



Social Security: The Choice of a Lifetime

Sound Credit Union & CUSO Financial Services

March 29, 2022

Presenter: Doug Ewing, Vice President, Nationwide Retirement Institute



This webinar is being **recorded** and will be posted to our website.



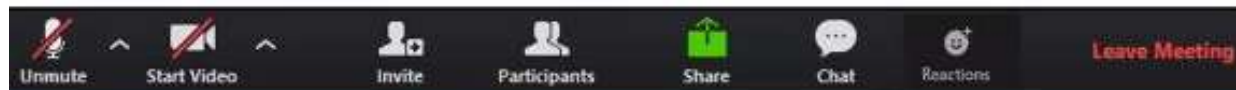
Microphones have been muted and **cameras** are turned off for this webinar.



Please post comments and questions in the **chat** window. We will answer your questions during the Q & A portion of the presentation.



When you exit, please take few moments to answer the short **survey**. This helps us know how we did and learn what other topics you're interested in!



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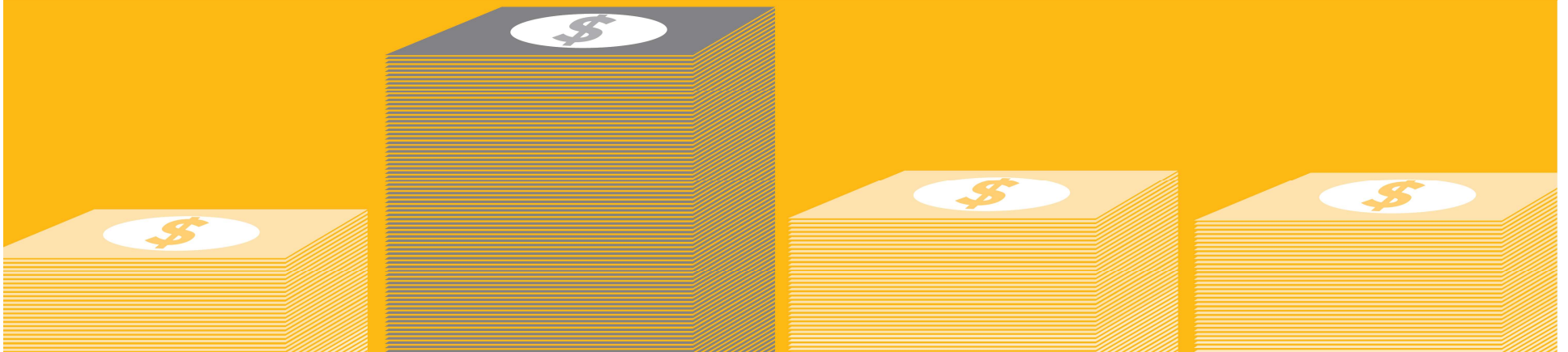
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NATIONWIDE RETIREMENT INSTITUTE®

Social Security

The choice of a lifetime



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NFM-11701AO.23 (02/22)

Today's agenda

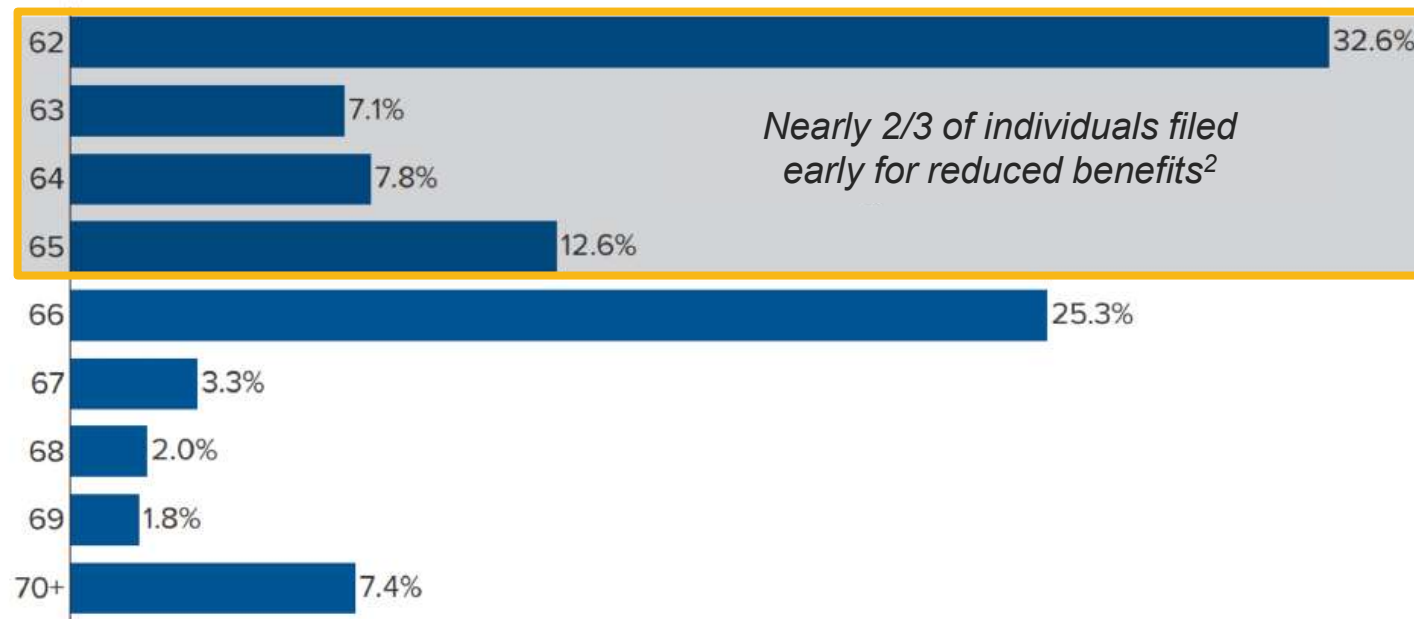
- Social Security – the choice of a lifetime
- Social Security basics
- Managing the discussion

