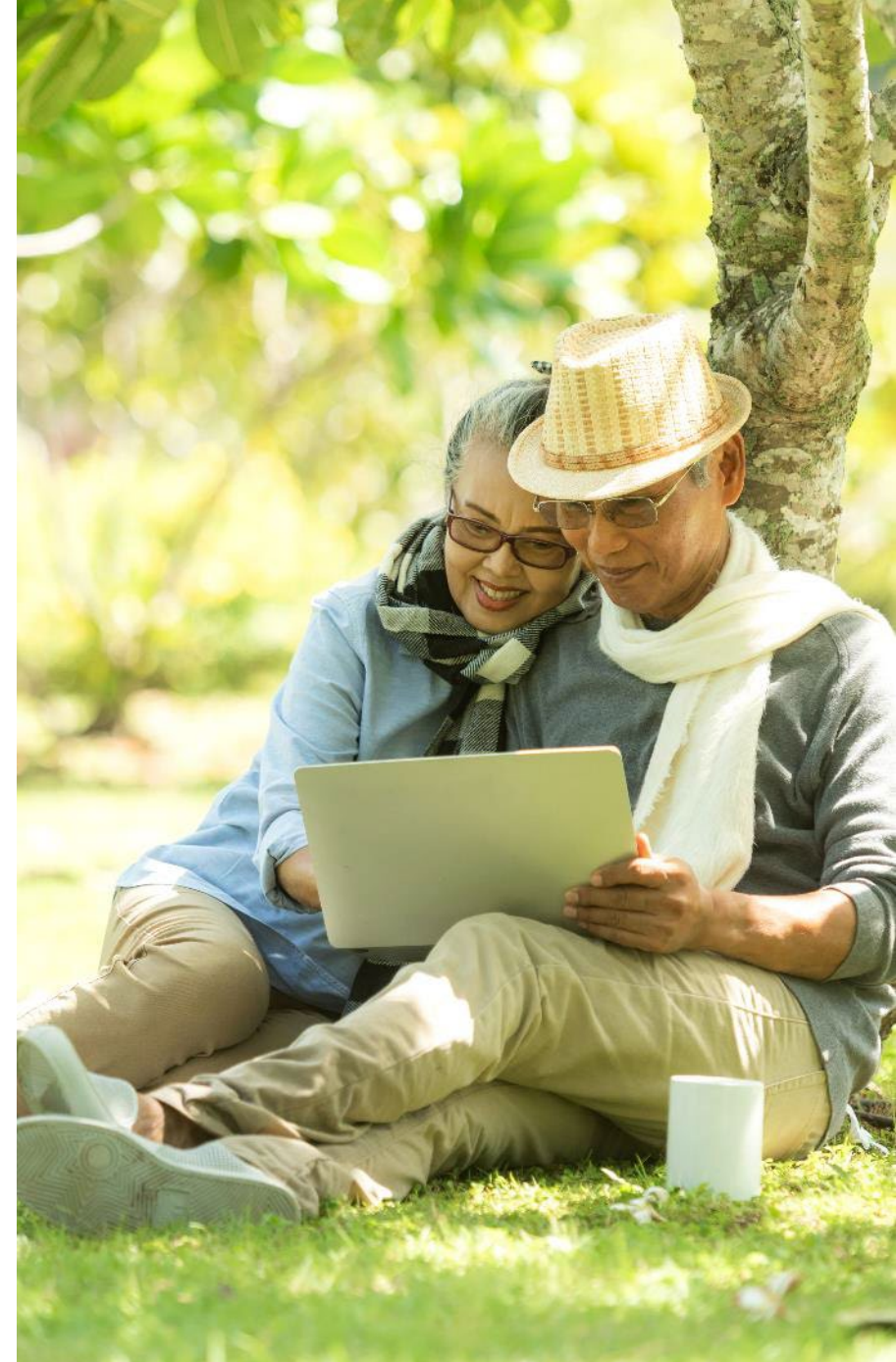
Retirement and Social
Security payments are
independent events.

3

“Full Retirement
Age” is an age set by
Congress so the Social
Security Administration
(SSA) can calculate
benefits.

Timing matters

- It is **your decision** when you begin to receive Social Security
 - The (only) choice you get to make
 - Significant influence on outcomes





Different retirement benefits

How Social Security works

The SSA offers three retirement benefits:

1. Your own (as a worker)
2. Spousal
3. Survivor

For each benefit, we will cover:

1. How you qualify
2. The payment amount
3. Timing

Remember...

If you qualify for more than one benefit, you get the **higher benefit**—NOT both.



Worker benefit

Do you qualify?

- You are at least age 62
- You worked and paid Social Security taxes for 10 years or more

