



SEIZE TODAY. SECURE TOMORROW.

A FIELD GUIDE TO SOCIAL SECURITY

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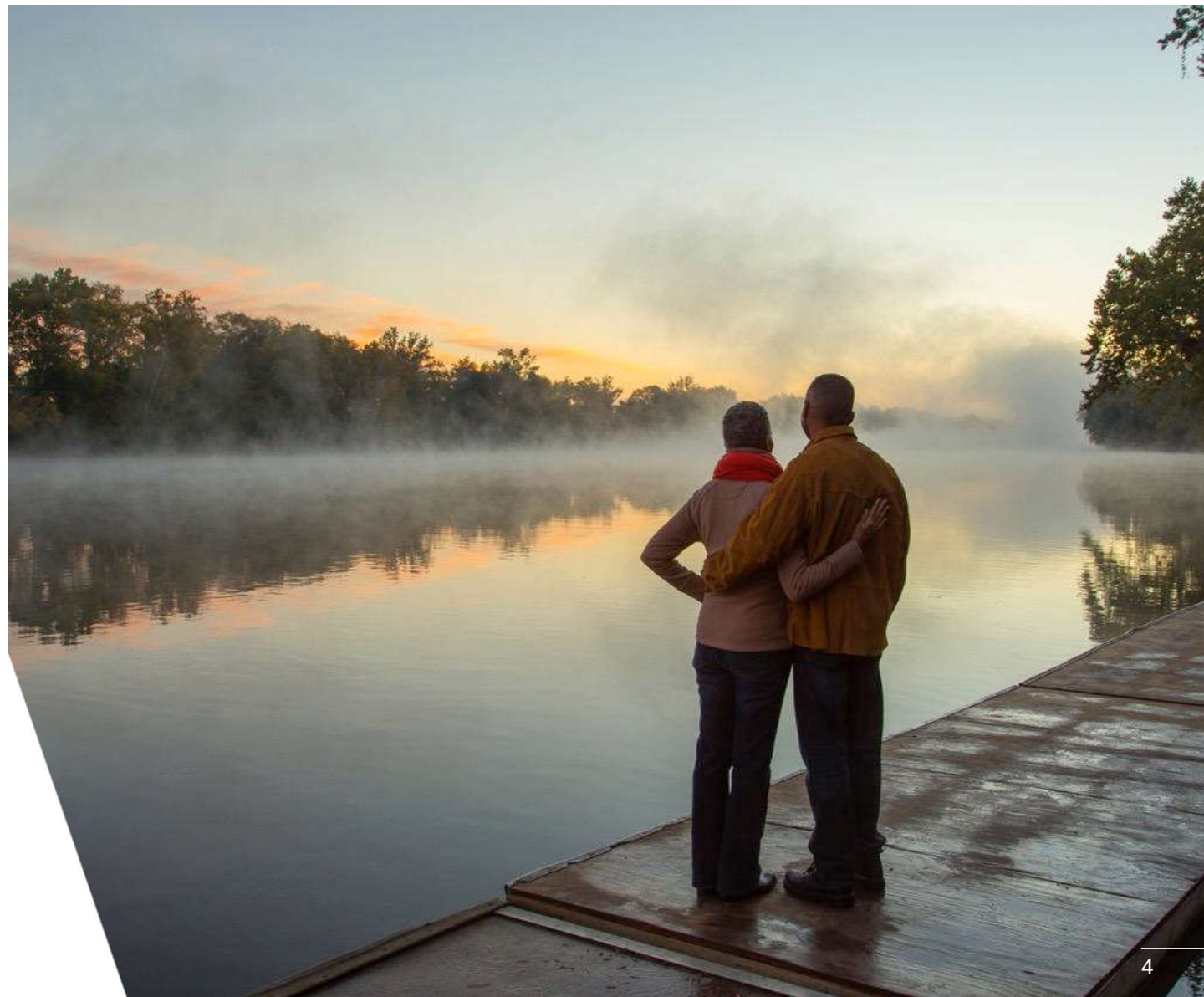
ABOUT TRANSAMERICA

For more than 100 years, Transamerica has helped people take charge of their financial futures by embracing the bigger picture. People are concerned about retirement readiness, future healthcare costs, and protecting their family's quality of life. We're committed to helping them plan for every part of that future — because a secure financial strategy is about more than dollars and cents.

