

Understanding Social Security



Reference Guide to Social Security Terms

Full Retirement Age (FRA)

The age at which a worker, spouse, or survivor receives their full retirement benefit amount. Claiming benefits before FRA results in a reduced benefit, and claiming certain benefits after FRA can lead to an increased benefit. A worker's FRA varies based on their year of birth, and can be as high as 67 for younger clients.

Initial Eligibility

The earliest age at which a person is able to receive a benefit: typically age 62 for worker or spousal benefits, and age 60 for survivor benefits.

Survivor Benefits

The benefits a widow or widower (also, in some cases, children and even dependent parents) is eligible to receive based on their deceased family member's work record. Social Security+ currently only considers benefits for a surviving spouse and not other family members.

Spousal Benefits

The benefits received by the spouse (and/or in some cases the ex-spouse) of a worker, when filing for spousal benefits on the worker's account.

3 Questions to Ask Yourself Before You Claim Social Security

1. When Are You Considered Full Retirement Age?

Once you are at your full retirement age, you are entitled to your full monthly Social Security benefit. The full retirement age depends on the year you were born. Those born in 1958 are at full retirement age at 66 and eight months. Those born in 1959 are at full retirement age at 66 and 10 months. Those born after 1960 come to full retirement age at 67.2 years old.

2. How Much Money Do You Have in Your Retirement Savings?

You will want to consider the monthly income you get from your retirement savings. Determine how much annual income you need for your monthly obligations. Then see how much money you need to withdraw from your savings each year.

3. Are You Dealing With Any Major Health Issues?

Social Security payment calculations use the average life span, and the amount is divided by how many years you are likely to claim the benefits. Certain major health conditions may result in a lessened life span. If this is the case, making an early claim may be the better option if you feel you might not claim your benefits for the full average life span.

Employment Record, Work Record, Account

When filing for Social Security benefits, a person may have a choice of filing on their own account with the Social Security Administration (SSA) -i.e. filing based on their own work history as linked to their Social Security Number -or filing on someone else's account (e.g. a husband might file for spousal benefits based on his wife's account).

Delayed Retirement Credits

A worker claiming their own benefits after FRA receives increased benefits for each month they delay up to age 70. These increases are referred to as Delayed Retirement Credits, and while they don't affect spousal benefits based on the worker's account, they do improve survivor benefits.

Prior Filing

Describes a situation where a user has already filed for Social Security benefits. The earliest possible age at which one could have filed currently 62.

Widow(er)'s Limit

A limit to the maximum amount of survivor benefits a surviving spouse is able to receive. This limit only takes effect when the deceased worker filed for benefits before reaching their FRA.

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**Source: 25 year Health & Retirement Study, Univ. of Michigan*

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