

December 13, 2016

PLANNING FOR RETIREMENT: WHAT WOMEN NEED TO KNOW LATER IN THEIR CAREERS

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TODAY'S WEBINAR

- Social Security: How does it work?
- Delaying Social Security
- Social Security and women
- Other retirement income: savings and work
- Q & A

HOW DOES SOCIAL SECURITY WORK?

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HOW MUCH DOES SOCIAL SECURITY PAY?

(JUNE 2016)

By Beneficiary Type:

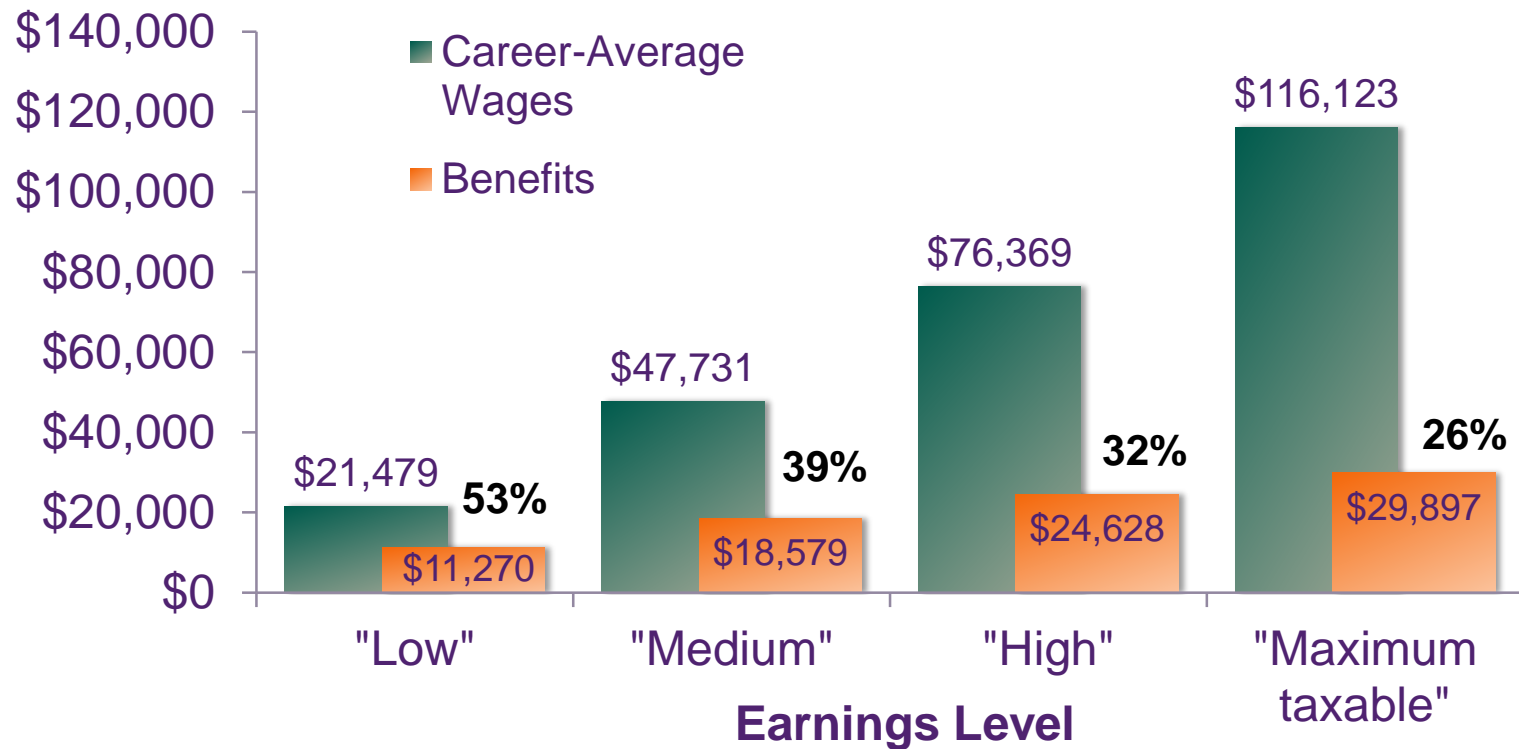
	Average Monthly Benefit	Average Yearly Benefit
Retired workers	\$1,348	\$16,176
Disabled workers	\$1,166	\$13,992
Widows or widowers (60 or older)	\$1,292	\$15,504

By Family Type:

	Average Monthly Benefit for Family	Average Yearly Benefit for Family
Retired worker and spouse (62 or older)	\$2,233	\$26,796
Widowed mother or father (under 60) and two children	\$2,639	\$31,668
Disabled worker and one or more children	\$1,793	\$21,516

Social Security Replaces Lost Earnings

Replacement Rates for Retired Worker Age 65, 2016



Source: Social Security Administration. 2016.
"Replacement Rates For Hypothetical Retired Workers."
Actuarial Note #2016.9. Baltimore, MD: Social Security
Administration, Office of the Chief Actuary.