WHY I'M HERE TODAY

- 67.9 million people received Social Security benefits in 2018.*
- People are living longer than ever.
- There are options and benefits for those who can afford to wait.

* "Fast Facts & Figures," Social Security Administration, 2019



THE LONGEVITY REALITY

LIFE EXPECTANCY AT AGE 65



ONE OUT OF THREE 65-YEAR-OLDS TODAY WILL LIVE PAST 90



ONE OUT OF SEVEN 65-YEAR OLDS TODAY WILL LIVE PAST 95



A MARRIED COUPLE HAS A **ONE-IN-FIVE** CHANCE TO SEE AT LEAST **ONE MEMBER LIVE TO AGE 95.**

"Benefits Planner | Life Expectancy," Social Security Administration, 2019

A scenic photograph of two kayakers on a calm, deep blue lake. The kayakers are in the foreground, paddling away from the viewer. The background features steep, rocky mountains with some greenery. The sun is high in the sky, creating a bright lens flare effect. The overall mood is peaceful and adventurous.

TODAY'S AGENDA

- Social Security and what it means to you
- Common questions
- Understanding claiming strategies



HOW IT BEGAN

Ida May Fuller received the first monthly benefit check in 1940 for \$22.54.

"Historical Background and
Development of Social Security,"
Social Security Administration, 2019



HOW IT BEGAN

Ida May Fuller received the first monthly benefit check in 1940 for \$22.54.

Early controversy:
Notable critics released negative campaigns during inception. Most notorious was the claim in 1936 that every U.S. citizen would be forced to wear dog tags.

Social Security Administration,
"The Infamous Dog-Tag." SSA.org



HOW IT BEGAN

Ida May Fuller received the first monthly benefit check in 1940 for \$22.54.

Early controversy:
Notable critics released negative campaigns during inception. Most notorious was the claim in 1936 that every U.S. citizen would be forced to wear dog tags.

Early mistakes:
Secretary's actual number was included in widespread 1938 wallet promotion. More than 40K people have since filed for benefits using the number 078-05-1120.

Social Security Administration, "Annual Statistical Supplement to the Social Security Bulletin 2015," SSA.org



WHY SOCIAL SECURITY IS IMPORTANT

HOW MUCH OF OUR PRE-RETIREMENT INCOME
WILL SOCIAL SECURITY REPLACE?

75% — For very low earners.*

40% — For medium earners.*

27% — For high earners.*

* "Understanding the Benefits," Social Security Administration, 2019

A vertical photograph on the left side of the slide shows a person in a yellow kayak on a calm blue lake. The person is wearing a red life vest and a blue cap, and is using a black paddle. In the background, there are steep, rocky mountains under a clear blue sky.

SOCIAL SECURITY: THERE FOR YOU

COMMON QUESTIONS

- Will Social Security be there for me?
- How are my benefits determined?
- How do I decide when to collect?
- How do I use spousal benefits?
- How do survivor benefits work?

WILL SOCIAL SECURITY STILL BE THERE FOR YOU?



A photograph of a man with grey hair and glasses, wearing a grey polo shirt with a pink stripe and blue jeans, sitting on a white armchair and reading a newspaper. The background shows a room with a bookshelf and some artwork.

SOCIAL SECURITY: THERE FOR YOU

THE BOTTOM LINE

- Reserves projected to pay full benefits until 2034
- Trust income projected to cover 77% of benefits from 2034 to 2092, even if nothing is changed
- A 55-year-old today won't likely have to worry about his or her benefits being affected until age 71 at the earliest, assuming no other changes to Social Security benefits

"2019 OASDI Trustees Report," Social Security Administration, 2019

A man with grey hair and glasses is sitting on a light-colored sofa, reading a newspaper. He is wearing a dark polo shirt with a pink stripe. In the background, there are some framed pictures on a shelf.

