



Your Social Security Timing Report

Prepared for: Ms. Jane Smith

Prepared by: Merit Financial Advisors

On: Tuesday, April 20, 2021

Assumptions

Widow(er)	
Name	Ms. Jane
Date of Birth	2/1/1965
Gender	F
Deceased Primary Insurance Amount (PIA)	3,000
Assumed Inflation	2.00 %
Real Rate of Return	0.00 %
Full Retirement Age (FRA) for Widow(ers) Benefit	67 years
Full Retirement Age (FRA) for Retirement Benefit	67 years
Income Need	\$0

Estimated Monthly Benefits

Age	60	61	62	63	64	65	66	67	68	69	70
Retirement Benefit	\$0	\$0	\$1,524	\$1,656	\$1,801	\$1,990	\$2,186	\$2,389	\$2,632	\$2,884	\$3,144
Widow(er) Benefit	\$0	\$0	\$0	\$0	\$0	\$3,292	\$3,507	\$3,729	\$3,804	\$3,880	\$3,957

Why are the estimated benefits different from my Social Security Statement?

Your Social Security Statement makes certain assumptions that differ from the assumptions we make in preparing your analysis.

First, Social Security assumes that the average wages will not increase in the future. Average wage statistics are used to index your past earnings to equal today's dollars, and to adjust formulas in the benefit calculation. We assume that the average wage will increase at the same pace as inflation, and we adjust your earnings as well as the formulas for future election years based on this assumption.

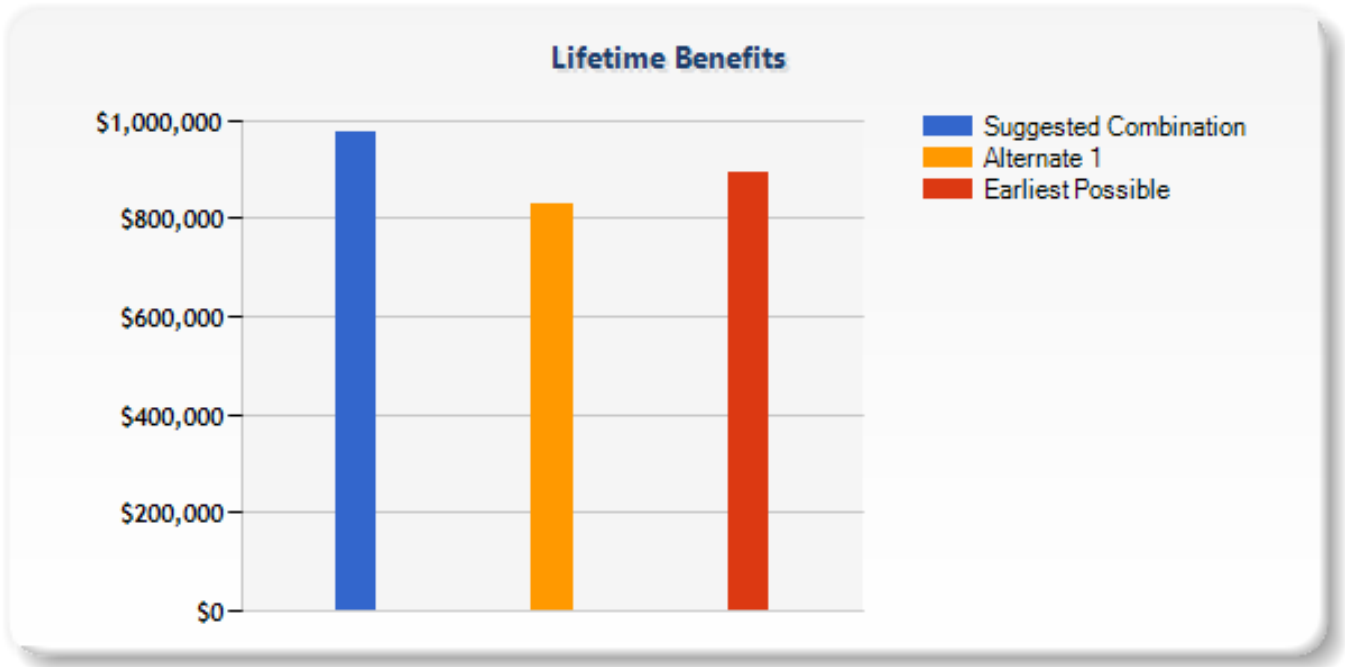
Second, your Social Security Statement does not include cost of living adjustments. Historically, cost of living adjustments have occurred regularly and a recent Social Security Trustees report (<https://www.ssa.gov/oact/tr/2020/>) assumes long term Cost of Living Adjustments to be between 1.8% and 3.0% per year with the most likely average being 2.4% per year. The benefit amounts above include Cost of Living adjustments based on the 2.00 % inflation assumption per year that you entered.