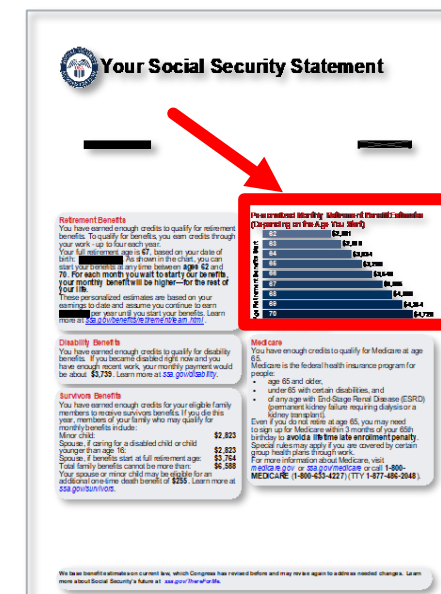
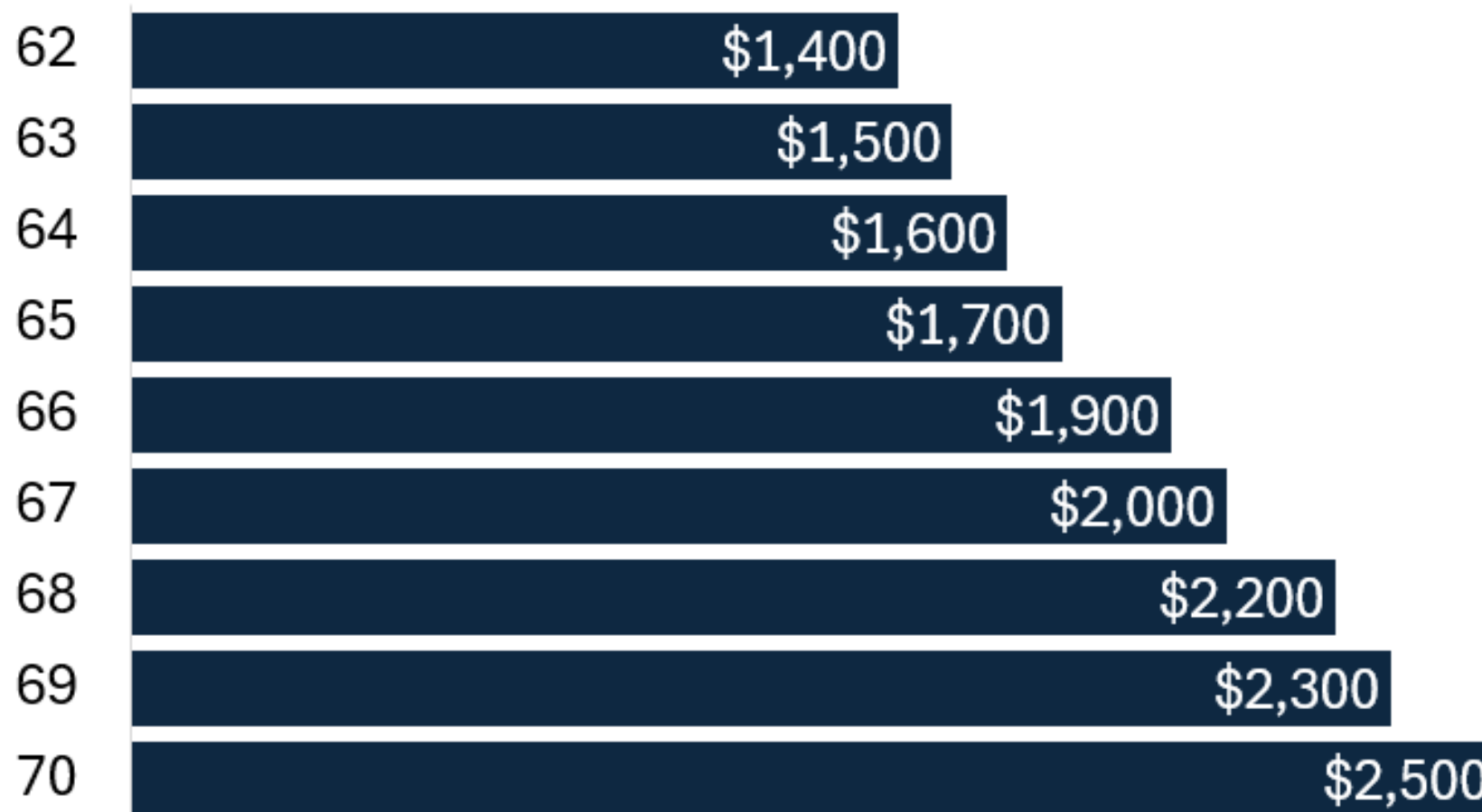
Payment amount