SOCIAL SECURITY: THERE FOR YOU

CHALLENGES FACING THE PROGRAM

- Retiring Baby Boomers will strain reserves
- Life expectancy continues to increase
- Ratio of workers to beneficiaries is shrinking

Ratio of workers to beneficiaries

1960	5.1 TO 1
2018	2.8 TO 1
2035	2.2 TO 1

“2019 OASDI Trustees Report stats on page 12 (20 of the pdf),” Social Security Administration, 2019.

A photograph of a man with grey hair and glasses, wearing a grey polo shirt and blue jeans, sitting on a white armchair and reading a newspaper. The background shows a room with a bookshelf and some artwork.

SOCIAL SECURITY: THERE FOR YOU

POSSIBLE CHANGES

- Increase of Social Security tax rates
- Higher maximum of earnings subject to Social Security tax
- Increase of the Full Retirement Age (FRA)
- Decrease of future retirement benefits
- Reduction of future Cost-of-Living Adjustments (COLAs)

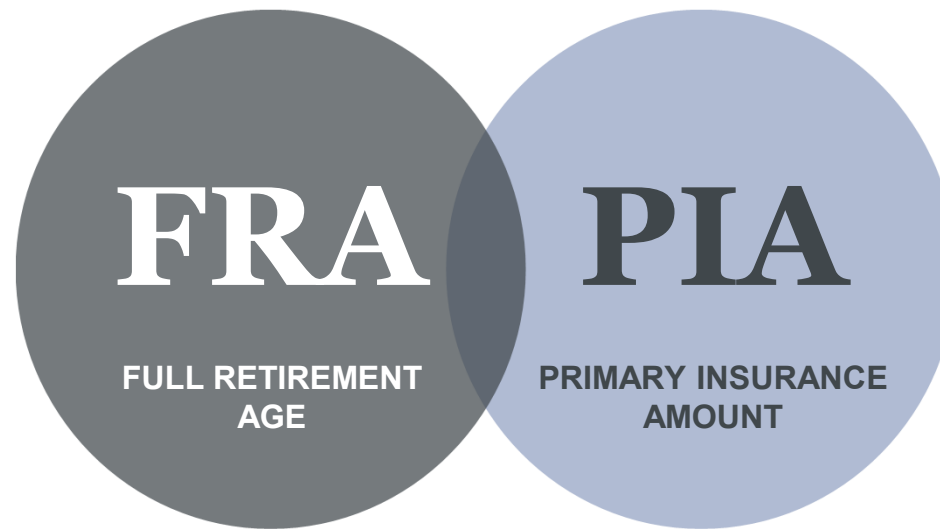
A person wearing a yellow and black cycling jersey is riding a road bike on a paved coastal road. The road curves to the right, bordered by a metal guardrail on the left and a gravel shoulder on the right. In the background, a large body of water (the ocean) stretches to the horizon, with a city and hills visible in the distance under a blue sky with scattered clouds. The overall scene is bright and scenic.

**HOW ARE MY
BENEFITS DETERMINED?**



BUT FIRST, LEARN THESE ABBREVIATIONS

BASIC CONCEPTS



You will reference these factors repeatedly going forward.



HOW ARE MY BENEFITS DETERMINED?

BASIC CONCEPTS

- Need 40 credits for full eligibility (usually 10 years in workforce)¹
- Credits only determine eligibility — not the amount of payments
- PIA based on the 35 years of your work history in which you earned the most²
- Only relates to individual benefits; you may still be eligible for spousal or survivor benefits regardless of credits earned¹

¹ “Understanding the Benefits,” Social Security Administration, 2019

² “Your Retirement Benefit: How It’s Figured,” Social Security Administration, 2019



HOW ARE MY BENEFITS DETERMINED?

