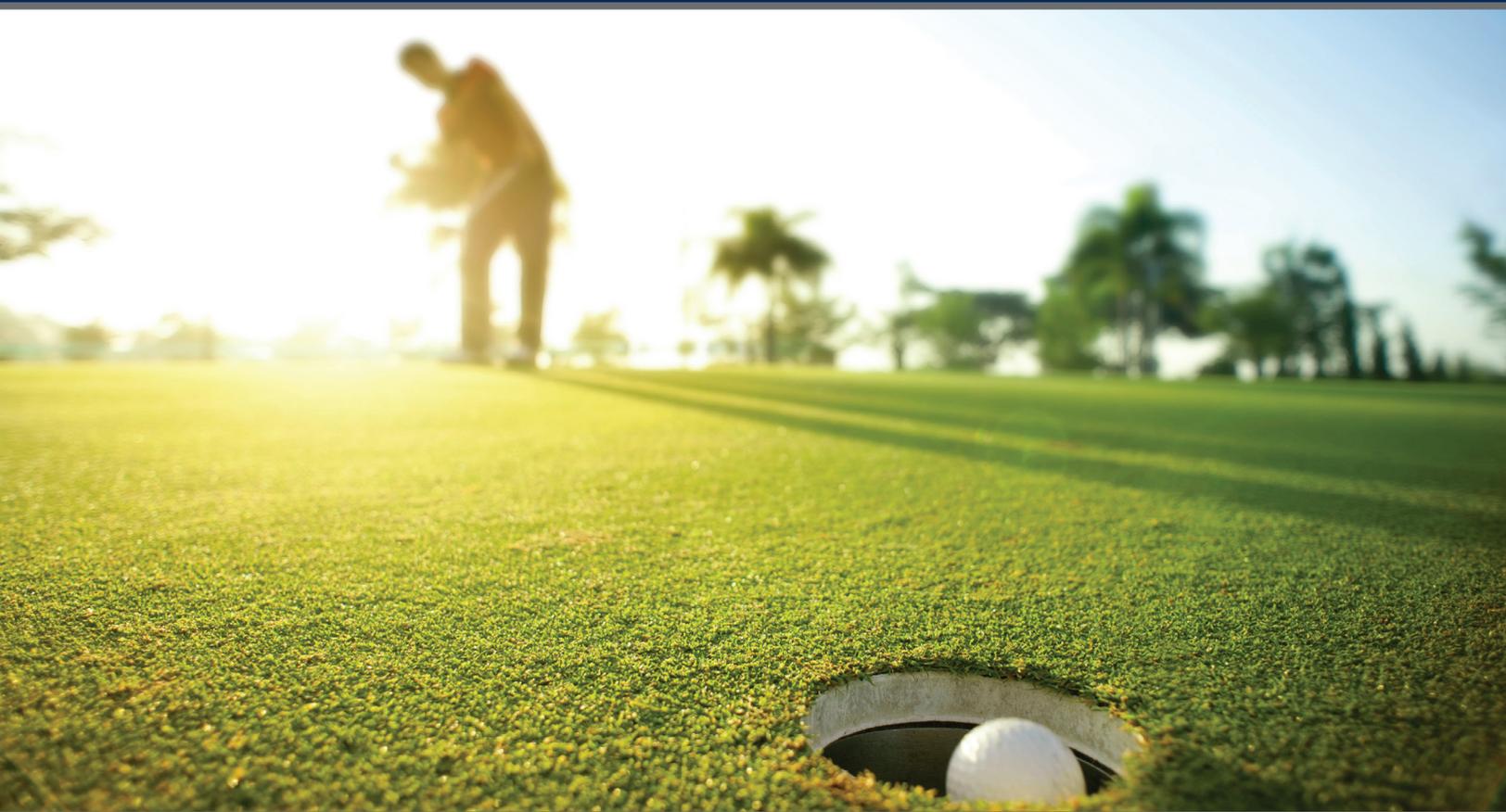


Timing is everything

When to take Social Security



“35% of Americans over 65 rely completely on Social Security.” – U.S. Census Bureau (July 2014)



Approximately 96 percent of American workers are covered by Social Security, and many more, including non-working spouses, are eligible for payments. In addition, around 40 percent of the average retiree’s income in the United States comes from Social Security.

Thus, for most individuals, deciding when to take Social Security benefits will have a major impact on their ability to live comfortably in retirement.

Do you have a choice?

A clear and accurate understanding of your financial situation, both now and in the future, is essential. That understanding can be gained through a thorough review of your circumstances and goals.

Key factors affecting your decision

Before deciding when to begin taking Social Security, consider these factors:

Other sources of income. Work with your financial advisor to evaluate the tradeoffs involved in taking your Social Security benefits earlier (and letting other assets grow untouched for a longer period) vs. dipping into retirement assets immediately and deferring your Social Security benefits.

Your taxable income. Tax-related factors could also affect your decision. For instance, if your combined income from Social Security and other retirement resources reaches a certain level, your tax liability may increase. Conversely, delaying Social Security may reduce your taxes.

Your work history. If you have not worked a full 35 years and you begin taking Social Security benefits early, those benefits will be less than if you had worked the full 35-year period. The Social Security Administration (SSA) provides no payments for the years you have not worked, reducing the annual benefits available to you. In this case, deferring Social Security and working longer, whether part or full time, could be your best choice.

Evaluate whether your core needs and lifestyle spending require you to collect your monthly Social Security payment as soon as you retire or if you can afford to wait until you reach 70, the point at which your benefits are maximized.