Social Security

— The choice of a lifetime —

Most file at the earliest possible time

New Social Security benefit claimants by age in a calendar year¹

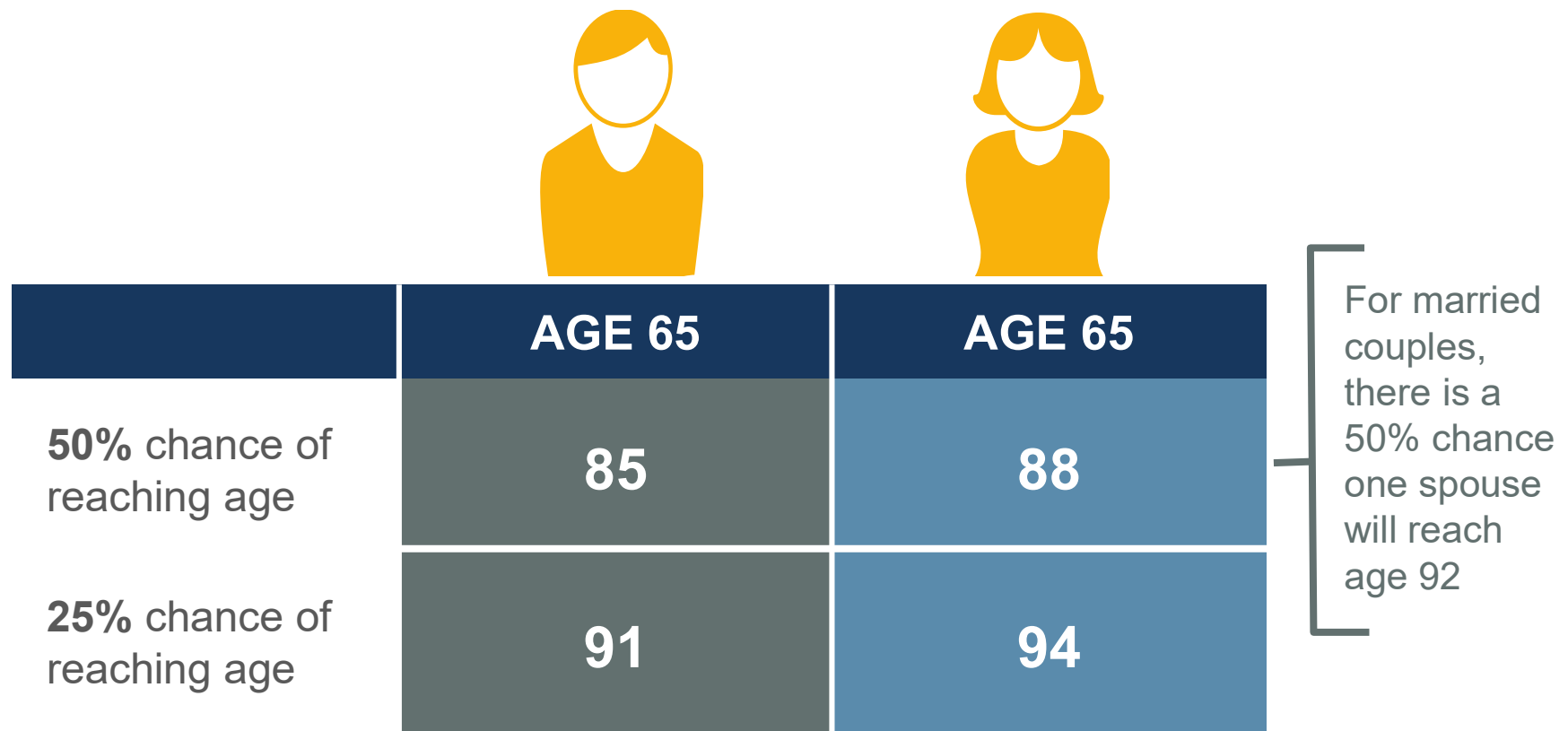


SOURCE: [cnbc.com/2021/02/17/claiming-social-security-early-how-spousal-benefits-come-into-play.html](https://www.cnbc.com/2021/02/17/claiming-social-security-early-how-spousal-benefits-come-into-play.html)

¹ Social Security Administration, Annual Statistical Supplement, 2020.

² FRA = Full retirement age. For this data, FRA is 66.

Average life expectancy and beyond



Source: American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/>, (accessed March 31, 2021). This assumes average-rated health for each spouse.

Jim and Linda's Options — Earliest vs. Optimized

Meet Jim and Linda, a married couple

Jim is 66 and Linda is 61

\$2,600

Jim's SS benefit at FRA

\$1,900

Linda's SS benefit at FRA

This example is hypothetical and for illustrative purposes only.

Figures as shown represent future values and assume average life expectancy of 85 for men and 88 for women and 2.4% annual cost-of-living adjustments (COLA).

* This figure represents results if Jim files today and Linda files when she's 62.



Another Option for A Single Person

Meet Mary, a single person in retirement

Mary is 61

\$2,814

Mary's SS benefit at FRA (67 years)

This example is hypothetical and for illustrative purposes only.

Figures as shown represent future values and assume a life expectancy of 84 and 2.4% annual cost-of-living adjustments (COLA).

\$130,196

Cumulative
benefit
lost by filing
early

\$136,712

Cumulative
benefit
lost by filing
early

Cumulative
benefit if
Mary files
at 62

\$600,964

Cumulative
benefit
if Mary
files at 69
(Optimized)

\$731,160

Cumulative
benefit
if Mary
files at 70

\$737,676

Social Security

— The basics —

What does Social Security offer?

Old Age, Survivors and Disability Insurance (OASDI)

Guaranteed
lifetime income



Indexed to
inflation



Survivor benefits



Preferential
tax treatment



Social Security Act of 1935

- Designed to help older Americans living in poverty during the Great Depression
- Never meant to be sole source of retirement income

Ida May Fuller


First recipient of a monthly Social Security check (1940)