- Highest 35 years of earnings

Worker benefit



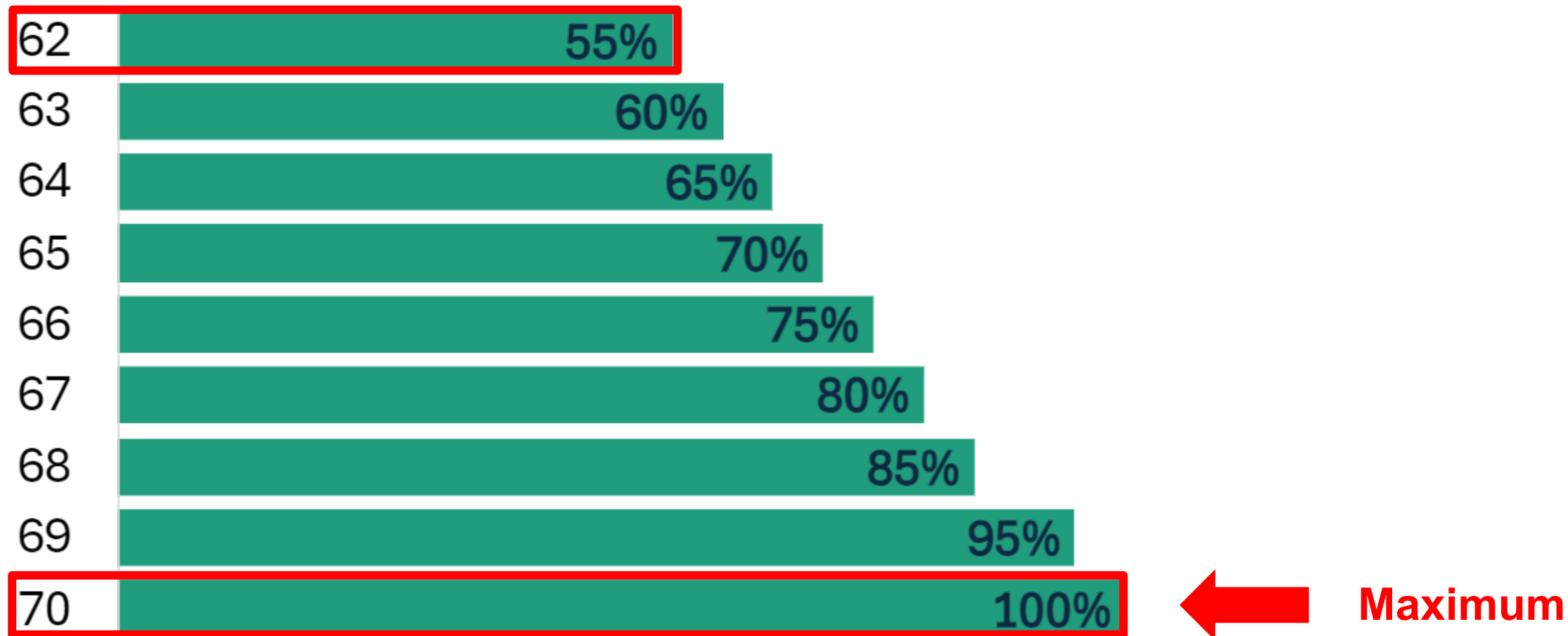
Monthly payment amounts (\$)



Worker benefit



Percent (%) of maximum





Spousal benefit

Do you qualify?

Spouse

- You are at least age 62
- You were married for at least one year
- Your spouse has started receiving their payments

Ex-spouse

- You are at least age 62
- Your ex-spouse is at least age 62
- Your marriage lasted at least 10 years
- You have been divorced for at least two years
- You are currently unmarried

Spousal benefit

Payment amount



Your **maximum payment** is

50% of

your spouse's payment

at **their** Full Retirement Age (FRA)

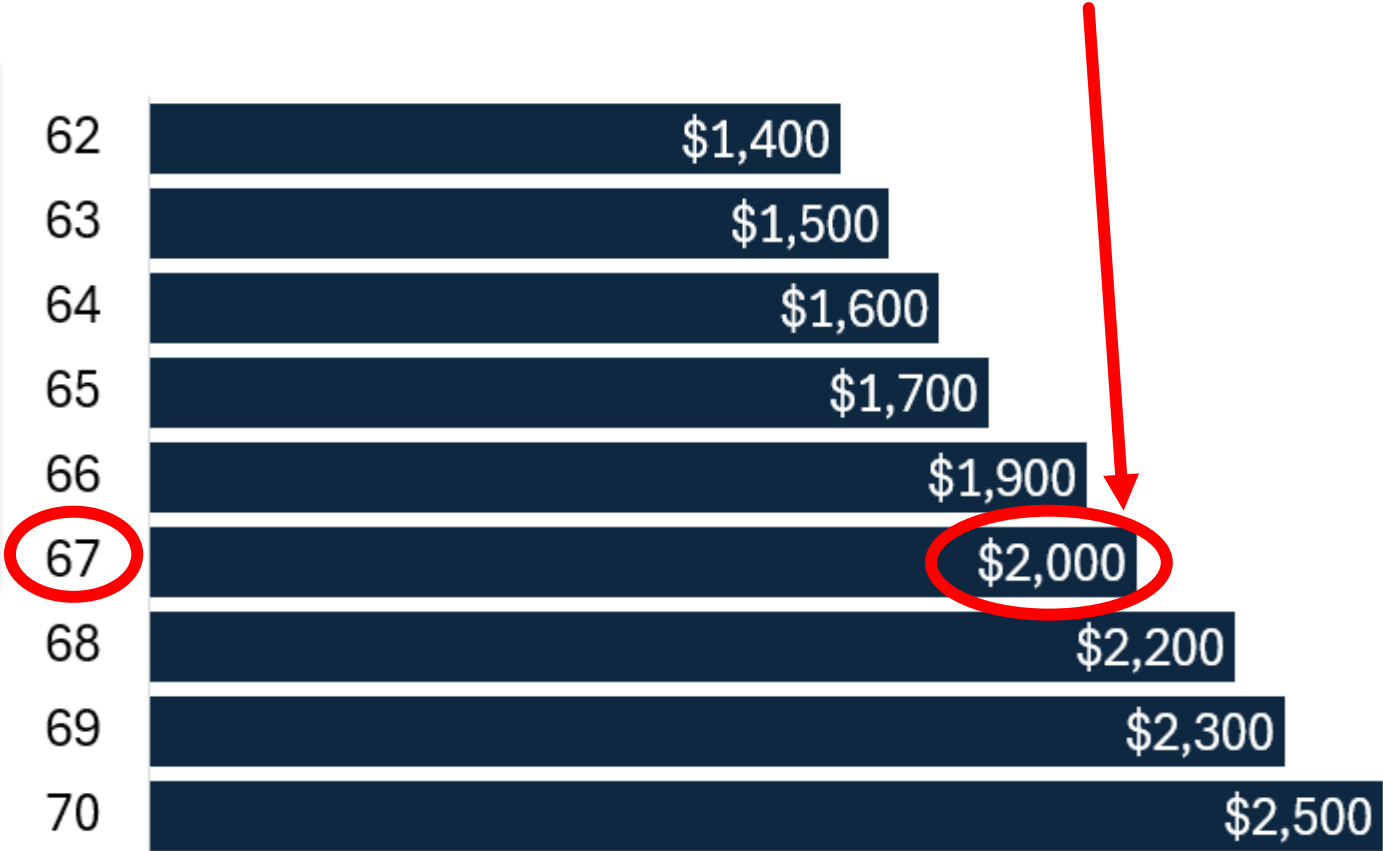
From your spouse's Social Security statement