The raw dollar amount of your future benefit is of interest to most of our clients and as a result, we present that information above and through this report when potential benefit amounts are referenced. As a result, the monthly benefit amounts above and through the remainder of this report represent your benefits in future dollars. We have taken substantial care to utilize the lifetime values of different benefit elections in today's dollars, using a real rate of return of 0.00 %. Lifetime benefit values throughout this report represent the present value of benefits based on the estimated cashflows on the respective strategy cashflow tables. Cashflow tables are annual cashflows. "Strategy" in this report is used to denote a set of Social Security claiming ages and techniques, not an investment strategy.

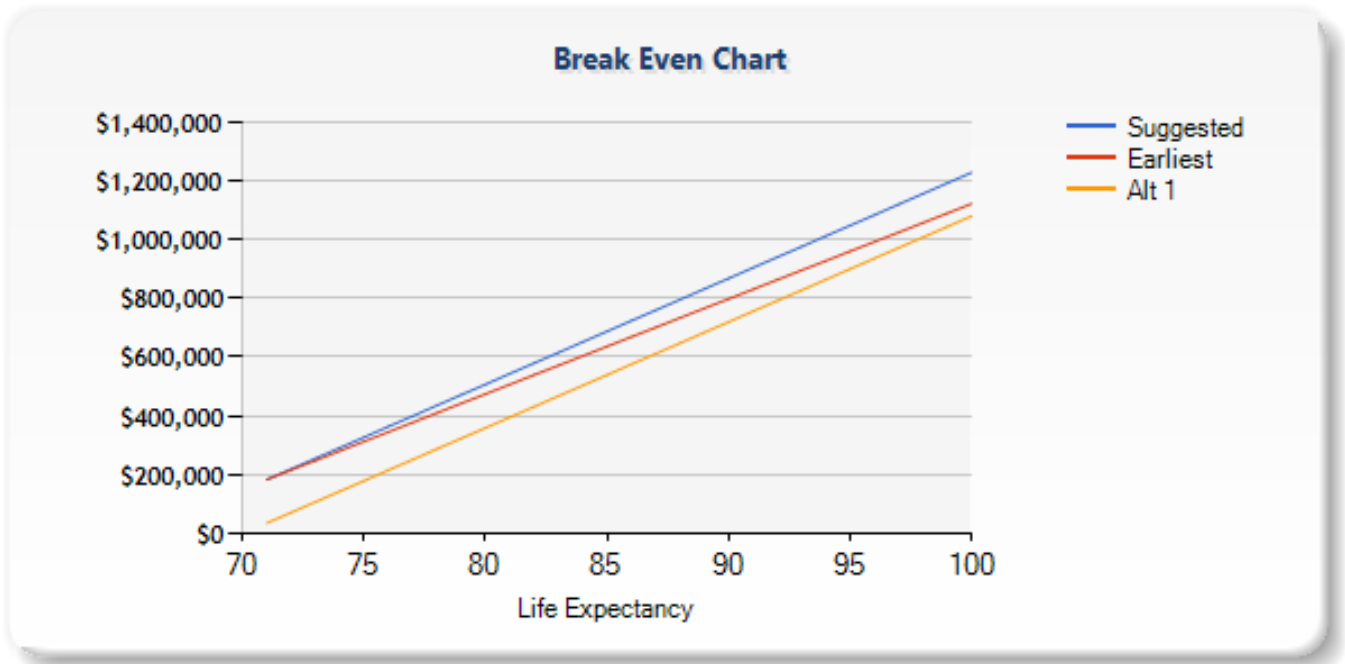
Strategy Comparison

The expected lifetime benefit using the **suggested** strategy is: **\$975,589**

- The expected lifetime benefit for the **first alternate** available combination is: **\$827,649**
- The expected lifetime benefit if benefits are elected as **early** as possible is: **\$895,015**



Graph Represents Present Value of Lifetime Benefits. The break even point is the point at which the strategy offering the highest lifetime benefits changes, and is the point where two lines cross. The preceding chart and comparisons assume that Ms. Jane dies at age 93 years.