CAN I ESTIMATE WHAT MY BENEFITS WILL BE?

- If you are age 60 or older and do not collect benefits or have an online Social Security account, you will receive a printed statement of benefits in the mail every year.
- Those under 60 or who are already collecting benefits may see their statement by creating a free account at **ssa.gov/myaccount**.
- To create an account, you must provide personal information to verify your identity and create a username and password.



HOW ARE MY BENEFITS DETERMINED?

CAN I ESTIMATE WHAT MY BENEFITS WILL BE?

- The maximum monthly Social Security benefit for a worker at full retirement age in 2020 IS \$3,011.
- However, most retirees do not receive anything close to the maximum benefit.

2020
monthly
benefits

AVG. FOR RETIRED WORKER	\$1,503
AVG. FOR RETIRED COUPLE	\$2,531
MAXIMUM (AT FRA)	\$3,011

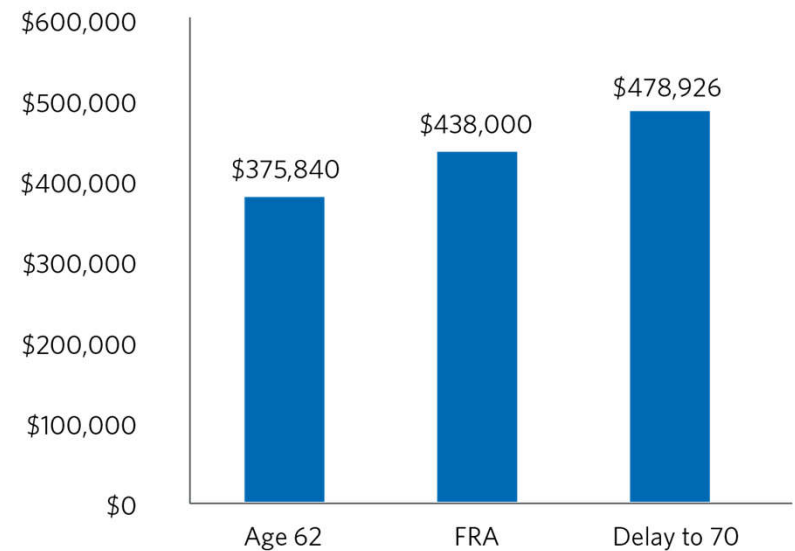
"Fact Sheet, 2020 Social Security Changes," Social Security Administration, 2019

HOW ARE MY BENEFITS DETERMINED?

BASIC CONCEPTS

- Full benefits at FRA
- Reduced benefits as early as the first full month you reach age 62
- Increased benefits, if benefits delayed beyond FRA (up to age 70)

Cumulative Benefits by Filing Option at age 90.