Primary insurance amount (PIA)

- Amount received each month if benefits start at full retirement age (FRA)
- Based on lifetime Social Security earnings adjusted for inflation
 - Average indexed monthly earnings (AIME) over highest 35 years of earnings
 - Benefit reflects a percentage of average monthly earnings
 - High-wage earners receive a smaller percentage than low-wage earners
 - Maximum PIA (at full retirement age) for 2022 is \$3,345
- Social Security statements available on mySocialSecurity
(Sign up at ssa.gov/myaccount.)

Social Security statement

- Statements include PIA, estimated benefits, earnings record and general program information

 **Your Social Security Statement**

WANDA WORKER January 3, 2022

Retirement Benefits
You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credits" through your work — up to four each year. Your full retirement age is 67, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher—for the rest of your life. These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. To learn more about retirement benefits, visit ssa.gov/benefits/retirement/learn.html.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)

Age Retirement Benefits Start	Monthly Benefit Amount
62	\$1,465
63	\$1,569
64	\$1,681
65	\$1,827
66	\$1,973
67	\$2,119
68	\$2,291
69	\$2,463
70	\$2,634

Disability Benefits
You have earned enough credits to qualify for disability benefits. If you became disabled right now, your monthly payment would be about \$2,063 a month.

Survivors Benefits
You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Minor child:	\$1,562
Spouse, if caring for a disabled child or child younger than age 16:	\$1,562
Spouse, if benefits start at full retirement age:	\$2,083
Total family benefits cannot be more than:	\$3,802

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255.

Medicare
You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for:
• people age 65 and older,
• under 65 with certain disabilities, and
• people of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).
Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.
For more information about Medicare, visit medicare.gov or ssa.gov/medicare or call 1-800-MEDICARE (1-800-633-4227) (TTY 1-877-486-2048).