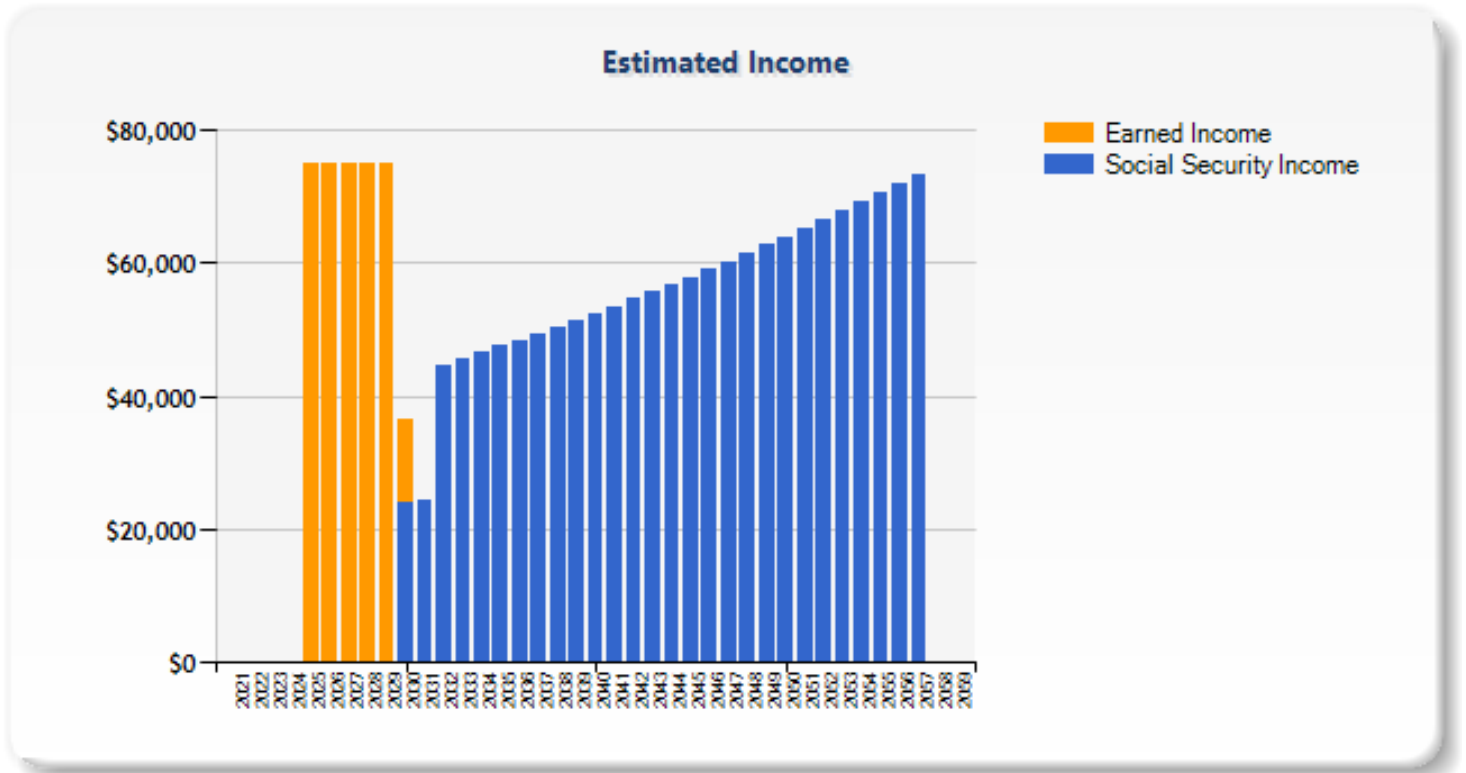


Your Suggested Social Security Strategy

- Ms. Jane should file a restricted application for Retirement benefits only at age **65 years**. Your approximate Retirement benefit would be **\$1,990**
- At age **67 years**, Ms. Jane should file for Widow(er)'s benefits. Your approximate Widow(er)'s benefit amount will be **\$3,729**