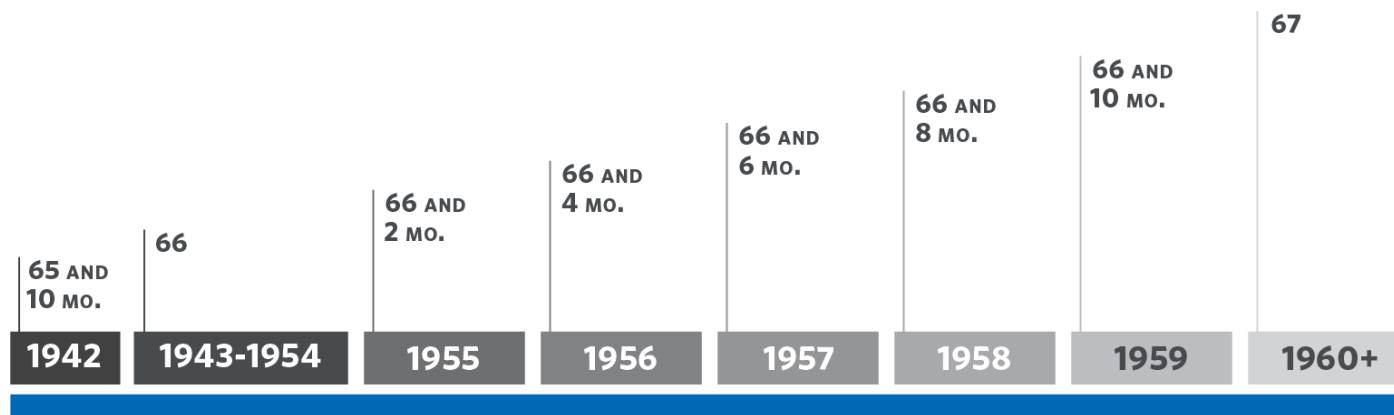


Born in 1958 - Age 62 in 2020 - FRA is 66 and 8 months.
PIA is \$1,500 per month. Assumes no COLA.

HOW ARE MY BENEFITS DETERMINED?

OPTION #1: FILING AT FULL RETIREMENT AGE (FRA)

Waiting until FRA to claim benefits will allow you to receive 100% of your PIA as your benefit amount.



FRA
By year
Of birth

If born on January 1, the Social Security Administration (SSA) figures your benefit as if you were born the previous year.*

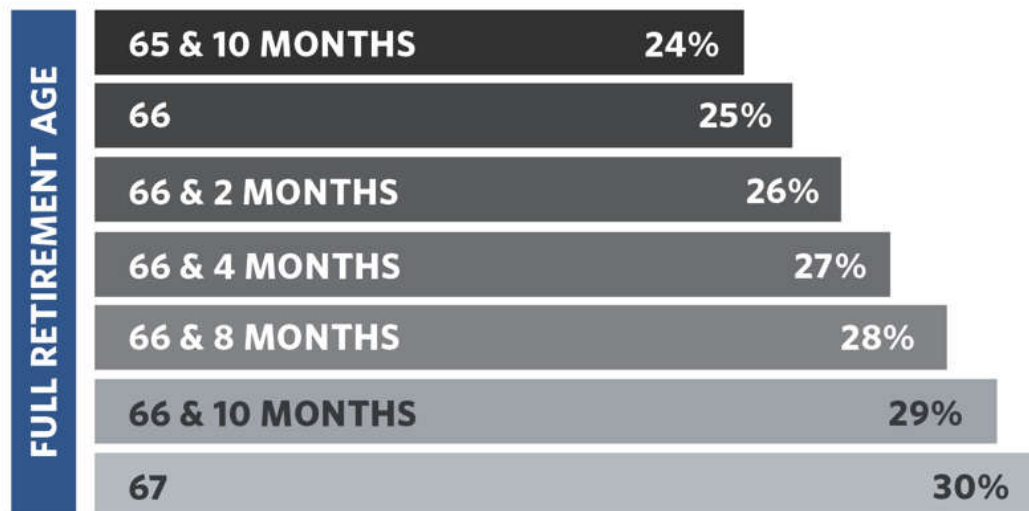
*"Retirement Planner: Benefits by Year of Birth," Social Security Administration, 2019



HOW ARE MY BENEFITS DETERMINED?

OPTION #2: FILING EARLY

You can claim Social Security benefits as early as age 62, but at a reduced rate.



"Retirement Planner: Benefits by Year of Birth," Social Security Administration, 2019



HOW ARE MY BENEFITS DETERMINED?

CAN I WORK AND STILL RECEIVE BENEFITS?

If you elect to begin benefits prior to reaching FRA, you must be aware of earnings limits. Surpassing these will result in a reduction of benefits

Working in retirement **2020** Earnings limit

UNDER FRA

\$1 of benefits withheld for every \$2 in earnings above the limit for years prior to reaching FRA.

\$18,240
PER YEAR

INDIVIDUAL REACHES FRA IN 2020

\$1 of benefits withheld for every \$3 in earnings above the limit for months prior to reaching FRA.

\$48,600
PER YEAR

MONTH INDIVIDUAL RACHES FRA AND BEYOND

Reduction no longer applies.