Payment amount

Primary Insurance Amount (PIA)

Retirement Benefits
You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn credits through your work - up to four each year.
Your full retirement age is **67**, based on your date of birth: [redacted]. As shown in the chart, you can start your benefits at any time between **ages 62 and 70**. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life.
These personalized estimates are based on your earnings to date and assume you continue to earn [redacted] per year until you start your benefits. Learn more at ssa.gov/benefits/retirement/learn.html.





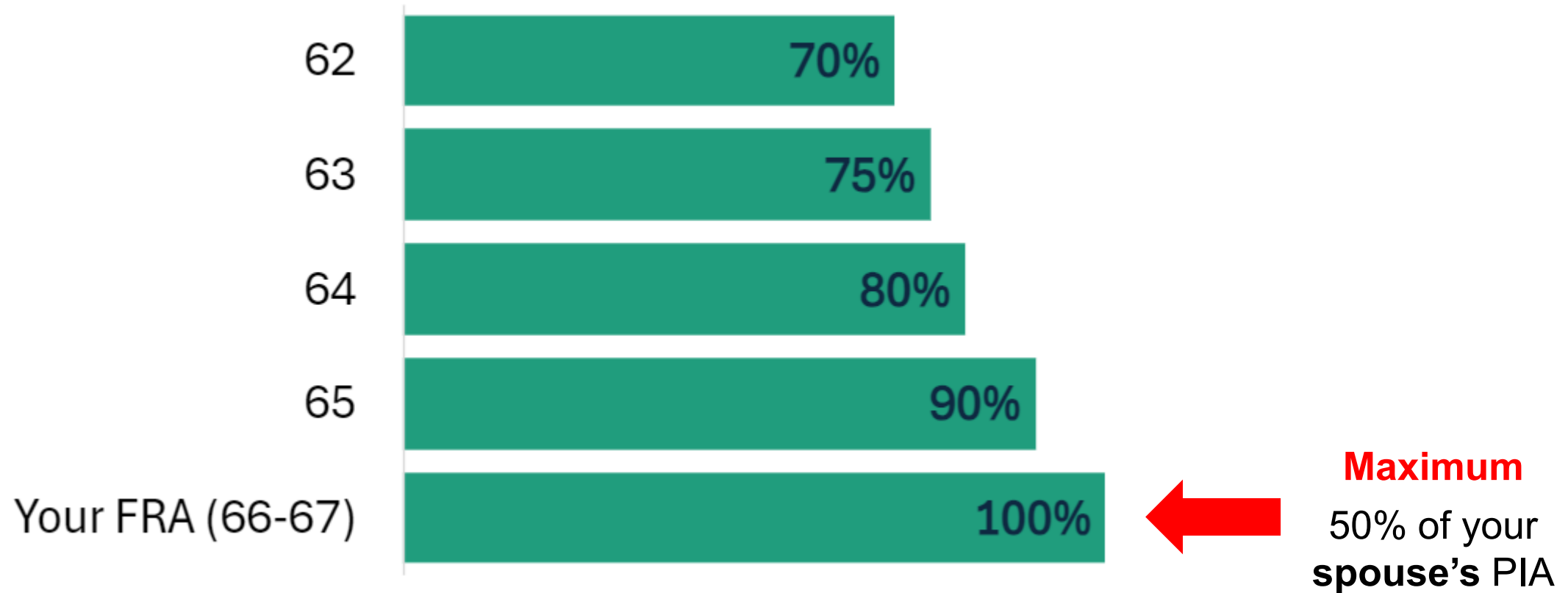
Maximum spousal payment amount

- Their PIA = \$2,000
- Your maximum Spousal benefit:

50% of \$2,000 is \$1,000

Spousal benefit

Timing





Survivor benefit

Do you qualify?

