

# Social Security Strategies

*Deferring Social Security Benefits*

Retirement

**SOLUTIONS**

# Making Social Security Work for You

The Social Security eligibility rules are generally the same for everyone—but no one's life, retirement goals, or financial needs are exactly the same. That's why Pacific Life has created the *Social Security Strategies* series of brochures.

Each brochure in the series focuses on a specific strategy to consider as you and your financial professional discuss how Social Security fits into your overall plan for creating lifetime retirement income. Discuss with your financial professional everything you want out of retirement. Then, ask how to shape a sustainable retirement income strategy that's right for you.



# Deferring Your Retirement Benefits

You are eligible to begin Social Security benefits as early as age 62, but many individuals defer taking benefits until a later age. Why? The longer you wait, the larger your Social Security checks will be when you begin receiving them.

Your decision should be based on your specific situation and financial needs. Here are the options:

- **Age 62**—Your Social Security checks will equal 70–75% of your full retirement benefit.
- **Full Retirement Age (FRA)**—Your checks will equal 100% of your full retirement benefit (see chart).
- **After FRA**—There is an 8% credit per year for waiting, up until age 70 when your check amount will be up to 132% of your full retirement benefit.

Your Full Retirement Age (FRA)	
Year of Birth*	FRA
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Source: Social Security Administration, September 30, 2015.

\*If born on January 1 of any year, refer to the previous year.

## Build an Income Bridge to Defer Benefits

If you decide to defer—and you're not working or are only working part-time while you wait to begin your benefits—you may want to build an “income bridge” to help you afford the things you need in the meantime.

There are several options for building such an income bridge, including systematically withdrawing from your savings until your Social Security payments begin or creating a “ladder” of products that will generate fixed rates of interest while you defer Social Security. Whatever you decide, it is important to work with your tax advisor and financial professional to understand all the options and consequences.

### A Consideration for Married Couples

Many wives outlive their husbands, and most widows receive their husband's higher monthly benefits in place of their own.

If you begin taking retirement benefits early, that will permanently reduce the payments to you and even to your spouse's survivor benefits. By deferring benefit payments until FRA or until age 70, you may be able to secure a higher survivor benefit for your surviving spouse.

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**No bank guarantee • Not a deposit • May lose value**

**Not FDIC/NCUA insured**

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# Create a Strategy for Lifetime Income

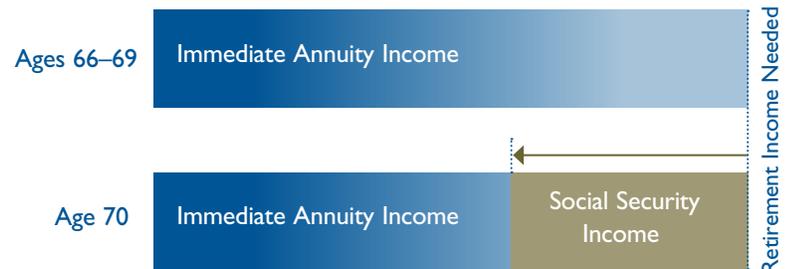
Among the options for building an income bridge, consider an **immediate annuity** with a special feature called a **future adjustment option**.

- An **immediate annuity** is a long-term financial product designed for retirement that provides you with an immediate and steady stream of income payments guaranteed to last your entire lifetime.
- A **future adjustment option** is offered by a limited number of insurance companies. It allows you to make a one-time adjustment to the amount of your annuity income payments on a date you choose. The amount of your initial income payments will be adjusted based on your selection for future payments. This option provides you an opportunity to tailor an income program that is right for you.

Let's look at a hypothetical scenario of how this might work.

## Immediate Annuity with Future Adjustment Option Scenario

- You choose to retire at age 66 and defer taking Social Security until age 70.
- From ages 66–69, an immediate annuity generates your total desired level of steady income.
- At age 70, immediate annuity payments are lowered and Social Security begins, providing a consistent level of steady income.



## The Benefits of an Immediate Annuity

While it's impossible to predict how long you'll be in retirement, life expectancies are rising. So it's important to consider a retirement strategy that provides sustainable income for your entire life. By deferring Social Security—and building an income bridge using an immediate annuity with a future adjustment option—you'll have:

- A predictable source of lifetime income.
- A higher amount in your monthly Social Security checks.
- An income program tailored just for you.

Guarantees, including optional benefits, are subject to the issuing company's claims-paying ability and financial strength.



# Social Security Resources

The more you know about Social Security, the better able you'll be to make the most of your benefits. For answers to your Social Security questions, talk with your financial professional.

Pacific Life can also help. Take advantage of our retirement planning resources at [www.PacificLife.com](http://www.PacificLife.com).

Helpful Resources	Pacific Life Resources
Social Security Administration (SSA) Phone: (800) 772-1213	Pacific Life offers financial calculators to help you plan for your Social Security needs. You can access them by visiting <a href="http://www.PacificLife.com">www.PacificLife.com</a> . <ul style="list-style-type: none"><li>• Social Security Retirement Income Estimator</li><li>• Federal Income Tax Estimator</li><li>• How Much of My Social Security Benefit May Be Taxed?</li><li>• How Does Inflation Impact My Retirement Income Needs?</li></ul>
Social Security Website: <a href="http://www.ssa.gov">www.ssa.gov</a>	
Online Benefits Application: <a href="http://www.ssa.gov/applyonline/">www.ssa.gov/applyonline/</a>	
Find a Local Office: <a href="#">/locator</a>	
Government Pension Offset: <a href="http://www.ssa.gov/retire2/gpo-calc.htm">www.ssa.gov/retire2/gpo-calc.htm</a>	
AARP Website: <a href="http://www.aarp.org">www.aarp.org</a>	
Windfall Elimination Provision: <a href="http://www.ssa.gov/retire2/anyPiaVepjs04.htm">www.ssa.gov/retire2/anyPiaVepjs04.htm</a>	



# Talk to Your Financial Professional

Interested in this or other ideas for ensuring that your retirement income strategy is right for you? Talk to your financial professional. There are many options for creating a plan to help you achieve a secure financial future, and your financial professional can explain how each fits into your specific life situation.

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