UNLIMITED

Table reflects earnings of the individual claiming benefits, not joint earnings.



HOW ARE MY BENEFITS DETERMINED?

OPTION #3: FILING AFTER FRA

Social Security provides yearly increases for those who delay the start of benefits.

**Increase
in benefits
for delayed
retirement**

BORN 1943 OR LATER

8.0%

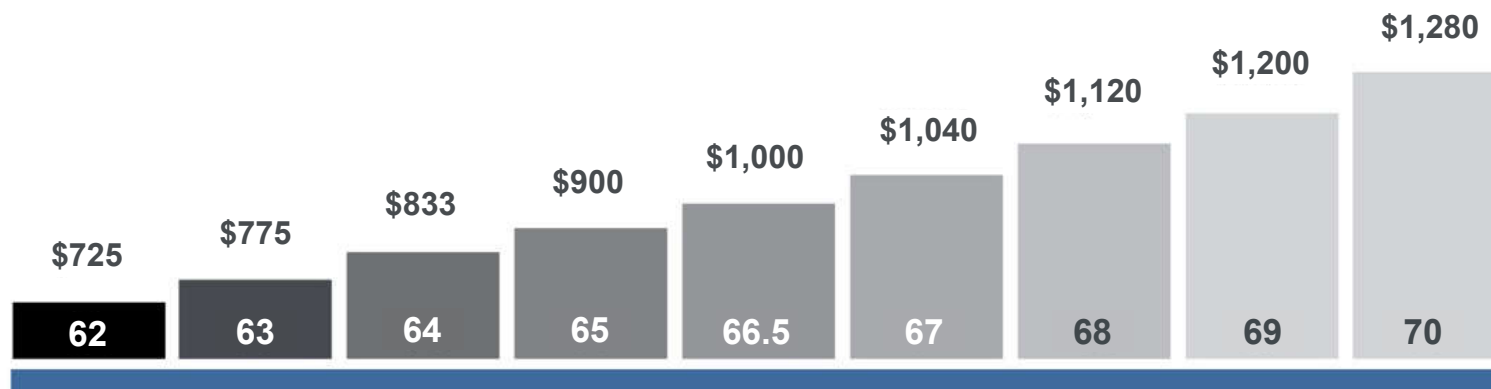
"Retirement Benefits," Social Security Administration, 2019



**HOW DO I DECIDE
WHEN TO COLLECT?**

DECIDING WHEN TO COLLECT

Delaying benefits from 62 until age 70 represents a 76% increase in monthly payments.



What this means for monthly benefits

This example assumes a benefit of \$1,000 at a Full Retirement Age of 66 and six months. This is a hypothetical illustration and does not predict actual performance.

*"When to Start Receiving Retirement Benefits," Social Security Administration, 2019.

DECIDING WHEN TO COLLECT



The average annual return on waiting can be better than investing.