Surviving spouse

- You are at least age 60
- You were married for at least nine months
- You are currently unmarried (or remarried after age 60)

Surviving ex-spouse

- You are at least age 60
- Your marriage lasted at least 10 years
- You are currently unmarried (or remarried after age 60)

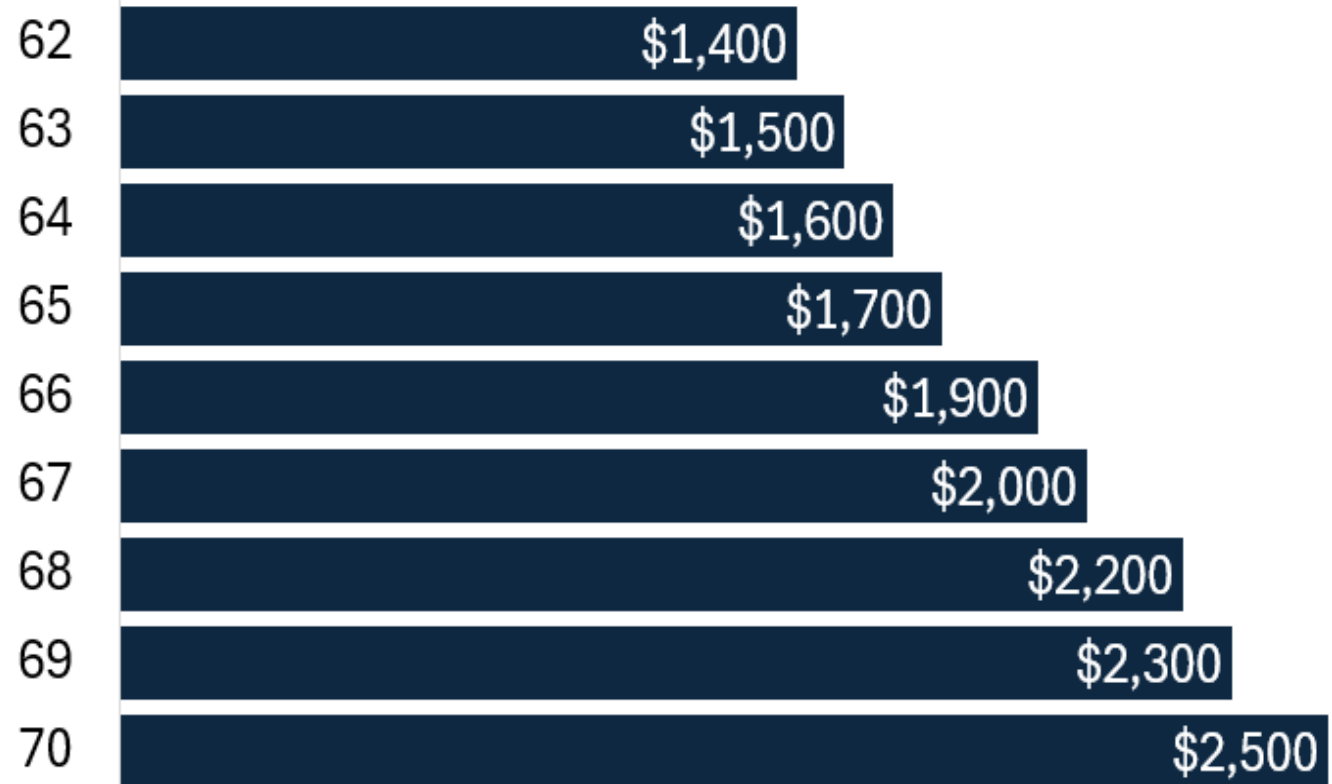


Survivor benefit

Payment amount

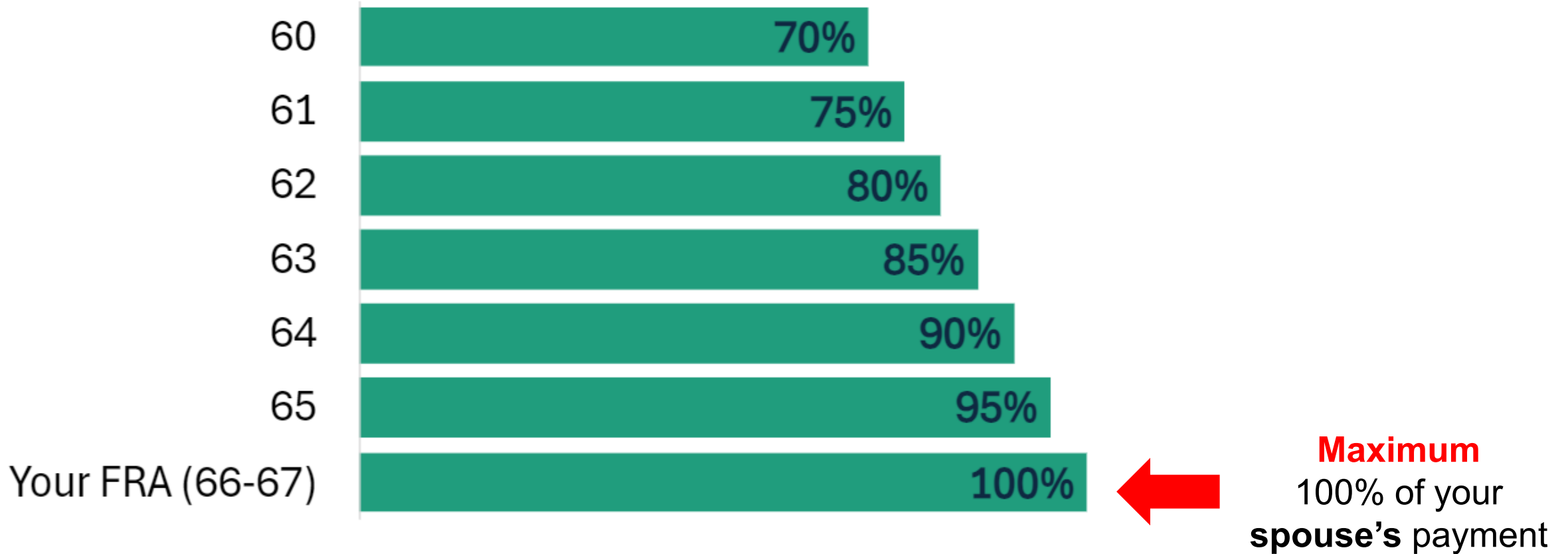
- Maximum is 100% of the payment your spouse was receiving as their own benefit.
- If their payment was \$1,500 . . .
. . . maximum survivor payment is **\$1,500**

Remember...**timing** matters.