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HOW MANY SENIORS RELY ON SOCIAL SECURITY FOR MOST OF THEIR INCOME?

- **84%** of all people 65 and older get Social Security.
- **Over 3 in 5 (61%)** beneficiaries of Social Security get *half or more* of their income from Social Security.
- **About 1 in 3 (33%)** beneficiaries of Social Security get *almost all (90% or more)* of their income from Social Security.



RELIANCE ON SOCIAL SECURITY BY GENDER AND FAMILY TYPE

Percent of persons in beneficiary families
65 or older whose Social Security benefits
make up:

By Gender:	<i>Half or more of their income</i>	<i>90% or more of their income</i>
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Unmarried women	61%	34%
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Unmarried men	56%	29%
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Percent of beneficiary households 65 or
older whose Social Security benefits make
up:

By Family Type:		
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Married couples	48%	21%
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Unmarried people	71%	43%
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TELL US A LITTLE MORE ABOUT YOURSELF

Please answer the question on your screen:

When you're 70, what percentage of your income do you expect to come from Social Security?


- **100%**
- **75%**
- **50%**
- **Less than 50%**
- **I do not expect to receive Social Security.**

DELAYING SOCIAL SECURITY

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TO CALCULATE YOUR BENEFIT, SOCIAL
SECURITY
USES YOUR FULL RETIREMENT AGE (FRA)



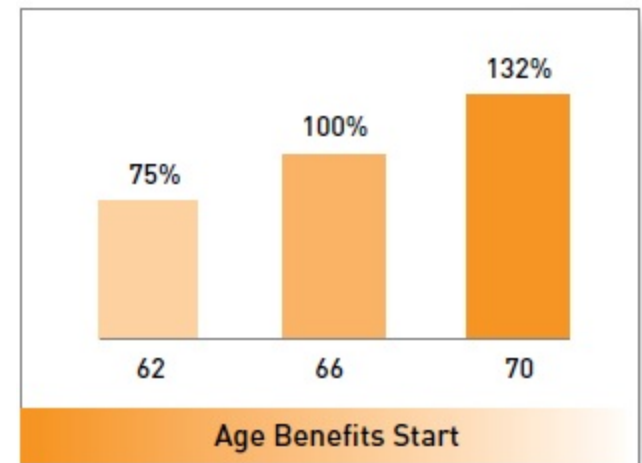
FULL RETIREMENT AGE	
YEAR BORN	FULL RETIREMENT AGE
1943 - 54	66
1955	66 AND 2 MONTHS
1956	66 AND 4 MONTHS
1957	66 AND 6 MONTHS
1958	66 AND 8 MONTHS
1959	66 AND 10 MONTHS
1960+	67

WHEN CAN I TAKE SOCIAL SECURITY?

You can take benefits at any time between ages 62 and 70.

Monthly benefits are reduced if taken before your full-retirement age.

