Social Security Benefits

A Key Instrument in Your Retirement Income Strategy
Agenda

☑ Social Security statistics
☑ Social Security overview
☑ When to begin taking Social Security benefits
☑ Next steps
Traditional Guaranteed Retirement Income Sources

- Defined benefit plans
- Social Security
Did You Know?

- 52% of married couples and about 74% of unmarried persons rely on Social Security for 50% or more of their income*

- Nearly nine out of ten individuals age 65 and older receive Social Security benefits*

- By 2033, the number of Americans age 65+ will increase from 46.6 million today to over 77 million*

- There are 2.8 workers for each Social Security beneficiary. By 2033, there will be 2.1 workers for each beneficiary*

* Social Security Administration Fact Sheet, April, 2014
What is Social Security?

- A traditional guaranteed income source
- Benefits are based on your earnings
- All covered workers will receive guaranteed payments for life depending on what age they choose to retire
- Benefits can begin at age 62, but will be at a reduced level
- In 2015, there is a 1.7% cost of living adjustment (COLA) for Social Security recipients—in 2016 there will be no increase.

Source: Social Security Administration, 2014
Based on your work record, you and your family members may generally be eligible for benefits as follows:

**When You Retire**
- You are eligible
- Your spouse is eligible
- Your dependent children are eligible

**Should You Pass Away**
- Your spouse is eligible
- Your dependent children are eligible
- Your dependent parents are eligible
If You Are a Spouse

- You can collect benefits based on your own earnings record or, receive 50% of your spouse’s Social Security benefit.
- The Social Security Administration will select the highest payment option for you.
- You cannot collect a spousal benefit until your spouse files for, and starts receiving, his or her own benefit.
Case Study: Jerry and Helen

Jerry, age 62 and Helen, age 60

Jerry is considering taking an early retirement and starting his Social Security benefits.

Helen will continue working, but may decide to retire in the next few years.

Jerry needs to decide the best way to maximize their Social Security benefits.

If he takes benefits now, Jerry will receive $12,000 each year. Delaying benefits until age 67 will provide an annual benefit of $17,280. If Jerry can wait until age 70, he will get $21,120 in annual payments.
Case Study: Jerry and Helen

Jerry decides to defer taking Social Security benefits until age 67

Jerry receives $17,280 each year to supplement his retirement

A few years later, Helen retires

Helen is able to receive the greater of her own Social Security benefit or the spousal benefit

Hypothetical Example. For Illustrative Purposes Only.

Did You Know?

Until May 1, 2016, If you are full retirement age, you can apply for retirement benefits and then request to have payments suspended. That way, your spouse can receive a spouse’s benefit and you can continue to earn delayed retirement credits until age 70. Please speak with a financial professional for other options and more information.
You can receive Social Security benefits on your former spouse’s record if:

- The marriage lasted 10 years or more
- You are unmarried
- You are age 62 or older
- His or her benefit is larger than the amount you are entitled to and your former spouse is entitled to benefits
How Benefits are Calculated

- You must have 40 quarters of coverage during your lifetime in order to be eligible for full benefits

- In 2015 and 2016, you and your employer pay Social Security tax on earnings up to $118,500

- The higher your lifetime earnings that have Social Security taxes withheld, the higher your Primary Insurance Amount will be at Full Retirement Age

In 2014, one credit, with a maximum of four per year, is earned for every $1,200 in wage earnings you have. The $1,200 is increased annually as average earnings levels increase. Military personnel may earn additional credits under certain circumstances. There are special rules for Domestic Workers, Farm Workers, and those who work for a church controlled organization that do not pay Social Security taxes. Refer to the www.ssa.gov website for details.
Your Estimated Benefits

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Retirement</td>
<td>You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...</td>
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<tr>
<td></td>
<td>your full retirement age (67 years), your payment would be about               $1,590 a month</td>
<td></td>
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<tr>
<td></td>
<td>age 70, your payment would be                                                 $1,983 a month</td>
<td></td>
</tr>
<tr>
<td></td>
<td>age 62, your payment would be                                                 $1,096 a month</td>
<td></td>
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<tr>
<td>*Disability</td>
<td>You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about</td>
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<tr>
<td></td>
<td>$1,450 a month</td>
<td></td>
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<tr>
<td>*Family</td>
<td>If you get retirement or disability benefits, your spouse and children also may qualify for benefits.</td>
<td></td>
</tr>
<tr>
<td>*Survivors</td>
<td>You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Your child                                                                 $1,133 a month</td>
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<td></td>
<td>Your spouse who is caring for your child                                     $1,511 a month</td>
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<tr>
<td></td>
<td>Your spouse, if benefits start at full retirement age                        $1,477 a month</td>
<td></td>
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<tr>
<td></td>
<td>Total family benefits cannot be more than                                    $2,782 a month</td>
<td></td>
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<tr>
<td></td>
<td>Your spouse or minor child may be eligible for a special one-time death benefit of $2,555.</td>
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</tr>
<tr>
<td>Medicare</td>
<td>You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.</td>
<td></td>
</tr>
</tbody>
</table>

* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 75 percent of scheduled benefits. Source: http://www.ssa.gov/mystatement/2010
How is Social Security Taxed?

Provisional income limits based on filing status:

<table>
<thead>
<tr>
<th>Single</th>
<th>Joint</th>
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<tbody>
<tr>
<td>$25,000 or below</td>
<td>$32,000 or below</td>
</tr>
<tr>
<td>Over $25,000 but no more than $34,000</td>
<td>Over $32,000 but no more than $44,000</td>
</tr>
<tr>
<td>More than $34,000</td>
<td>More than $44,000</td>
</tr>
</tbody>
</table>

None of your Social Security benefit is taxed

Up to 50% of your benefit may be taxable

Up to 85% of your benefit may be taxable

Source: Social Security Administration, 2011
Provisional income is ½ of your Social Security income plus your other income,
Many people apply for Social Security benefits as soon as they become eligible at age 62 because:

- They lost their job
- They are facing health issues
- They have a desire to retire early
- They simply don’t know their other options

Waiting until age 67 or 70 would mean higher Social Security payments
When Should You Take Your Benefits?

<table>
<thead>
<tr>
<th>If you were born in the year...</th>
<th>Take it “on time” You’d receive 100% of your Personal Insurance Amount (PIA) at this age. This is your “full retirement age.”</th>
<th>Take it early At age 62 you’d receive this % of your Personal Insurance Amount (PIA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943-1954</td>
<td>66</td>
<td>75%</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
<td>74.1%</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 month</td>
<td>73.3%</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
<td>72.5%</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
<td>71.6%</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
<td>70.8%</td>
</tr>
<tr>
<td>1960 and after</td>
<td>67</td>
<td>70%</td>
</tr>
</tbody>
</table>

You can get an idea of how much your benefit payment will be at full retirement age by using the benefits estimator tool by contacting the Social Security Administration at 1-800-772-1213 or [www.ssa.gov](http://www.ssa.gov).
**What if You Decide to Work?**

<table>
<thead>
<tr>
<th>If you are:</th>
<th>Based on 2015 and 2016 limits, you can earn up to:</th>
<th>Over that amount, $1 of Social Security benefits is lost for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under full retirement age</td>
<td>$15,720</td>
<td>Every $2 you earn</td>
</tr>
<tr>
<td>At the year you reach your full retirement age</td>
<td>$41,880</td>
<td>Every $3 you earn</td>
</tr>
<tr>
<td>At the month you reach your full retirement age</td>
<td>No limit</td>
<td>There is no loss of benefit</td>
</tr>
</tbody>
</table>
How to Apply for Benefits

- Online – at www.ssa.gov
- By phone – call 800-772-1213
- In person – at any Social Security office (call first to make an appointment)
- U.S. embassy or consulate if you are outside the U.S.
If You Need More Guaranteed Income

☐ Keep working to generate current income and potentially increase your future Social Security payments

☐ Work with your employer to make the most of your pension, if you have one

☐ Consider other ways to generate additional guaranteed income
As you plan for your future, Social Security is one part of your overall retirement strategy.

A financial professional can help you decide when to begin taking your Social Security retirement benefits.

He or she can also suggest financial products that provide guaranteed lifetime income to supplement Social Security if it isn’t enough, such as annuities, for example.
Important Disclosure

Like most annuity contracts, MetLife annuities have limitations, exclusions, termination provisions and terms for keeping them in force. Please contact your financial representative for complete details.

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Withdrawals may be subject to withdrawal charges and interest adjustment. Withdrawals of taxable amounts are subject to ordinary income tax and if made before age 59½, may be subject to a 10% Federal income tax penalty. The tax effects suggested in this presentation reflect our current understanding of Federal tax laws and relate to tax information of a generalized nature. Tax laws are subject to differing interpretations and are subject to change.
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