Survivor benefit

Timing



Here are the questions you will have answered

1. There are three retirement benefits: Your own, spousal, survivor
 - How to **qualify** for each
 - How the **payment amount** is determined
 - The importance of **timing**
2. Two key terms
 - Full Retirement Age (FRA) = An age set by Congress based on the year you were born
 - Primary Insurance Amount (PIA) = The monthly payment amount at FRA

Remember...

If you qualify for more than one benefit, you get the **higher benefit**—NOT both.



Next steps

Remind your clients—timing matters

- **You decide** when to start your monthly payments
 - The (only) choice you get to make
 - Significant influence on outcome

- Your decision about when to start your own payment affects:
 - The amount **you** receive
 - **When** your spouse can start their spousal payment
 - The **amount** your *surviving spouse* receives as a survivor payment



Here is what your clients should do next

Three important next steps

Step 1

Get their information

Step 2

Learn more

Step 3

Build their retirement
income strategy

Step 1: Get their information

1



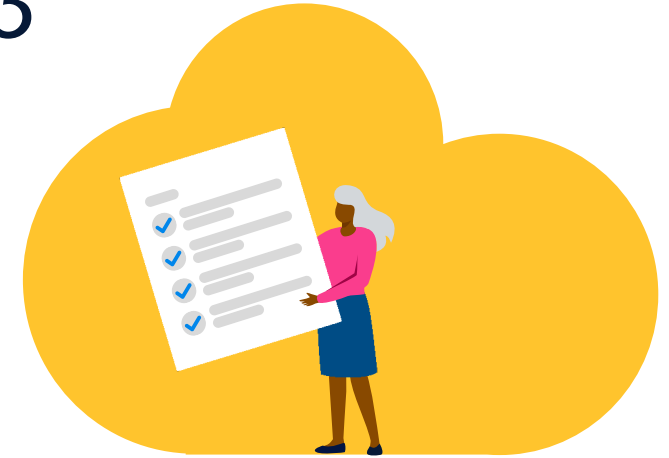
Go to ssa.gov and click Sign In

2



Download statement(s)

3



Review:
Full Retirement Age (FRA)
Primary Insurance Amount (PIA)

Step 2: Learn more

Complete the interactive workbook



The Power of Social Security:
Three things you need to know



In This Workbook

- 3 Common Misconceptions
- 5 Benefits Breakdown
- 15 About You Worksheet
- 17 Additional Resources

While over 30 million Americans are expected to turn retirement age by 2030, only 20% of workers feel they understand Social Security well, and only 25% of retirees feel the same.*

If you can relate to this, know that you're not alone.

Funding the retirement you want is complicated. This workbook is designed to help you feel more confident about one of the most stressful aspects of that process, Social Security. It's a benefit that makes up a significant part of many retirement income plans, but it can also be overwhelming.

This workbook will help you:

- Dispel common misconceptions.
- Cut through the clutter to build your foundational understanding of the three types of Social Security benefits and the importance and impact of timing on each.
- Build confidence in the role Social Security benefits play in your overall retirement income strategy.

When you're done with this workbook, consider sharing it with your financial professional as you build the retirement income strategy that's best for you.

Let's get started.

“Knowledge is a process of piling up facts; wisdom lies in their simplification.
—Martin Luther King, Jr.

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Do you feel this way?

- I'm concerned about outliving my money.
- How do I decide when to start Social Security?
- I don't want to make a mistake.

You're not alone. Identifying how you're feeling about Social Security, and ultimately your interest, is a great place to begin the conversation with your financial professional.

What feelings or concerns do you have when you think about Social Security and developing your retirement income strategy?

It's important to know the facts first to rest.

way.

Security payments stop.

Every working American, money from Social Security system. Then it goes right to. That's not changing.

ation in benefits may be coming. . . In about 10 years, there won't be enough money coming in to pay everyone who's supposed to get paid at that time — by how collected in the past will be used up (2035).

no as you may think. Many people will see it to address the issue include no benefit or already receiving benefits.

begin right after you

ry payments are two separate decisions over time. After all, retirement means if any people think, "If my employment is also to replace it. So I should start

ould work part time or change jobs. You could stay in the workforce. You can also for retirement.

when I'm required to stop security payments.

erment by Congress so that the Social Security Administration can calculate benefits. It's not an age where you're supposed to do anything. Everyone's FRA is somewhere between 66 and 67 and can be found on your Social Security statement.

* The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds

INVEST WITH CONFIDENCE® 2


INVEST WITH CONFIDENCE® 3

INVEST WITH CONFIDENCE® 4

INVEST WITH CONFIDENCE® 5

Step 2: Learn more

Complete the worksheet



About You Worksheet

Funding the retirement you want is complicated—especially when it comes to Social Security. This workbook is designed to help you gather important information about your benefits and other income sources in one place to help you to begin planning your retirement income strategy.