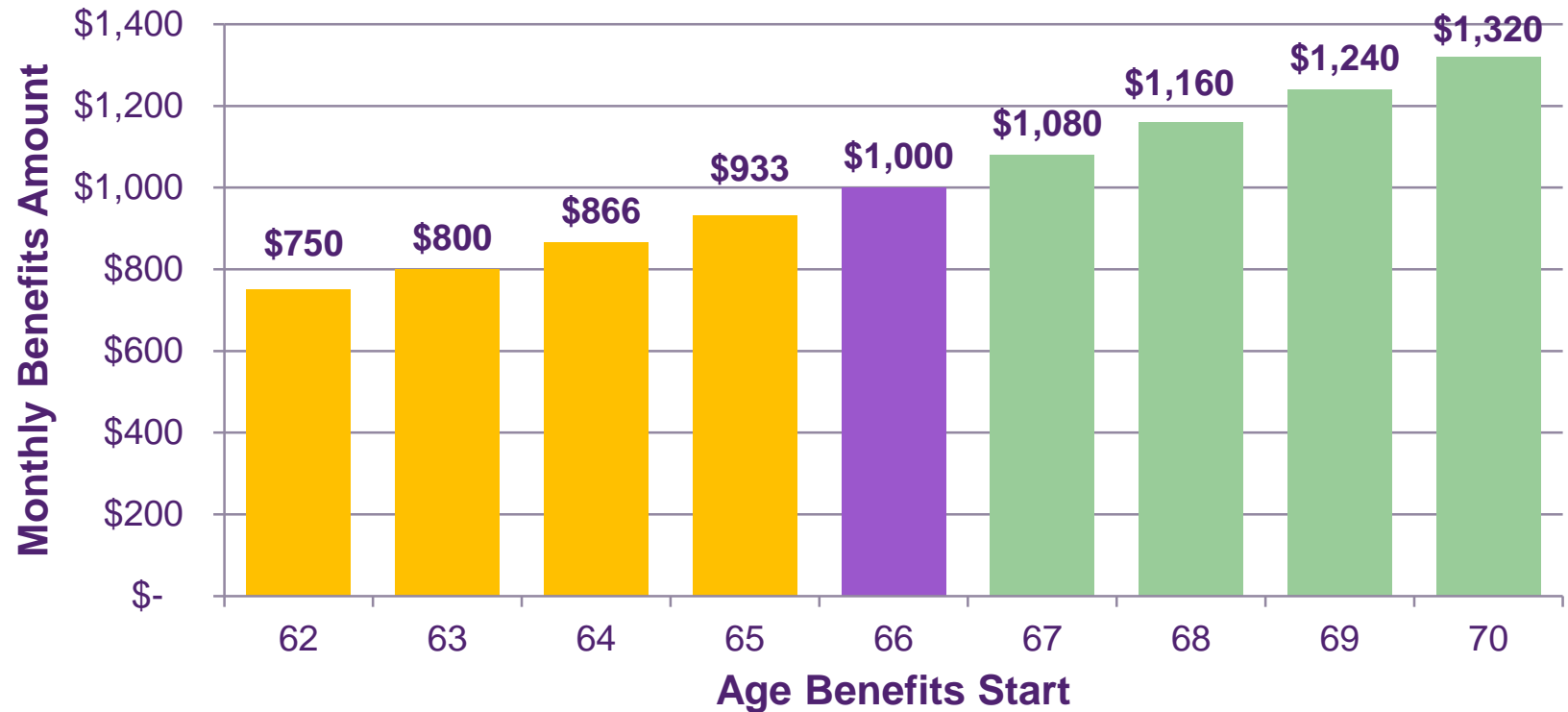
Benefits are increased for each month you wait between ages 66 (or your FRA) and 70.



Source: *When Should I Take Social Security?* (NASI Fact Sheet)

HOW MUCH HIGHER ARE BENEFITS IF I WAIT?

IF A WORKER EARN \$1,000 MONTHLY BENEFIT AT FULL RETIREMENT AGE OF 66:



HOW DOES WORKING AFFECT MY BENEFITS?

Working longer can increase benefits

Younger than your FRA?

- Subject to an earnings test
- Earnings above limit will cause SSA to withhold some benefits

Older than your FRA?

- Work without forgoing any retirement benefits
- If you can make ends meet, delay benefits or ask SSA to suspend benefits to take advantage of 8% increase

Unable to work? You may be eligible for disability insurance (DI) benefits. See: www.socialsecurity.gov/dibplan.

WHY WAIT TO TAKE BENEFITS IF YOU CAN?

- **The longer you live, the more important Social Security is likely to be.**
 - It lasts as long as you live.
 - It keeps up with inflation.
- **Other sources often decline with age.**

COUPLES HAVE TWO LIVES TO PLAN FOR

- **If you are the higher earner, delaying Social Security means a higher benefit for your spouse if she or he outlives you.**
- **As of 2013, more than half (57%) of couples age 65 will have one spouse live beyond 90.**

THE ACADEMY'S SOCIAL SECURITY PUBLIC EDUCATION INITIATIVE

<https://www.nasi.org/WhenToTakeSocialSecurity>

INSURANCE

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About Social Insurance

Research

Key Policy Areas

Discuss

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Medicare and Medicaid at 50

Throughout 2015, the Academy is commemorating the 50th anniversary of Medicare and Medicaid with a series of special activities, including a weekly live history blog, and by working with partners to provide a platform for educational dialogue around the history and future of these two vital programs. Learn more and join the celebration.