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at ssa.gov/ThereForMe.

Earnings Record
Review your earnings history below to ensure it is accurate. This is important because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings, but you can view them online with [my Social Security](https://my.ssa.gov). If you find an error view your full earnings record online and call 1-800-772-1213.

Earnings Not Covered by Social Security
You may also have earnings from work not covered by Social Security. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. To find out more, visit ssa.gov/apc-wes.

Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- We use cost of living adjustments so your benefits will keep up with inflation.
- The age you claim benefits will affect the benefit amount for your surviving spouse.
- If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your divorced spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- When you apply for either retirement or spousal benefits, you may be required to apply for the other benefit as well.
- For more information about benefits for you and your family, visit ssa.gov/benefits/retirement/planning/applying.html.
- When you are ready to apply, visit us at ssa.gov/benefits/retirement/apply.html.
- The Statement is updated annually. It is available upon request, either online or by mail.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

Taxes Paid
Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:

Social Security taxes	Medicare taxes
You paid: \$75,568	You paid: \$18,158
Employer(s): \$77,498	Employer(s): \$18,158

SSA.gov | Follow us on social media ssa.gov/socialmedia

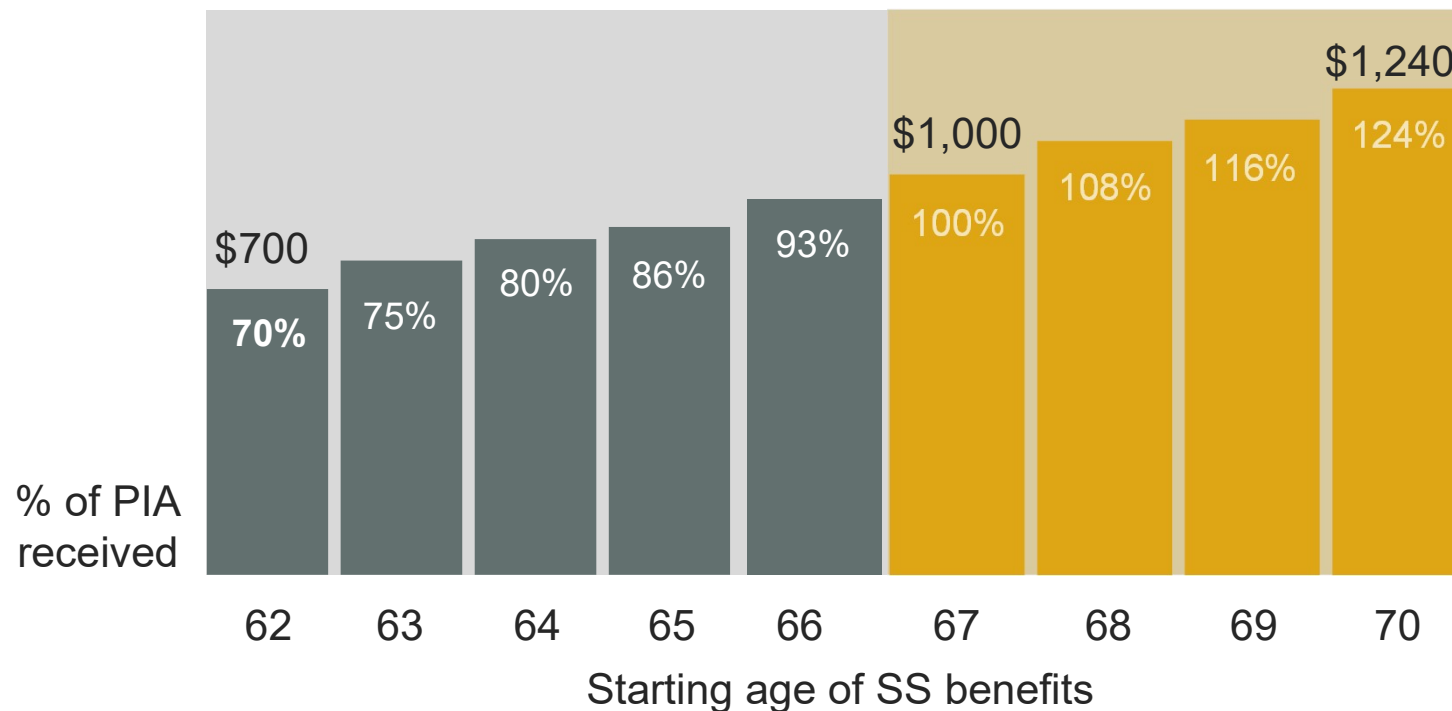
Form SSA-7005-SM-OL (11/21)