More than two-thirds of eligible Americans take their benefits early – after they reach 62, but before they reach full retirement age – often because they simply don’t have a choice: They need the money. However, if you do have a choice, not collecting your Social Security benefits – even after you reach your full retirement age – may make sense.

Timing Social Security distributions

If you do not need to take your benefits early, your advisor can help you determine when you should take them. For example, you can:

- Wait until you reach your full retirement age before tapping into Social Security; or
- Defer Social Security benefits until you reach age 70, when you must begin taking them.

Age 62	Full Retirement Age*	Age 70
Payments begin earlier, but amount received is lower	Payments increase by approximately 6% to 8% per year until full retirement age	Maximum benefit received; payments continue to increase by 6% to 8% annually until age 70, but do not increase after age 70

*To determine the age at which you qualify for full retirement benefits, visit the Social Security Administration site at ssa.gov.

“Approximately three out of four Americans start claiming Social Security benefits the moment they are eligible at 62.” – The Washington Post

Whether you plan to work in retirement. If you plan to work until your full retirement age, you probably won’t want to take benefits early. That’s especially true because, if your income is above a level set by the SSA, your benefits will be greatly reduced.

Your health and life expectancy. Should you defer your Social Security benefits until you reach 70, you will only reap the full advantage of doing so if you live past the age of 80. Of course, you can’t predict exactly how long you will live, but lifespans are increasing and, if you are healthy, you may receive more benefits if you delay taking Social Security.

Your spouse. If you are married, the needs and situation of your spouse are also vital factors in your decision. If you both have earnings from your work, you probably will both receive a monthly benefit. The lower-earning spouse is often eligible for a spousal benefit of up to one-half of the higher-earning spouse’s benefit.

If your health or age is such that you are likely to die before your spouse, you might want to delay taking benefits as long as possible to increase his or her survivor benefits. In today's world, those benefits can be an important part of the survivor's retirement assets, given that couples aged 65 have an 85 percent chance of at least one of them living past 85.*

Even if you delay taking your benefits past your full retirement age, your spouse can still take his or her spousal benefits anytime after age 62. During your lifetime, your spouse is entitled to one-half of your full benefit if it would be greater than what he or she would receive from his or her own earnings.

	Spouse 1 (receives higher benefits)	Spouse 2 (receives lower benefits)
While both are living	Receives 100% of benefits earned	Receives 80% of own benefits or up to 50% of spouse's earned benefits
If one spouse dies	Receives 100% of surviving spouse's benefits	

*Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. You should discuss any tax or legal matters with the appropriate professional. Source: Society of Actuaries

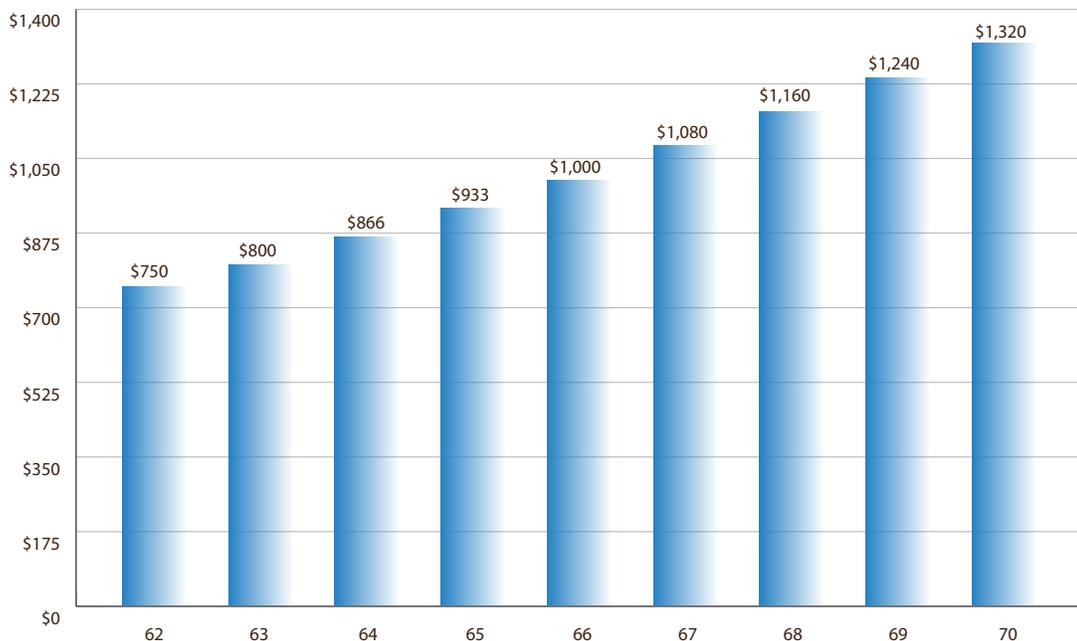
“Out of 100 people who start working at the age of 25, by the age of 65, 63% are dependent on Social Security, friends, relatives or charity.”

– U.S. Census Bureau (July 2014)



Your age: When should you draw benefits?

Perhaps the most impactful decision you can make regarding Social Security benefits is at what age to begin drawing them. Your full retirement age (FRA) falls between ages 65 and 67, depending on the year in which you were born. You may be eligible to draw benefits as early as 62 but that will permanently reduce the payout you are eligible to receive. On the other hand, if you elect to delay benefits (up to age 70), you will receive an increased benefit.



This example assumes a benefit of \$1,000 at a full retirement age of 66. Source: Social Security Administration, www.ssa.gov (July 2014)

**To gain maximum benefit from your retirement resources,
contact your financial advisor to make sure you've considered all of your options.**

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