The expected lifetime benefit using this strategy is: **\$975,589**

Using the Suggested Election Ages



The preceding charts demonstrate future value cashflows using the assumptions outlined on the assumptions page of this report, and do not include taxes or any other source of income. The desired income line is generated based on user input and inflated for future value using the same inflation assumptions.

Estimated Cashflows for your *Suggested* Social Security Strategy

Combined Benefit Breakdown *Net Present Value*

Retirement	Widow
\$39,965	\$935,623

Expected Cashflow *Future Values*

Year	Age	Ms. Jane		Summary	
		Retirement	Widow	Total	Other*
2025	60	\$0	\$0	\$0	\$75,000
2026	61	\$0	\$0	\$0	\$75,000
2027	62	\$0	\$0	\$0	\$75,000
2028	63	\$0	\$0	\$0	\$75,000
2029	64	\$0	\$0	\$0	\$75,000
2030	65	\$23,880	\$0	\$23,880	\$12,500
2031	66	\$24,360	\$0	\$24,360	\$0
2032	67	\$0	\$44,748	\$44,748	\$0
2033	68	\$0	\$45,648	\$45,648	\$0
2034	69	\$0	\$46,560	\$46,560	\$0
2035	70	\$0	\$47,484	\$47,484	\$0
2036	71	\$0	\$48,432	\$48,432	\$0
2037	72	\$0	\$49,404	\$49,404	\$0
2038	73	\$0	\$50,388	\$50,388	\$0
2039	74	\$0	\$51,396	\$51,396	\$0
2040	75	\$0	\$52,428	\$52,428	\$0
2041	76	\$0	\$53,472	\$53,472	\$0
2042	77	\$0	\$54,540	\$54,540	\$0
2043	78	\$0	\$55,632	\$55,632	\$0
2044	79	\$0	\$56,748	\$56,748	\$0
2045	80	\$0	\$57,876	\$57,876	\$0
2046	81	\$0	\$59,040	\$59,040	\$0
2047	82	\$0	\$60,216	\$60,216	\$0
2048	83	\$0	\$61,416	\$61,416	\$0
2049	84	\$0	\$62,652	\$62,652	\$0
2050	85	\$0	\$63,900	\$63,900	\$0
2051	86	\$0	\$65,184	\$65,184	\$0
2052	87	\$0	\$66,480	\$66,480	\$0
2053	88	\$0	\$67,812	\$67,812	\$0
2054	89	\$0	\$69,168	\$69,168	\$0
2055	90	\$0	\$70,548	\$70,548	\$0
2056	91	\$0	\$71,964	\$71,964	\$0
2057	92	\$0	\$73,404	\$73,404	\$0
2058	93	\$0	\$0	\$0	\$0
Totals:		\$48,240	\$1,506,540	\$1,554,780	\$387,500

