

# Social Security



Wealth  
Management

## At-a-glance

### Retirement benefits

- Annual Social Security statements are available electronically ([www.ssa.gov](http://www.ssa.gov)), or they are also now being mailed to workers beginning at age 25, 30, 35, 40, 45, 50, 55, 60 and older
- Based on highest 35 years of Indexed Earnings working a few extra years can increase benefits
- Need 40 credits (10 years) to qualify for benefits, earn a maximum of 4 credits per year
- Workers taxed on earnings at 6.20%—earnings above \$127,200 (2017) are not subject to Social Security tax
- The 2016 maximum Social Security benefit at full retirement age:
  - Monthly: \$2,687
  - Annual: \$32,244

### Full retirement ages & early retirement reductions

Year of Birth	Full Retirement Age (FRA)	Age 62 to FRA (in months)	Total % Reduction	Age in 2017
<b>1943-1954</b>	66	48	25.00%	63-74
<b>1955</b>	66 and 2 months	50	25.84%	62
<b>1956</b>	66 and 4 months	52	26.66%	61
<b>1957</b>	66 and 6 months	54	27.50%	60
<b>1958</b>	66 and 8 months	56	28.33%	59
<b>1959</b>	66 and 10 months	58	29.17%	58
<b>1960+</b>	67	60	30.00%	57 or less

### Did you know?

Receive 8% credit for each year past full retirement age that claim benefits are delayed.

### Spousal, survivor & ex-spouse (divorce) benefits

#### Spouse

Eligible to receive the higher of either

- Benefits he/she may have earned on his/her own record or
- Half (50%) of spouse's primary insurance amount (up to FRA)

Spouse cannot collect on your record until you file for benefits and spouse must be at least age 62

#### Survivor

A surviving spouse will generally receive 100% of the deceased's benefit or benefits on their own record at FRA but will not receive both

- Reduced benefits can begin as early as age 60
- Survivor benefits that start at age 60 are reduced by 28.50%

#### Ex-spouse (divorce)

If married for at least 10 years and divorced for at least 2 years, ex-spouse can get Social Security benefits based on other ex-spouse's record

- The receiving ex-spouse must be 62 or older and cannot re-marry or benefits are forfeited
- The benefits received by the ex-spouse have no effect on either the primary earner or their current spouse
- Divorced spouse can receive benefits even if other ex-spouse has not filed (however ex-spouse must be at least age 62)

**Benefit reduction for earned income**

Benefit reduction for earned income in early retirement (2017)			
	Age 62 to normal retirement age	Year of reaching full retirement age – months prior to attaining normal retirement age	Month attaining full retirement age and greater
<b>Earned income</b>	\$16,920	\$44,880	No limit
<b>Reduction in benefit</b>	\$1.00 for every \$2.00 earned	\$1.00 for every \$3.00 earned	Not applicable

**Taxation of benefits**

Amount of benefit subject to federal income tax (2017)		
	50% Of benefit subject to federal income tax at your marginal tax rate	85% Of benefit subject to federal income tax at your marginal tax rate
<b>Filing individually</b>	Combined income of \$25,000 to \$34,000	Combined income more than \$34,000
<b>Filing jointly</b>	Combined income of \$32,000 to \$44,000	Combined income more than \$44,000

**Summary of changes for married couples**

	Age 62 by January 1, 2016	Under Age 62 by January 1, 2016
<b>Strategy</b>	Birthdates May 1, 1950 through January 1, 1954	Birthdates January 2, 1954 and later
<b>File and suspend</b>	No longer allowed	No longer allowed
<b>Filing restricted application</b>	Still available at FRA or older, if eligible for spousal benefits	No longer allowed

**Help is available**

All individuals and couples can benefit from a conversation with your RBC Wealth Management® financial advisor. Contact him or her today to discuss what Social Security benefits strategies are right for you.

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