

ANSWERS TO COMMON SOCIAL SECURITY QUESTIONS

Tips to minimize confusion
and maximize your benefits



Enacted by President Franklin D. Roosevelt in 1935, the Social Security Act was intended to help alleviate some of the challenges that faced poverty-stricken senior citizens.¹

Since then, the program has evolved to benefit anyone in the workforce who's worked 10 years or more (equivalent of 40 credits), and it has become a relied-upon source of income for many retirees.²

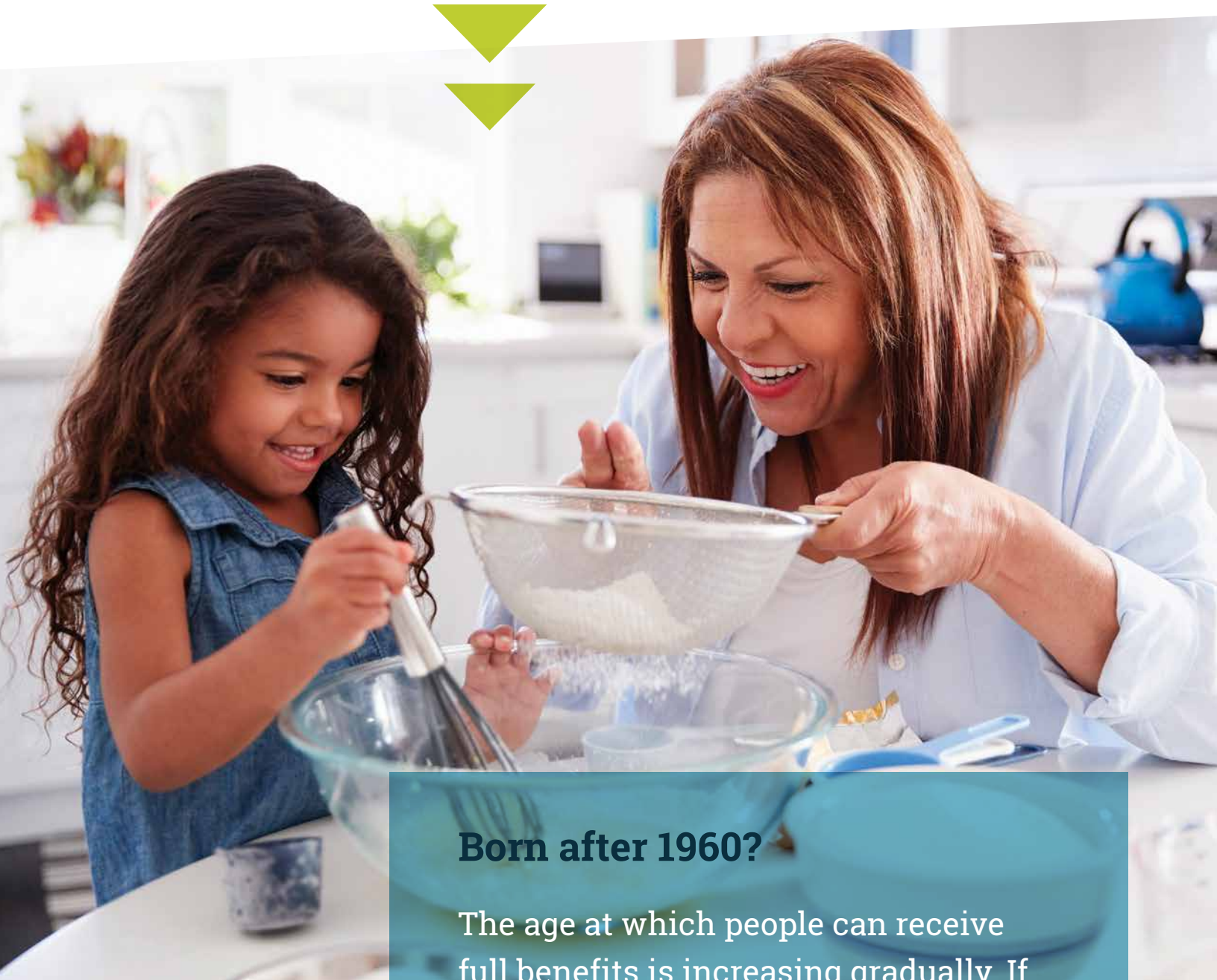
The provisions and complexities of the program can be confusing, however. Here we'll try to clear some things up and answer the most common questions about Social Security.

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WHEN CAN I COLLECT SOCIAL SECURITY BENEFITS?

The earliest someone can begin receiving Social Security benefits is age 62, but it may be in your best interest to wait until age 66, which is the full retirement age for most people. If you collect Social Security earlier than that, your benefits may be reduced by as much as 30% below what you would have gotten had you waited.

You also can choose to wait to receive benefits until age 70 and receive an increased benefit by earning “delayed retirement credits.”³



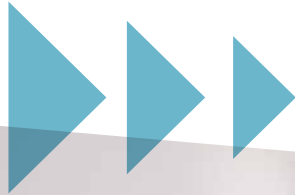
Born after 1960?