Return on delayed benefits

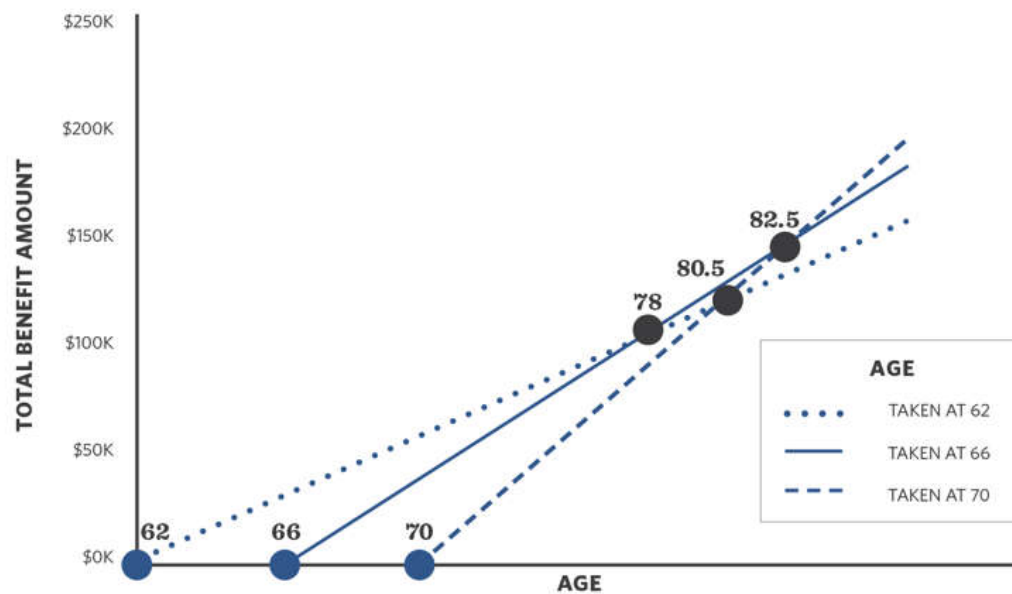
Annual rate
of return*

DELAYED BENEFITS UNTIL AGE 70 (IF BORN 1943 OR LATER)	8%
S&P 500®	4.60%
U.S. TREASURYS	3.97%

*Return data based on 20-year average annualized returns of the S&P 500® and the 10-Year Treasury as of 11/05/2019.

DECIDING WHEN TO COLLECT

HYPOTHETICAL BREAK-EVEN AGES*



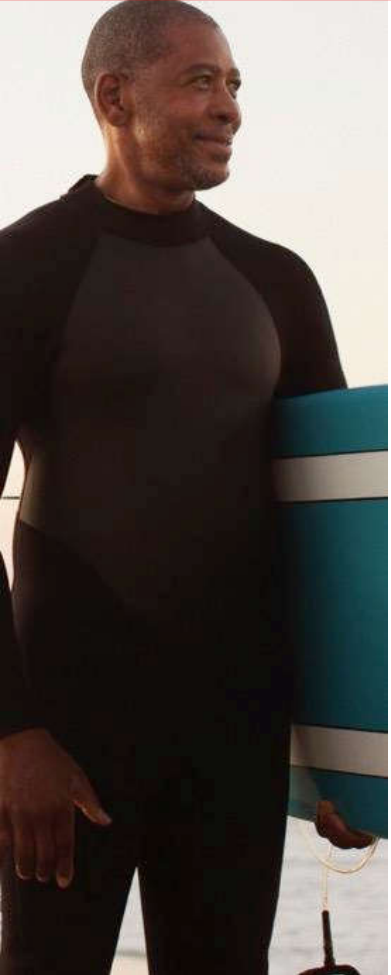
*Calculations assume a PIA of \$1,000 and an FRA of 66. This example is hypothetical and does not guarantee or predict an actual situation. Totals do not include cost of living adjustments. Example illustrates \$750/mo. at age 62; \$1,000/mo. at 66; \$1,320/mo. at 70.

Chart derived from "Retirement Planner: Delayed Retirement Credits" and "Retirement Planner: Can You Take Your Benefits Before Full Retirement Age," Social Security Administration, 2019

DECIDING WHEN TO COLLECT

OTHER CONSIDERATIONS

- Health
- Marital status
- Years in the workforce
- Other retirement assets





HOW DO I USE SPOUSAL BENEFITS?



SPOUSAL BENEFITS: YOU'RE A TEAM

GENERAL RULES*

- If you file for spousal benefits at FRA, spousal benefit will be equal to 50% of your spouse's PIA.
- You must be 62 or older to qualify.
- You cannot collect benefits on current spouse's record until he or she files for their own benefit.
- Amount is reduced if taken before FRA, but won't increase if delayed.
- These rules also apply for divorced-spouse benefits, as long as the marriage lasted at least 10 years and the beneficiary spouse is currently unmarried.**

* Some exceptions exist.