Full Retirement Age

Early				FRA		Delay																		
62	63	64	65	66	67	68	69	70																
				Eligible for 100% of benefits																				
				<table><tr><th>Birth Year</th><th>FRA</th></tr><tr><td>1943 - 1954</td><td>66</td></tr><tr><td>1955</td><td>66 + 2 mos.</td></tr><tr><td>1956</td><td>66+ 4 mos.</td></tr><tr><td>1957</td><td>66 + 6 mos.</td></tr><tr><td>1958</td><td>66 + 8 mos.</td></tr><tr><td>1959</td><td>66 + 10 mos.</td></tr><tr><td>1960 - later</td><td>67</td></tr></table>					Birth Year	FRA	1943 - 1954	66	1955	66 + 2 mos.	1956	66+ 4 mos.	1957	66 + 6 mos.	1958	66 + 8 mos.	1959	66 + 10 mos.	1960 - later	67
Birth Year	FRA																							
1943 - 1954	66																							
1955	66 + 2 mos.																							
1956	66+ 4 mos.																							
1957	66 + 6 mos.																							
1958	66 + 8 mos.																							
1959	66 + 10 mos.																							
1960 - later	67																							

Early and delayed filing affect monthly benefit

- Filing at age 70 can increase the monthly benefit 77% over filing at age 62
- Filing at age 70 can increase the monthly benefit 24% over filing at full retirement age (FRA)
- The example assumes a benefit of \$1,000 at an FRA of 67; filing at 70 earns a benefit \$540 greater than filing at 62, a difference of 77%



Source: ssa.gov/pubs/EN-05-10147.pdf

Filing rules for different situations



Surviving spouses



Spouses



Divorced spouses



Dependent children



Disabled individuals

Spousal filing rules



Eligibility

- Eligible at 62
- Married for at least one year
- One spouse must file for the other to claim benefits



Benefits

- **Up to 50%** of spouse's PIA

For surviving spouses



Eligibility

- Married for at least 9 months
- Benefits can be taken as early as age 60¹
- Currently widowed or remarried after age 60



Benefits

- Up to spouse's PIA including, delayed retirement credits earned
- Survivor benefits can be received independently of individual benefits

¹ Filing from 60 and up to FRA will permanently reduce monthly survivor benefits, but it will not impact the survivor's own benefits.

For divorced spouses



Eligibility

- Married for at least 10 years
- Currently unmarried
- Ex-spouse does not have to file beyond two years after divorce



Benefits

- Spousal, then survivor benefits
- No impact on ex-spouse's benefit
- Not subject to the family maximum

How working impacts Social Security benefits

If under FRA for the full year

- \$1 withheld
for every
\$2 above
annual limit

(\$19,560 or \$1,630/month)

In the year of FRA (Up to FRA month)

- \$1 withheld
for every
\$3 above
annual limit

(\$51,960 or \$4,330/month)

At FRA and beyond

- No limit
on earnings
- Withheld
earnings are
returned

— Managing the —

Social Security discussion

Simplifying Social Security decisions

Nationwide's Social Security 360 Analyzer[®] tool

- Identifies optimal filing methods and allows you to adjust parameters to compare different strategies
- Provides instructions on how to file
- Helps you integrate Social Security into your comprehensive retirement income plan

Social Security Assessment



Make an informed Social Security decision

Your personalized Social Security report, powered by Social Security
Timing[®] — Compare your options and choose for your future

Jim & Linda Client

Prepared by the Nationwide Retirement Institute

Friday, January 7, 2022

Report Number 678414

Important Information About This Report

This report is being provided for informational purposes only and should not be construed as investment, tax, or legal advice or a solicitation to buy or sell any specific securities product. You should work closely with your financial professional to develop a plan that incorporates your investment objectives, goals, risk tolerance and time horizons based on your specific situation. This report relies upon the accuracy of the data you provide and is an estimate of the social security benefit you may receive which will differ from the actual benefit amount you receive at the time of application with the Social Security Administration. The information provided is based on current laws which are subject to change at any time. This report has not been reviewed or endorsed by any government agency.