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COVERED

A week-by-week look at the 1965 politics that created MEDICARE & MEDICAID

Part of the Academy's Year-Long Celebration of MEDICARE & MEDICAID at 50

COVERED: a week-by-week look at the political and legislative developments that led to the creation of Medicare and Medicaid 50 years ago. Bob Rosenblatt, NASI senior fellow and former Los Angeles Times Washington correspondent will report on the people and the maneuvers that led to this major expansion of social insurance.

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Social Security: It Pays to Wait

When To Take Social Security: It Pays to Wait

Welcome to NASI's toolkit on **When to Take Social Security: It Pays to Wait!** The materials in this toolkit are designed to educate workers approaching retirement about their options for taking Social Security benefits, and about why it can pay to wait.

Social Security benefits can be taken at any time between 62 and 70, but there are sound financial reasons to delay if you can. If you wait, your monthly benefits will be higher for the rest of your life.

- If you need Social Security to make ends meet, take it – you've earned it.
- But if you can wait, even a year or two, your monthly benefit will be higher – for the rest of your life.
- If you're married, you have two lives to plan for. If you are the higher earner, waiting to take Social Security means providing a higher survivor benefit for your spouse if she or he outlives you.

Resources include:

A 3-minute video:
Social Security: It Pays to Wait

Also available in **Spanish:**
El Seguro Social: Vale la pena esperar

A 1-page fact sheet:
When Should I Take Social Security?

A 16-page brief:
When Should I Take Social Security? Questions to Consider

A 2-page fact sheet:
Will Social Security Still Be There?

Additional resources:

- Press Release: *Thinking about Retirement and When to Take Social Security? It Pays to Wait!*
- Brochure (available in hard copy only): *Thinking about Retirement? Here's an important question: When Should I Take Social Security?*

Partner Resources

NATIONAL WOMEN'S LAW CENTER
 EXPANDING THE POSSIBILITIES

HOW COULD SOCIAL SECURITY BE REFORMED TO BETTER MEET THE NEEDS OF WOMEN?

New Academy brief released today:

Overcoming Barriers to Retirement

Security for Women: The Role of Social Security

HOW WOMEN CAN MAKE THE MOST OF SOCIAL SECURITY IN RETIREMENT

JASMINE TUCKER

NATIONAL WOMEN'S LAW CENTER

QUICK POLL

- **Have you already claimed your Social Security retirement benefits?**
 - Yes
 - No
- **At what age do you plan to claim your Social Security retirement benefits?**
 - 62-65
 - 66
 - 67
 - 68-70

SOCIAL SECURITY AND WOMEN

- Social Security is especially important for women
 - More likely to take time out of the workforce
 - More likely to work part time
 - Earn less over their lifetime
 - Save less over their lifetime



SOCIAL SECURITY'S 3 PROTECTIONS

- Retirement:
 - As worker
 - As a spouse
 - As a surviving spouse
- Disability
 - As a worker
 - As a spouse
 - For children of the disabled worker
- Death
 - As a surviving spouse
 - For children of the deceased worker

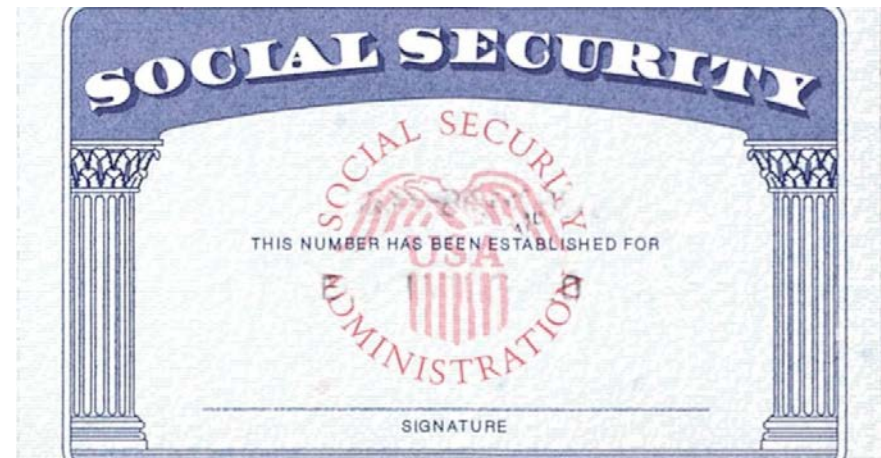
HOW ONE QUALIFIES FOR SOCIAL SECURITY

- **Work in a job covered by Social Security**
- **For retirement benefits, need 10 years of work; young workers need fewer credits for disability, life insurance protection**