The age at which people can receive full benefits is increasing gradually. If you were born in 1960 or later, your full Social Security retirement benefits will begin at age 67.⁴

HOW MUCH SOCIAL SECURITY INCOME WILL I RECEIVE?

The estimated monthly Social Security retirement benefit changes each month and is approximately \$1,460.⁵

However, some individuals receive much more—up to a maximum of \$3,770—depending on their previous earnings and the age at which they retire.⁶



Discover Your Projected Social Security Earnings

To determine your personal estimated Social Security income, create an online account and use the calculator at ssa.gov/myaccount



CAN MY SPOUSE RECEIVE BENEFITS, TOO?

If you're eligible for retirement or disability benefits and your spouse is at least 62 years old, he or she may be able to receive benefits even if they've never worked under Social Security.

If your spouse waits until full retirement age, they may receive up to 50% of your full retirement benefit. Even a divorced spouse over age 62 may claim benefits on your behalf based on whether you were married to each other for more than 10 years, the divorced spouse never remarried, and other qualifying criteria.⁷



Survivor Benefits

Upon the death of a spouse, the survivor can decide to receive the monthly benefit of the spouse who has died provided it is higher than their own benefit. Spouses who are widowed and have reached full retirement age may be eligible for 100% of their partner's full benefit.⁸

CAN I KEEP WORKING AFTER CLAIMING SOCIAL SECURITY BENEFITS?

Yes. However, if you begin claiming Social Security benefits before full retirement age and make more than the annual earnings limit of \$18,240, Social Security will deduct \$1 in benefits for every \$2 you earn above the limit. In the year you reach full retirement age, \$1 is deducted for every \$3 you earn above a different limit of \$48,600 (earnings are only counted before the month you reach your full retirement age).

If you reach full retirement age and begin claiming Social Security yet choose to remain in the workforce, your Social Security earnings will not be reduced, no matter how much you earn.⁹



Social Security vs. Retirement

Claiming Social Security and retiring are not the same thing. You can continue to work while receiving eligible benefits, although they will be reduced until you reach full retirement age.



DO PENSIONS, ANNUITIES, OR DIVIDENDS AFFECT MY SOCIAL SECURITY?

Typical earned income and wages count toward your Social Security. Earnings from pensions, annuities, savings, and investment dividends are not considered earnings in the eyes of Social Security.

You may still need to pay income tax on these other types of earnings, but not Social Security taxes.¹⁰



DO I HAVE TO PAY TAXES ON SOCIAL SECURITY BENEFITS?

Maybe. You may have to pay federal income taxes on your Social Security benefits if you have additional substantial income. This may include wages, interest, or other taxable income that gets reported on your tax return. Taxation will vary based on your filing status (individual, joint, etc.) and various IRS rules. It's best to check with a tax professional to understand any tax implications.



IS SOCIAL SECURITY IN TROUBLE?

There's been plenty of speculation about the solvency of Social Security. Under its currently scheduled benefits and financing, the program faces long-term financing shortfalls.

Beginning in 2020, the program's cost will exceed its total income for the first time since 1982. That means the program will need to dip into its reserves to meet its obligations, which are projected to last until 2035, at which time those reserves will be depleted. After then, without any changes, retirees may receive only about 75% of their scheduled benefits.¹¹

WHERE CAN I LEARN MORE ABOUT SOCIAL SECURITY BENEFITS?

Social Security programs can be difficult and a little overwhelming to navigate. Visit its website where you can search specific topics and get in touch with a representative:

[ssa.gov](https://www.ssa.gov)





▶▶ Social Security benefits do more than just supplement your income and help to cover expenses—they're a tool you can use to keep your finances in check and live out your retirement years as you envisioned.

For more help understanding Social Security fundamentals, their potential financial impact in retirement, and additional potential income streams, contact your financial advisor.

Sources:

¹Social Security Administration, Historical Background And Development Of Social Security, No date

²Social Security Administration, How You Earn Credits 2020, January 2020

³Social Security Administration, When Can I Get Social Security Retirement Benefits?, September 29, 2019

⁴Social Security Administration, Benefits Planner: Retirement I Benefits By Year Of Birth, No date

⁵Social Security Administration, What Is The Estimated Monthly Benefit For A Retired Worker?, September 29, 2019

⁶Social Security Administration, What Is The Maximum Social Security Retirement Benefit Payable?, January 8, 2019

⁷Social Security Administration, Benefits Planner: Retirement I Benefits For Your Family, No date

⁸Social Security Administration, Benefits Planner: Survivors I If You Are The Survivor, No date

⁹Social Security Administration, Benefits Planner: Retirement I Getting Benefits While Working, No date

¹⁰Social Security Administration, Benefits Planner: Retirement I Income From Pensions, Annuities, Interest, And Dividends, No date

¹¹Social Security Administration, Status Of The Social Security And Medicare Programs: A Summary Of The 2019 Annual Reports, 2019

IMPORTANT DISCLOSURES

Annuities are long-term insurance products designed for retirement purposes. All guarantees are backed by the claims-paying ability of the issuer and do not extend to the performance of the underlying accounts which can fluctuate with changes in market conditions.

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