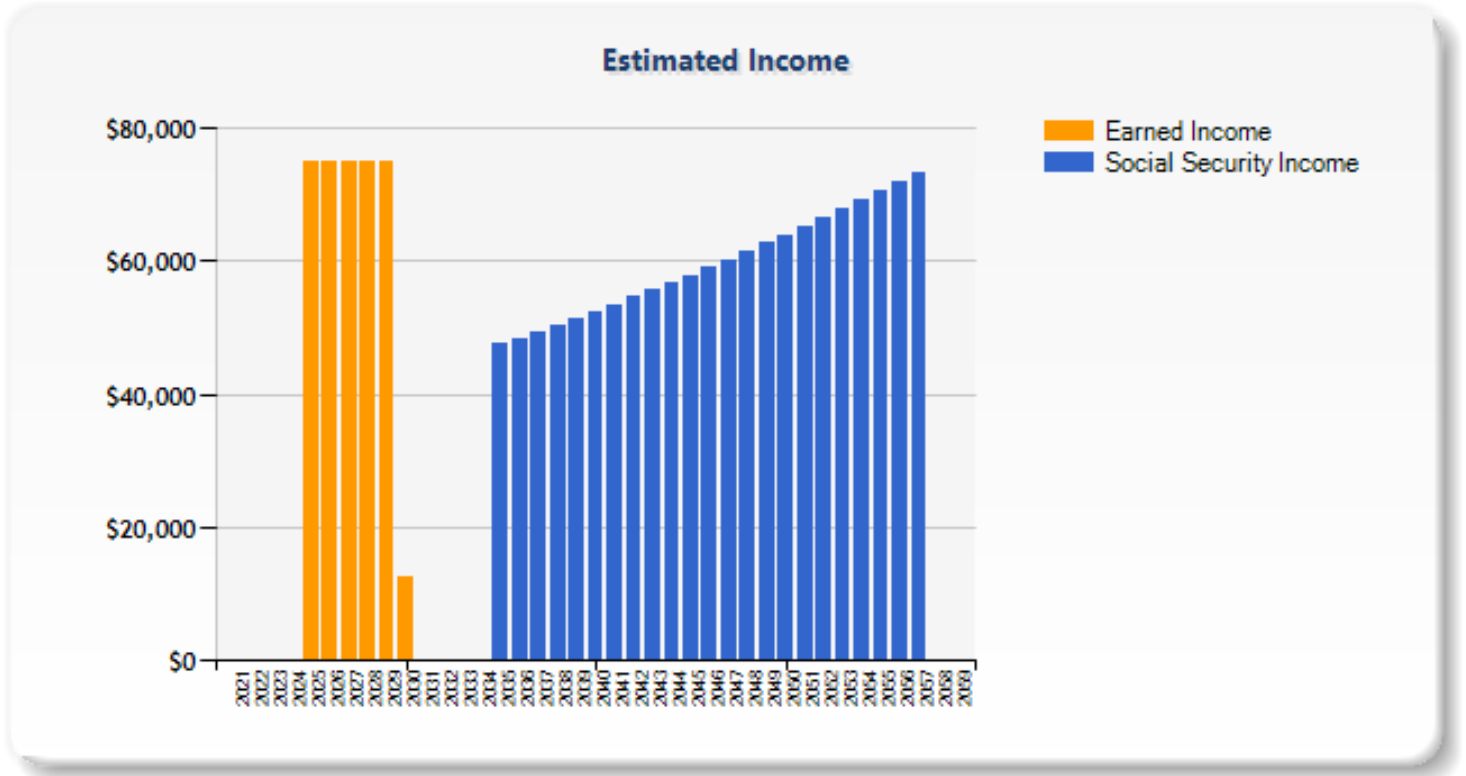
* Other Income is a combination of government pension and earnings entered.

Your *First Alternate* Social Security Strategy

- Ms. Jane should file a standard application for Widow's benefits at age **70 years**. Your approximate benefit amount will be **\$3,957**

The expected lifetime benefit using this strategy is: **\$827,649**

Using the First Alternate Election Ages



The preceding charts demonstrate future value cashflows using the assumptions outlined on the assumptions page of this report, and do not include taxes or any other source of income. The desired income line is generated based on user input and inflated for future value using the same inflation assumptions.