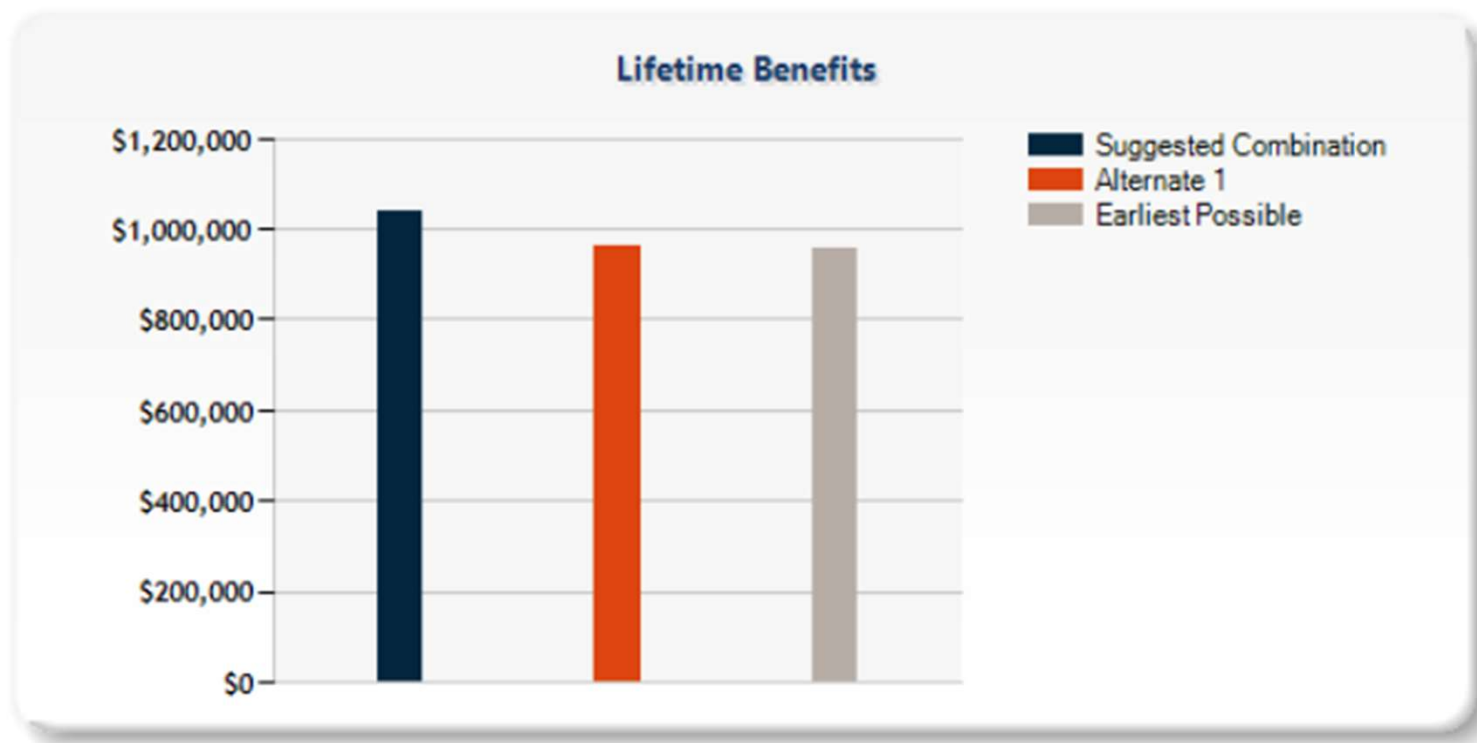
The information collected on this Social Security Report will be kept confidential and used to provide an overview of a client's potential Social Security benefit. Please keep in mind that the results of this report are for hypothetical purposes only and are not guaranteed.

For more information on how Nationwide protects your personal information, visit our online privacy policy at <http://www.nationwide.com/privacy-security.jsp>.