To complete this worksheet, be sure to log in to ssa.gov to download your Social Security statement, and that of your spouse, to get started. Once completed, be sure to share your findings with your financial professional as you develop your complete retirement income strategy.

	How do you qualify?	How are payments calculated?	Do I qualify?
Worker	<input type="checkbox"/> You are at least age 62 <input type="checkbox"/> You worked and paid Social Security taxes for 10 years or more	Highest 35 years of earnings	<input type="checkbox"/> Yes <input type="checkbox"/> No
Spousal	<input type="checkbox"/> You are at least age 62 <input type="checkbox"/> You have been married for at least one year <input type="checkbox"/> Your spouse has started receiving their payments	50% of spouse's payment at their FRA	<input type="checkbox"/> Yes <input type="checkbox"/> No
Ex-spouse	<input type="checkbox"/> You are at least age 62 <input type="checkbox"/> Your ex-spouse is at least age 62 <input type="checkbox"/> Your marriage lasted at least 10 years <input type="checkbox"/> You have been divorced for at least two years <input type="checkbox"/> You are currently unmarried	50% of ex-spouse's payment at their FRA	<input type="checkbox"/> Yes <input type="checkbox"/> No
Survivor – Spouse	<input type="checkbox"/> You are at least age 60 <input type="checkbox"/> You were married for at least nine months <input type="checkbox"/> You are currently unmarried (or remarried after age 60)	100% of spouse's actual benefit	<input type="checkbox"/> Yes <input type="checkbox"/> No
Survivor – Ex-spouse	<input type="checkbox"/> You are at least age 60 <input type="checkbox"/> Your marriage lasted at least 10 years <input type="checkbox"/> You are currently unmarried (or remarried after age 60)	100% of spouse's actual benefit	<input type="checkbox"/> Yes <input type="checkbox"/> No

Worker Benefit

- My birth date is
- My Full Retirement Age (FRA) is
- My Primary Insurance Amount (PIA) is
- My maximum benefit amount at age 70 is

Spousal Benefit (if applicable)

- My working spouse's birth date is
- My working spouse's FRA is
- My working spouse's PIA is
- My spousal benefit at FRA is
(50% of spouse's payment at FRA).

Survivor Benefit

- My survivor benefit is (100% of spouse's actual benefit).

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Other sources of retirement income I should consider:

	Provider	Amount (\$)
401(k)	<input type="text"/>	<input type="text"/>
IRAs	<input type="text"/>	<input type="text"/>
Other investments	<input type="text"/>	<input type="text"/>
Pension	<input type="text"/>	<input type="text"/>

Questions or concerns to discuss with my financial professional:

- When should I start my Social Security payments as a worker (especially if my decision affects someone else)?
- If I qualify for more than one benefit, how do I decide when to start each kind?
- How does this fit into my overall retirement income strategy?

Important Information

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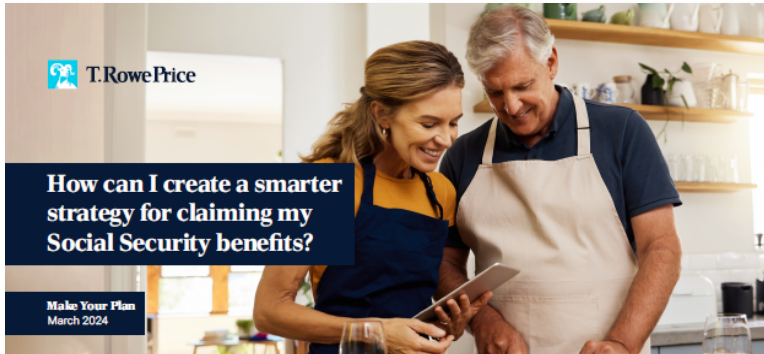
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Step 2: Learn more

Useful articles



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How can I create a smarter strategy for claiming my Social Security benefits?

Make Your Plan
March 2024

Key Insights

- Starting your benefits at age 70 increases the monthly payments you receive by at least 76% compared with starting at age 62.
- Getting the greatest possible benefit can mean a better standard of living should you outlive your other resources.
- Married couples may have additional flexibility when it comes to coordinating and maximizing their benefits.

Social Security benefits are a major income source for most retirees. A typical couple in their 60s today may receive \$1 million in lifetime cumulative benefits. If you're like most Americans, you aren't an expert on all of the complicated rules of Social Security, and you may need help using all of the rules to your advantage. Provided you have the income, assets, and inclination to be selective about your claiming decisions, knowing the rules can help you create a smart strategy for maximizing your Social Security benefits.

Matters of age: full retirement age, break-even age, and plan-to age

Full retirement age

Social Security assigns you a full retirement age (FRA) based on your birth year. At your FRA, the amount of your monthly benefit is called your primary insurance amount (PIA). Several Social Security rules are tied to the FRA and PIA. However, PIA isn't the maximum you can receive—waiting until age 70 to start collecting increases the benefits based on your own earnings history.

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Plan as a couple for important Social Security survivor benefits

Understanding the rules regarding survivor benefits can help you make better decisions.

T. Rowe Price Insights on Retirement

Key Insights

- Intentional planning around Social Security as a couple can help maximize lifetime benefits for both spouses.
- An individual can receive only one set of Social Security benefits at a time.
- In general, the higher-earning spouse should delay claiming their own benefits to ensure the greatest range of options for their surviving spouse.

