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

PRESENTERS:

BEN VEGHTE
NATIONAL ACADEMY OF SOCIAL INSURANCE

AMY MATSUI
NATIONAL WOMEN’S LAW CENTER

JASMINE TUCKER
NATIONAL WOMEN’S LAW CENTER
SPEAKERS FOR THIS SESSION

Benjamin Veghte  
Vice President for Policy  
National Academy of Social Insurance  
bveghete@nasi.org

Amy Matsui  
Senior Counsel & Dir. Gov’t Rel.  
National Women’s Law Center  
amatsui@nwlc.org

Jasmine Tucker  
Director of Research,  
National Women’s Law Center  
jtucker@nwlc.org
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?

BEN VEGHTE
NATIONAL ACADEMY OF SOCIAL INSURANCE
## HOW MUCH DOES SOCIAL SECURITY PAY? (JUNE 2016)

### By Beneficiary Type:

<table>
<thead>
<tr>
<th>Type</th>
<th>Average Monthly Benefit</th>
<th>Average Yearly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired workers</td>
<td>$1,348</td>
<td>$16,176</td>
</tr>
<tr>
<td>Disabled workers</td>
<td>$1,166</td>
<td>$13,992</td>
</tr>
<tr>
<td>Widows or widowers (60 or older)</td>
<td>$1,292</td>
<td>$15,504</td>
</tr>
</tbody>
</table>

### By Family Type:

<table>
<thead>
<tr>
<th>Type</th>
<th>Average Monthly Benefit for Family</th>
<th>Average Yearly Benefit for Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired worker and spouse (62 or older)</td>
<td>$2,233</td>
<td>$26,796</td>
</tr>
<tr>
<td>Widowed mother or father (under 60) and two children</td>
<td>$2,639</td>
<td>$31,668</td>
</tr>
<tr>
<td>Disabled worker and one or more children</td>
<td>$1,793</td>
<td>$21,516</td>
</tr>
</tbody>
</table>
HOW DO BENEFITS COMPARE TO EARNINGS?

<table>
<thead>
<tr>
<th>Earnings Level</th>
<th>Career-Average Wages</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Low&quot;</td>
<td>$21,479</td>
<td>$11,270</td>
</tr>
<tr>
<td>&quot;Medium&quot;</td>
<td>$47,731</td>
<td>$18,579</td>
</tr>
<tr>
<td>&quot;High&quot;</td>
<td>$76,369</td>
<td>$24,628</td>
</tr>
<tr>
<td>&quot;Maximum taxable&quot;</td>
<td>$116,123</td>
<td>$29,897</td>
</tr>
</tbody>
</table>

Source: Social Security Administration. 2016.
“Replacement Rates For Hypothetical Retired Workers.”
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:

<table>
<thead>
<tr>
<th>By Gender:</th>
<th>Half or more of their income</th>
<th>90% or more of their income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried women</td>
<td>61%</td>
<td>34%</td>
</tr>
<tr>
<td>Unmarried men</td>
<td>56%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Percent of beneficiary households 65 or older whose Social Security benefits make up:

<table>
<thead>
<tr>
<th>By Family Type:</th>
<th>Half or more of their income</th>
<th>90% or more of their income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married couples</td>
<td>48%</td>
<td>21%</td>
</tr>
<tr>
<td>Unmarried people</td>
<td>71%</td>
<td>43%</td>
</tr>
</tbody>
</table>

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

BEN VEGHTE
NATIONAL ACADEMY OF SOCIAL INSURANCE
TO CALCULATE YOUR BENEFIT, SOCIAL SECURITY USES YOUR FULL RETIREMENT AGE (FRA)

<table>
<thead>
<tr>
<th>YEAR BORN</th>
<th>FULL RETIREMENT AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943 - 54</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 AND 2 MONTHS</td>
</tr>
<tr>
<td>1956</td>
<td>66 AND 4 MONTHS</td>
</tr>
<tr>
<td>1957</td>
<td>66 AND 6 MONTHS</td>
</tr>
<tr>
<td>1958</td>
<td>66 AND 8 MONTHS</td>
</tr>
<tr>
<td>1959</td>
<td>66 AND 10 MONTHS</td>
</tr>
<tr>
<td>1960+</td>
<td>67</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Age Benefits Start</th>
<th>Monthly Benefits Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>$750</td>
</tr>
<tr>
<td>63</td>
<td>$800</td>
</tr>
<tr>
<td>64</td>
<td>$866</td>
</tr>
<tr>
<td>65</td>
<td>$933</td>
</tr>
<tr>
<td>66</td>
<td>$1,000</td>
</tr>
<tr>
<td>67</td>
<td>$1,080</td>
</tr>
<tr>
<td>68</td>
<td>$1,160</td>
</tr>
<tr>
<td>69</td>
<td>$1,240</td>
</tr>
<tr>
<td>70</td>
<td>$1,320</td>
</tr>
</tbody>
</table>
### HOW DOES WORKING AFFECT MY BENEFITS?

Working longer can increase benefits

<table>
<thead>
<tr>
<th>Younger than your FRA?</th>
<th>Older than your FRA?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Subject to an earnings test</td>
<td>• Work without forgoing any retirement benefits</td>
</tr>
<tr>
<td>• Earnings above limit will cause SSA to withhold some benefits</td>
<td>• If you can make ends meet, delay benefits or ask SSA to suspend benefits to take advantage of 8% increase</td>
</tr>
</tbody>
</table>

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

When To Take Social Security: It Pays to Wait

Welcome to NASEM’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:

- 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 15-page booklet: 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
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/


• Social Security Administration for women: www.ssa.gov/women


• National Committee to Preserve Social Security and Medicare: www.ncpssm.org