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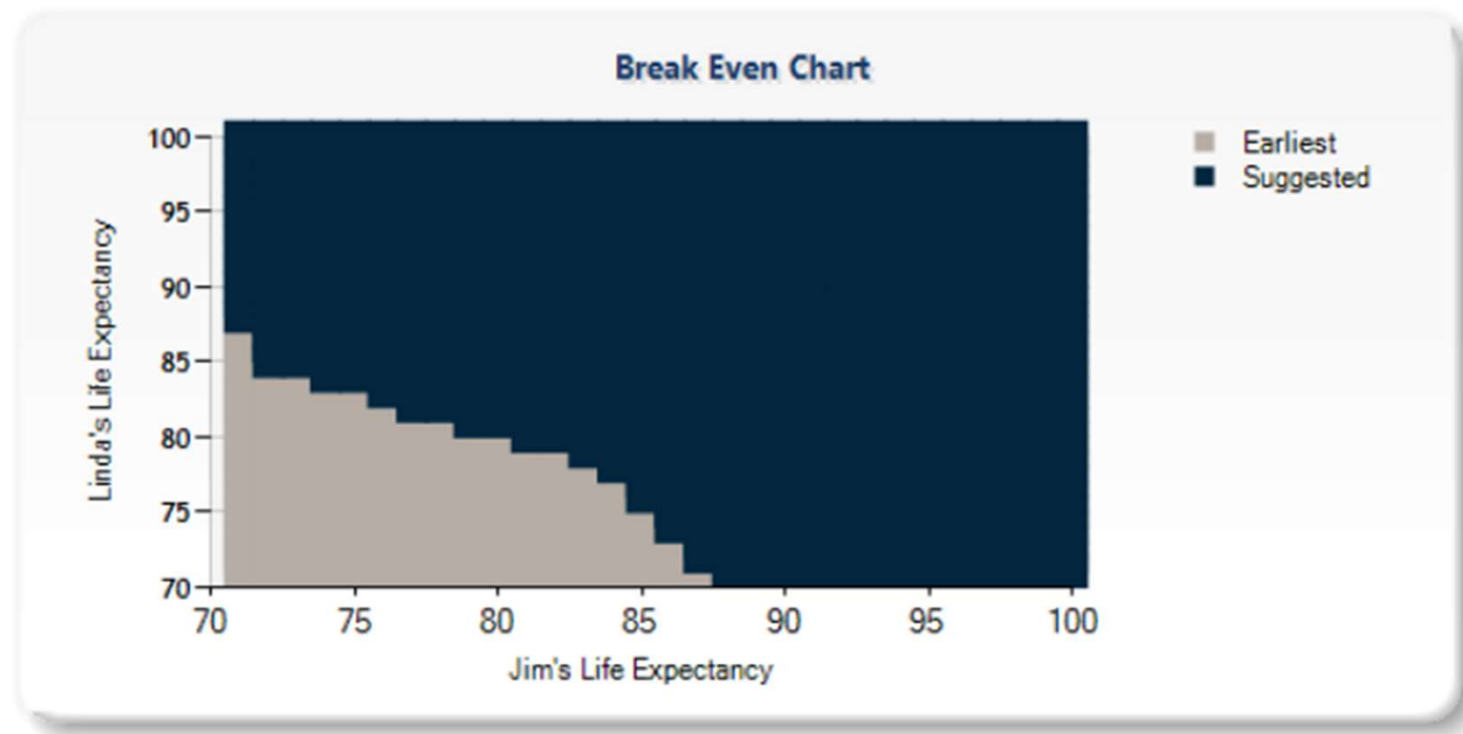
Compare filing strategies

The client's Social Security report shows cumulative benefits of an optimization strategy vs. early filing and alternative filing strategies.