Social Security benefits play an important role in retirement planning, as they represent a major source of income for many retirees. While investors have likely thought about when to claim their own benefits, they may not have considered what will happen when one spouse passes away or how their choices today could substantially impact their surviving spouse's income options in the future. Understanding who is eligible for survivor benefits, as well as when and how much they can receive, may help provide some clarity and allow for a wider range of choices in the future.

What are survivor benefits?

Part of the taxes paid into Social Security are intended to support certain surviving family members when a taxpayer passes

away—perhaps most importantly, widows and widowers. Monthly survivor benefits are based on the deceased taxpayer's earnings record. The amount a surviving spouse receives depends on many factors, including their age, whether they are eligible for benefits of their own, and the claiming status of the deceased spouse, among others.

Importantly, an individual can only receive one set of benefits at a time. If both spouses in a household are receiving Social Security benefits, the surviving spouse will generally receive the equivalent of the larger of the two possible benefits, but not both. As a result, in a household receiving two sets of benefits, the death of one spouse may lead to a significant loss of income from Social Security. Therefore, it's beneficial to plan ahead so

the surviving spouse can maximize the benefits they receive.

Plan ahead as a couple

As a couple, you have important choices to make about when each spouse should claim their own benefits, as well as what value you may gain by working a few extra years to further grow those benefits. In general, the higher-earning spouse should delay claiming their benefits as long as possible to take advantage of the incremental increases awarded for deferring until age 70. Doing so aids the household as a whole and sets up the surviving spouse with the largest possible benefits. (For more on the process of claiming, see "How to apply for survivor benefits.")



Lindsay Theodore, CFP®
Thought Leadership
Senior Manager

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3 ways to make the most of your Social Security income

The amount of your benefits in retirement will depend on a few key factors.

T. Rowe Price Insights on Retirement

Key Insights

- Three key factors contribute to the amount of Social Security benefits you'll receive.
- These factors include your work history, the age when you start collecting your benefits, and how you coordinate your benefits with those of your spouse.
- With careful planning, you can make the most of your benefits.



Roger Young, CFP®
Thought Leadership
Director

Social Security benefits are an important part of most retirement income plans. There are three key factors that contribute to the amount you'll receive: your work history, the age when you start collecting your benefits, and how you coordinate your benefits with those of your spouse. The choices you make can affect your Social Security benefit amount. Remember that beneficiaries can also influence Social Security, so it's something to keep an eye on as you plan for retirement.

1: Your work history

Your Social Security benefits are calculated based on your lifetime earnings, with only the top 35 inflation-adjusted earning years counting in the calculation. While there is only so much planning you can do around

how a few benefit years have 35 or more years of work history, you can plan for retirement.

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What to know about Social Security benefits and your taxes

Plan ahead to keep Social Security income from raising your marginal tax rate.

T. Rowe Price Insights on Retirement

Key Insights

- People in the 10%, 12%, and 22% federal tax brackets could be affected by high marginal tax rates caused by taxation of Social Security benefits.
- Planning ahead for required retirement distributions can help you minimize or avoid high tax rates.
- High marginal tax rates tend to affect people with relatively large annual Social Security benefits. But it's not a good reason to lower your payments by claiming Social Security early.



Roger Young, CFP®
Thought Leadership
Director

Federal income taxes are fairly straightforward for most people during their working years because their income is primarily derived from a paycheck. Income taxes in retirement may get more complicated, however. This is because retirees are often receiving income from multiple sources with different tax characteristics, including Social Security.

A calculation of your overall income shows how much of your Social Security benefits is taxable. This calculated income (sometimes called "provisional" or "combined" income) is essentially half of your Social Security benefits plus other income, such as retirement plan distributions and any interest earned on municipal bonds.

Your Social Security benefits aren't taxable up to a certain threshold of provisional income. Once above that threshold, however, there's a graded scale of taxation:

- If your provisional income is \$25,000 to \$34,000 for single filers (\$32,000 to \$44,000 for joint filers), then up to 50% of your benefits are taxable.
- If your provisional income is more than \$34,000 (\$44,000 for joint filers), then up to 85% of your benefits are taxable.

In some cases, those in the 22% federal tax bracket could end up paying a marginal tax rate as high as 40.7% because additional retirement income causes more of their Social Security income to become taxable. (See the chart, "Social Security income can raise your marginal tax rate.")

Who could be affected

People in the 10%, 12%, and 22% federal tax brackets could be affected by the high marginal rates, especially those with above-average Social Security benefits. If you're part of the group, consider working with a tax professional to fine-tune your retirement earnings, income, and tax projections. Doing so could help you determine whether or not additional planning or adjustments may be necessary.

Suppose you and your spouse collect \$72,000 a year in combined annual Social Security benefits and your only other income is \$70,000 of distributions from individual retirement accounts (IRAs). This makes your provisional income \$106,000. At that level, you haven't quite reached the

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Step 3: Build their strategy

- Review the workbook together
- Contact the Social Security Administration, if needed:
(800) 772-1213
- Determine when they should start their own payment, especially if it affects a spouse.



Leverage the
Power of Social Security
as part of an effective
retirement income strategy.

Important information

This overview provides very simplified content and generic examples.

Social Security rules are very complex. There are exceptions, limitations, and rules that may come into play based on very specific facts present in each person's unique situation.

Every person will have a different set of considerations affecting their claiming strategy. Examples are designed to provide a foundational understanding of how Social Security benefits work. It is critical that, before you take any action, you should consult a professional who can answer the specific questions related to your personal situation.

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Thank You