Estimated Cashflows for your *First Alternate Social Security Strategy*

Combined Benefit Breakdown *Net Present Value*

Retirement	Widow
\$0	\$827,649

Expected Cashflow *Future Values*

Year	Age	Ms. Jane		Summary	
		Retirement	Widow	Total	Other*
2025	60	\$0	\$0	\$0	\$75,000
2026	61	\$0	\$0	\$0	\$75,000
2027	62	\$0	\$0	\$0	\$75,000
2028	63	\$0	\$0	\$0	\$75,000
2029	64	\$0	\$0	\$0	\$75,000
2030	65	\$0	\$0	\$0	\$12,500
2031	66	\$0	\$0	\$0	\$0
2032	67	\$0	\$0	\$0	\$0
2033	68	\$0	\$0	\$0	\$0
2034	69	\$0	\$0	\$0	\$0
2035	70	\$0	\$47,484	\$47,484	\$0
2036	71	\$0	\$48,432	\$48,432	\$0
2037	72	\$0	\$49,404	\$49,404	\$0
2038	73	\$0	\$50,388	\$50,388	\$0
2039	74	\$0	\$51,396	\$51,396	\$0
2040	75	\$0	\$52,428	\$52,428	\$0
2041	76	\$0	\$53,472	\$53,472	\$0
2042	77	\$0	\$54,540	\$54,540	\$0
2043	78	\$0	\$55,632	\$55,632	\$0
2044	79	\$0	\$56,748	\$56,748	\$0
2045	80	\$0	\$57,876	\$57,876	\$0
2046	81	\$0	\$59,040	\$59,040	\$0
2047	82	\$0	\$60,216	\$60,216	\$0
2048	83	\$0	\$61,416	\$61,416	\$0
2049	84	\$0	\$62,652	\$62,652	\$0
2050	85	\$0	\$63,900	\$63,900	\$0
2051	86	\$0	\$65,184	\$65,184	\$0
2052	87	\$0	\$66,480	\$66,480	\$0
2053	88	\$0	\$67,812	\$67,812	\$0
2054	89	\$0	\$69,168	\$69,168	\$0
2055	90	\$0	\$70,548	\$70,548	\$0
2056	91	\$0	\$71,964	\$71,964	\$0
2057	92	\$0	\$73,404	\$73,404	\$0
2058	93	\$0	\$0	\$0	\$0
Totals:		\$0	\$1,369,584	\$1,369,584	\$387,500

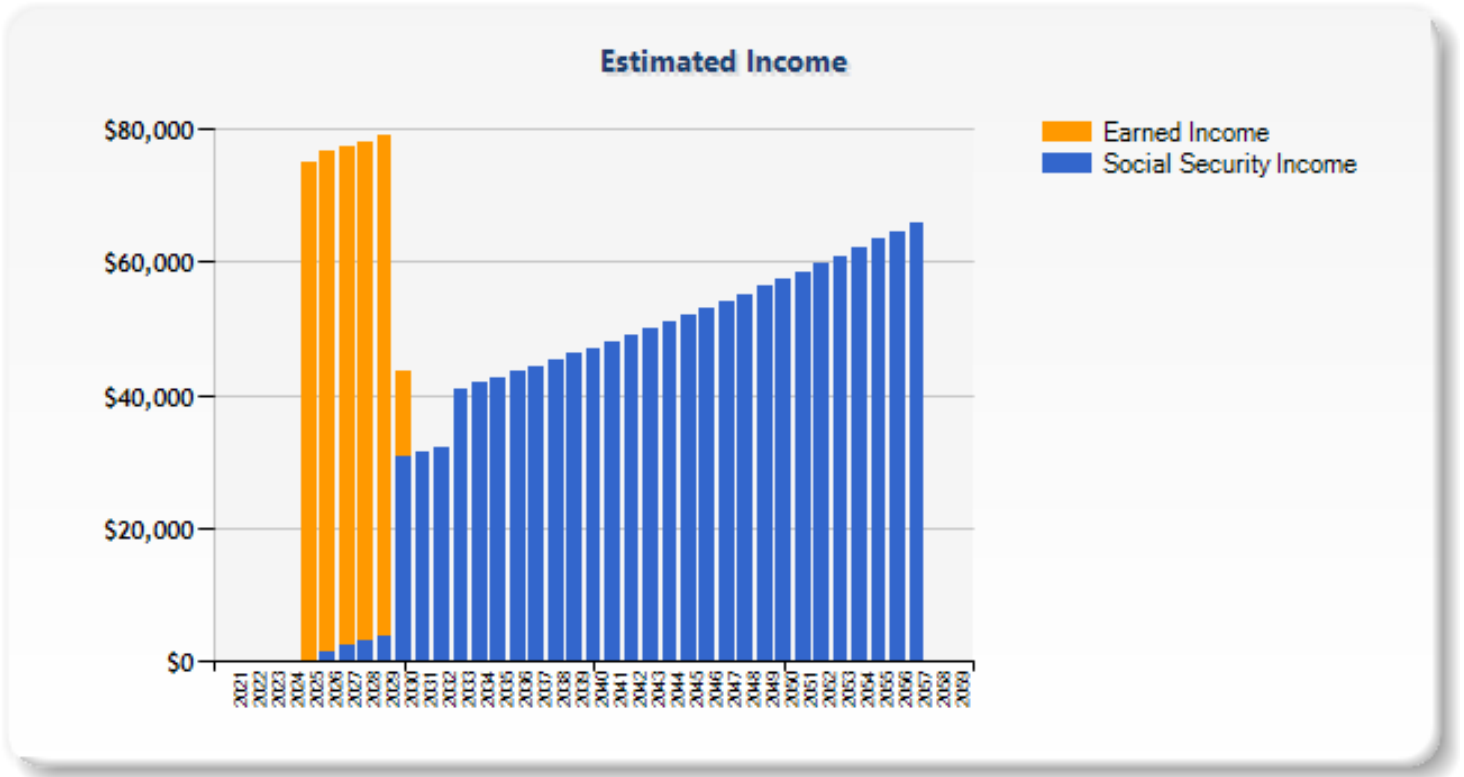
* Other Income is a combination of government pension and earnings entered.