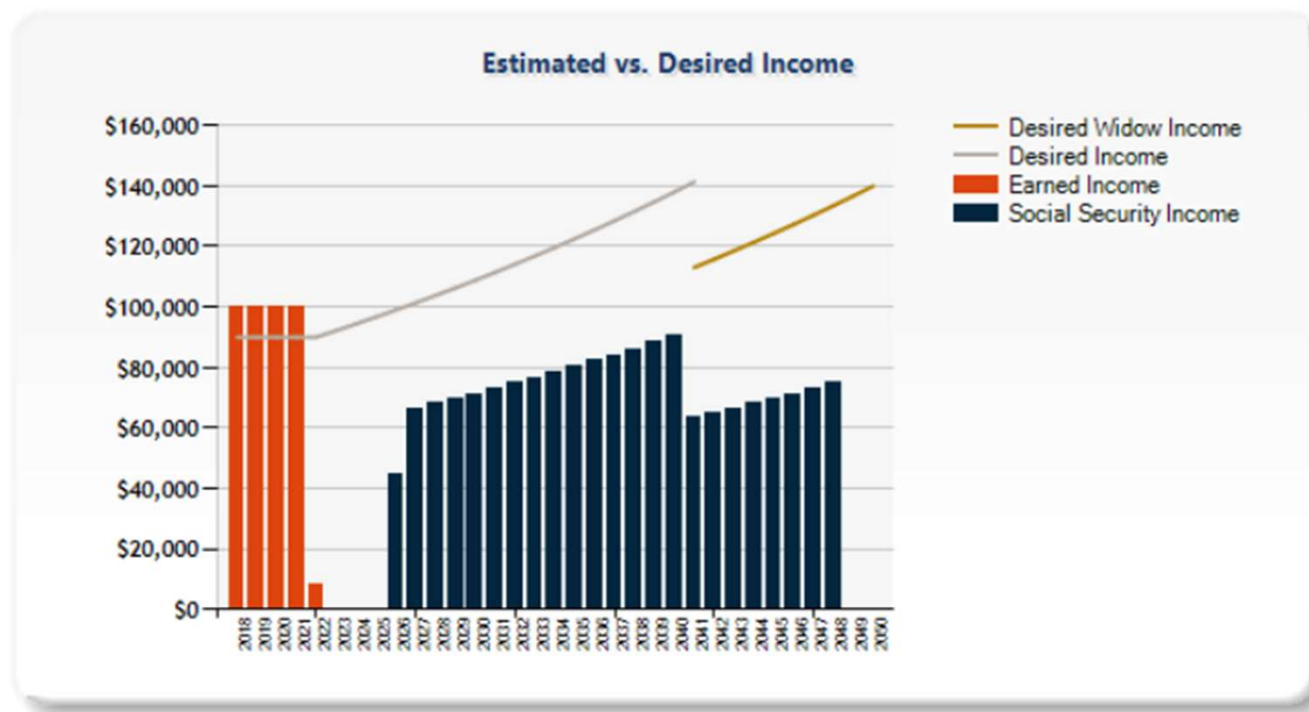
Analyze break-even points

This chart illustrates which of the outlined strategies provides the best outcome at any given set of mortality assumptions for Social Security claimants.



Identify income gaps

The report illustrates annual Social Security cash flow for the suggested filing strategy vs. projected retirement income needs.



Social Security fact finder

Helps gather relevant information to prepare a filing strategy comparison

- Marital status
- Expected benefit amount
- Life expectancy
- Planned retirement date
- Desired retirement income
- Retirement goals, concerns, etc.

 **Nationwide®**

Complete this form and return to the Retirement Resource Group:
INVESTNW@nationwide.com
Fax: 1-888-807-2140 • Phone: 1-866-975-6363

Social Security 360 Analyzer® Fact Finder

Retirement Specialist: _____ Plan Sponsor/Employer: _____

PARTICIPANT CONTACT INFORMATION		
First name:	Last name:	
Email:	Phone:	Fax:
I would like to review the Social Security 360 Analyzer® results with a licensed Nationwide representative: <input type="checkbox"/> Yes <input type="checkbox"/> No		

 **Before you begin:** Log in and download your current Social Security statement at socialsecurity.gov/myaccount.

Answer the questions below and bring this form to a Social Security planning meeting with your Retirement Specialist.
(If you select married, widowed or divorced, be sure to answer the related questions on Page 2 in addition to the questions below.)

About you

Your marital status: ☐ Married ☐ Widowed ☐ Divorced ☐ Single

Sex: ☐ Male ☐ Female Date of birth (mm/dd/yy): ____/____/____

What life expectancy are you planning for? ____ years ____ months ☐ Use average (Male=86 years, Female=89 years)¹

Have you already started taking Social Security benefits? ☐ Yes ☐ No If yes, at what age? ____ Filing date: ____/____/____
If so, how much is the monthly benefit you're currently receiving? \$ ____

Government or Nonprofit Employees/Former Employees

Do you have a pension from employment in which you did NOT pay Social Security taxes? ☐ Yes ☐ No

If yes, Page 3 of your SS benefit statement ("Your earnings statement") is required with this questionnaire to generate a report.

What is the name of the pension/employer? _____ What is the monthly pension amount? \$ ____
When does this pension start? _____ What is the projected cost-of-living adjustment for this pension? \$ ____%

Your earnings

For this section, please refer to a current Social Security benefit statement.

Statement date: ____/____/____

Your estimated monthly benefits at full retirement age: \$ ____

At what age do you plan to stop working? ____
If you're planning to work after age 62, what is your anticipated annual employment income? \$ ____

Your retirement income assumption

What is your desired monthly pretax household income upon retirement? \$ ____ (TODAY'S DOLLARS)

What is your desired monthly pretax household income after the death of your spouse? \$ ____

¹ Life expectancy for a married couple at age 65, 2015 LIMRA Retirement Income Reference Book

After this section is complete, please continue to the next page.

Three steps in Social Security planning

- Get a good understanding of the basics of Social Security
- Make an appointment to discuss your Social Security options
- Complete a Social Security fact finder in advance of the meeting

Q & A Time



Questions? Contact us!

- Beau Kelley: bkelly.cfsinvest@soundcu.com
- Mitch Hamilton: mhamilton.cfsinvest@soundcu.com
- Andrew Lawrence: alawrence.cfsinvest@soundcu.com
- Mike Lin: mlin.cfsinvest@soundcu.com



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800.562.8130

Thank you!