In 2016, \$1,260 = 1 credit, \$5,040 = 4 credits

Can only earn 4 credits/year (but higher earnings will raise your benefits)

Benefits based on 35 highest years of earnings



WHEN CAN YOU CLAIM BENEFITS AS A SPOUSE?



- **As a spouse of a retired worker**
 - As early as age 62
 - But don't wait to claim a spousal benefit beyond your full retirement age

WHEN CAN YOU CLAIM BENEFITS AS A SPOUSE?



- **As a spouse of a deceased worker**
 - As early as age 60
 - But, again, there are not benefits to waiting beyond your full retirement age

CLAIMING STRATEGIES RECAP

- **Making the most of your Social Security is especially important to women because they live longer and have fewer savings**
- **You are eligible for benefits as a worker or a spouse, but not both**
- **Spousal benefits are reduced if you claim them before your full retirement age but there is not benefit to waiting beyond that**
- **Claiming is not always an individual's decision, but a couple's decision**

OTHER RETIREMENT INCOME: SAVINGS AND WORK

AMY MATSUI

POLL QUESTION

How are you planning to use your retirement savings?

- **Not sure**
- **Supplement Social Security**
- **Emergency fund**
- **Don't have enough saved to make a difference**

QUICK REVIEW: RETIREMENT SAVINGS OPTIONS

- Traditional DB pensions
- Employer-sponsored savings accounts (like a 401(k))
- IRA
- MyRA



SAVING STRATEGIES THROUGH YOUR CAREER

- Start small and increase your contributions over time
- Contribute enough to qualify for the employer match
- Claim the Saver's Credit for additional tax benefits
- If you change jobs, roll your account balance into another tax-preferred savings vehicle.
- Adjust your investments to decrease risk as you age
- Don't take money out of your account if you can help it!



SAVING IN YOUR 50'S

- In 2016, you can contribute up to \$16,000 to a 401(k) and up to \$5,500 to an IRA.
- If you are over age 50, you can make additional “catch up” contributions:
 - \$6,000 to a 401(k)
 - \$1,000 to an IRA
- Evaluate your investment strategy!



WHAT'S GOING TO HAPPEN WHEN I RETIRE?

What are my options?

- Leaving money in account
- Taking money out of account
 - RMD
 - Rollover to another savings vehicle
 - Distributions



HOW CAN I USE MY SAVINGS STRATEGICALLY?

- **Supplement Social Security benefits**
- **Income while delaying Social Security**
- **Buy an annuity or longevity insurance**



INCOME FROM WORK

If you continue to work (even part-time)

- Don't need to use up accumulated savings
- More time to save
- Delay claiming Social Security (and possibly boost benefits)



THINK HARD BEFORE YOU....

- **Invest your savings into starting a business or buying an investment property**
- **Take out a reverse mortgage**
- **Cash out a life insurance policy**
- **Buy a variable annuity**



RESOURCES FOR YOU

- **Like NWLC on Facebook (facebook.com/nwlc) or follow us on Twitter (@nwlc)**
- **Check out other resources on our Social Security and retirement webpage:**
 - [Planning for Retirement Checklist](#)
 - [Making the Most of Your Retirement Savings](#)
 - [Social Security Worker Benefits](#)
 - [Social Security for Spouses, Divorced Spouses, and Widows/widowers](#)

MORE RESOURCES

- **Pension Rights Center Fact sheets:**
<http://www.pensionrights.org/get-facts>
- **WISER:** <http://www.wiserwomen.org/>
- **U.S. Department of Labor, Employee Benefits Security Administration:**
<http://www.dol.gov/ebsa/publications/wyskapr.html>
- **Social Security Administration for women:**
www.ssa.gov/women
- **National Academy of Social Insurance:**
<https://www.nasi.org/WhenToTakeSocialSecurity>;
<https://www.nasi.org/research/2016/overcoming-barriers-retirement-security-women-role-social-se>
- **National Committee to Preserve Social Security and Medicare:** www.ncpssm.org