Your *Earliest Possible* Social Security Strategy

- Ms. Jane should file a standard application for Widow's benefits at age **60 years 1 months**. Your approximate benefit amount will be **\$0**. *This is because an earnings test reduction was applied in the amount of \$2,332. See the earnings test section of the report.*

The expected lifetime benefit using this strategy is: **\$895,015**

Using the Earliest Possible Election Ages



The preceding charts demonstrate future value cashflows using the assumptions outlined on the assumptions page of this report, and do not include taxes or any other source of income. The desired income line is generated based on user input and inflated for future value using the same inflation assumptions.

Estimated Cashflows for your *Earliest Possible Social Security Strategy*

Combined Benefit Breakdown *Net Present Value*

Retirement	Widow
\$0	\$895,015

Expected Cashflow *Future Values*

Year	Age	Ms. Jane		Summary	
		Retirement	Widow	Total	Other*
2025	60	\$0	\$0	\$0	\$75,000
2026	61	\$0	\$1,515	\$1,515	\$75,000
2027	62	\$0	\$2,288	\$2,288	\$75,000
2028	63	\$0	\$3,090	\$3,090	\$75,000
2029	64	\$0	\$3,895	\$3,895	\$75,000
2030	65	\$0	\$30,900	\$30,900	\$12,500
2031	66	\$0	\$31,512	\$31,512	\$0
2032	67	\$0	\$32,148	\$32,148	\$0
2033	68	\$0	\$40,992	\$40,992	\$0
2034	69	\$0	\$41,820	\$41,820	\$0
2035	70	\$0	\$42,648	\$42,648	\$0
2036	71	\$0	\$43,500	\$43,500	\$0
2037	72	\$0	\$44,376	\$44,376	\$0
2038	73	\$0	\$45,264	\$45,264	\$0
2039	74	\$0	\$46,164	\$46,164	\$0
2040	75	\$0	\$47,088	\$47,088	\$0
2041	76	\$0	\$48,024	\$48,024	\$0
2042	77	\$0	\$48,996	\$48,996	\$0
2043	78	\$0	\$49,968	\$49,968	\$0
2044	79	\$0	\$50,964	\$50,964	\$0
2045	80	\$0	\$51,984	\$51,984	\$0
2046	81	\$0	\$53,028	\$53,028	\$0
2047	82	\$0	\$54,084	\$54,084	\$0
2048	83	\$0	\$55,164	\$55,164	\$0
2049	84	\$0	\$56,268	\$56,268	\$0
2050	85	\$0	\$57,396	\$57,396	\$0
2051	86	\$0	\$58,548	\$58,548	\$0
2052	87	\$0	\$59,712	\$59,712	\$0
2053	88	\$0	\$60,912	\$60,912	\$0
2054	89	\$0	\$62,124	\$62,124	\$0
2055	90	\$0	\$63,372	\$63,372	\$0
2056	91	\$0	\$64,632	\$64,632	\$0
2057	92	\$0	\$65,928	\$65,928	\$0
2058	93	\$0	\$0	\$0	\$0
Totals:		\$0	\$1,418,304	\$1,418,304	\$387,500

* Other Income is a combination of government pension and earnings entered.

The Retirement Earnings Test

How does work affect Social Security?

You are able to work and receive Social Security retirement, spousal, or survivor's benefits. However, you may be subject to a reduction in benefits if you haven't attained full retirement age.

The Social Security Administration will withhold benefits during the year in which you work assuming that you provide an estimate to the Social Security office about your expected earnings. If you do not report estimated earnings, the SSA will withhold your monthly payments in the following year until all benefits that should have been withheld are paid in full.

How much of my benefit will be withheld?

In 2021, you are allowed to earn up to \$18,960 before benefits are withheld. For every \$2 you earn above the exempt amount, \$1 dollar will be withheld. This applies to all years leading up to the year in which you attain your full retirement age. During the year you attain full retirement age the exempt amount increases to \$50,520 and for every \$3 you earn over the exempt amount \$1 will be withheld.

Even though your benefits are withheld they are not completely lost. Once you reach full retirement age, your benefits will be increased to account for the number of months that you did not receive a benefit. For example, if your full retirement age is 66 and you filed for benefits at 62 you received a reduction in benefits for taking benefits 48 months early. If 12 payments are withheld due to the earnings test, your benefits will be adjusted at your full retirement age and it will be as if you elected at age 63, or 36 months early.

What is considered income?

If you are employed by someone else only wages are considered earned income for the purpose of the annual earnings test. For people who are self-employed only net earnings count. It is important to note that employee contributions to pension or retirement plans are included in gross wages.

Income that is not counted as earnings include:

- Government benefits,
- Investment earnings,
- Interest,
- Pensions,
- Annuities; and
- Capital gains

Special Rule

For people who file for benefits mid-year and have already earned more than the exempt amount, the monthly earnings test is used. For any month during that first year that you earn under the monthly exempt amount, which is simply 1/12th of the annual exempt amount, you will receive your full benefit for that month, regardless of your earnings before you filed for benefits.

This analysis has incorporated the Social Security Annual Earnings Test.

Assumptions COLA - 2.00%

Real Rate of Return - 0.00%

Income Need - \$0

What is the name and gender? Ms. Jane

F

What is the date of birth? 2/1/1965

What life expectancy should we plan for? 93 years

What is the deceased's date of birth? 12/17/1955

What benefit amount would you receive if you elect widow's benefits at your Full Retirement Age? \$3,000

What is the Primary Insurance Amount (PIA) of the deceased? \$3,000

How were benefits estimated? Estimated benefit of \$2,000 at age 67 years from a statement on 4/20/2021 Plans on continuing to work until 65 with an annual income of \$75,000

Disclosures

This report is intended as a diagnostic tool to suggest potential election options that may be beneficial. The election options considered may not be exhaustive. While substantial effort has been taken to ensure the accuracy of all calculations, we provide no guarantees. Further, this report can not anticipate future changes to the Social Security System, formulae, or claiming rules.

This report specifically excludes the following situations:

1. This report does not account for disability years. If you have years in which you received Social Security Disability benefits, the result will be inaccurate.
2. This report may incorporate Social Security's Annual Earnings Test. It does not incorporate the Monthly Earnings Test.
3. This report does not incorporate children's benefits, dependent parent's benefits, or the family maximum calculation.
4. This report does not treat Railroad or Military earnings separately. Workers who have 10+ years of Railroad earnings, or certain military service may experience inaccurate results.
5. We assume "Fully Insured" status. If you have not reached fully insured status for retirement benefits, the results will be inaccurate.

Election options also must be coordinated with your other retirement planning. The contents of this report when judged in the context of your overall financial plan may not be optimal for your circumstances, as it may cause unacceptable trade-offs with your other investment assets. Please seek the advice of your own tax, financial, and legal advisors before implementing any strategies contained in this report.

In this report, life expectancy assumptions may be manually entered, or based on Social Security mortality tables, available at www.ssa.gov/OACT/STATS/table4c6.html. Report contents and calculations provided by Social Security Timing.

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