** Those who qualify for divorced spouse benefits may collect before former spouse files.

CASE STUDY: THE ROOSEVELTS

Frank

- Married to Ellen
- Higher wage earner
- FRA is 66

Ellen

- Married to Frank
- Lower wage earner
- FRA is 66

This example is hypothetical and does not guarantee or predict any actual situation.



**MEET FRANK
& ELLEN**



STRATEGY 1: CLAIM NOW

ACCESS SPOUSAL BENEFITS

- Retire earlier, enjoy time together, access spousal benefits sooner.
- Frank retires at FRA and claims his full benefit of \$2,600 a month. Ellen files for spousal benefits at FRA and claims \$1,300 (more than double her PIA of \$600). They enjoy their retirement years, and when Frank passes on, Ellen steps up to his benefit of \$2,600 monthly.

Frank's PIA

\$2,600

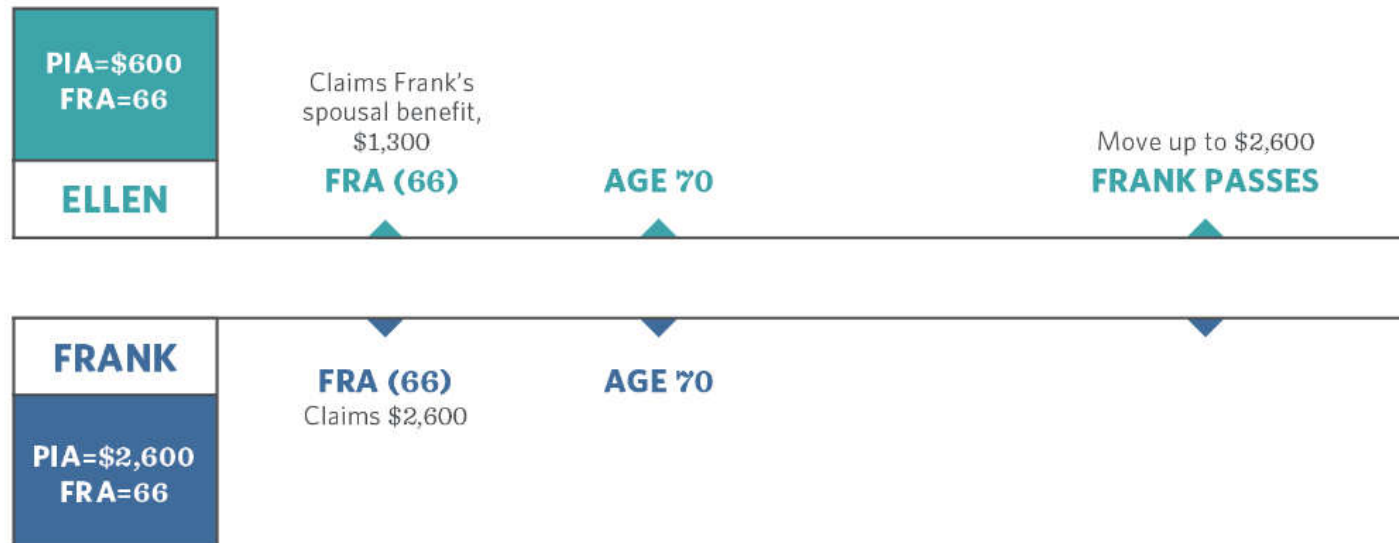
Ellen's PIA

\$600

This example is hypothetical and does not guarantee or predict any actual situation.

STRATEGY 1: CLAIM NOW

ACCESS SPOUSAL BENEFITS



This example is hypothetical and does not guarantee or predict any actual situation.



STRATEGY 2: CLAIM LATER

MAXIMIZE SURVIVOR BENEFITS

- Frank delays his benefits until age 70, when he earns his maximum monthly benefit.
- Ellen may claim her own benefit any time she is eligible, but to claim spousal benefits on Frank's PIA, she must wait until Frank files for his own benefits.
- Once Frank files for his benefits, she may switch to her spousal benefits.

Frank's PIA

\$2,600

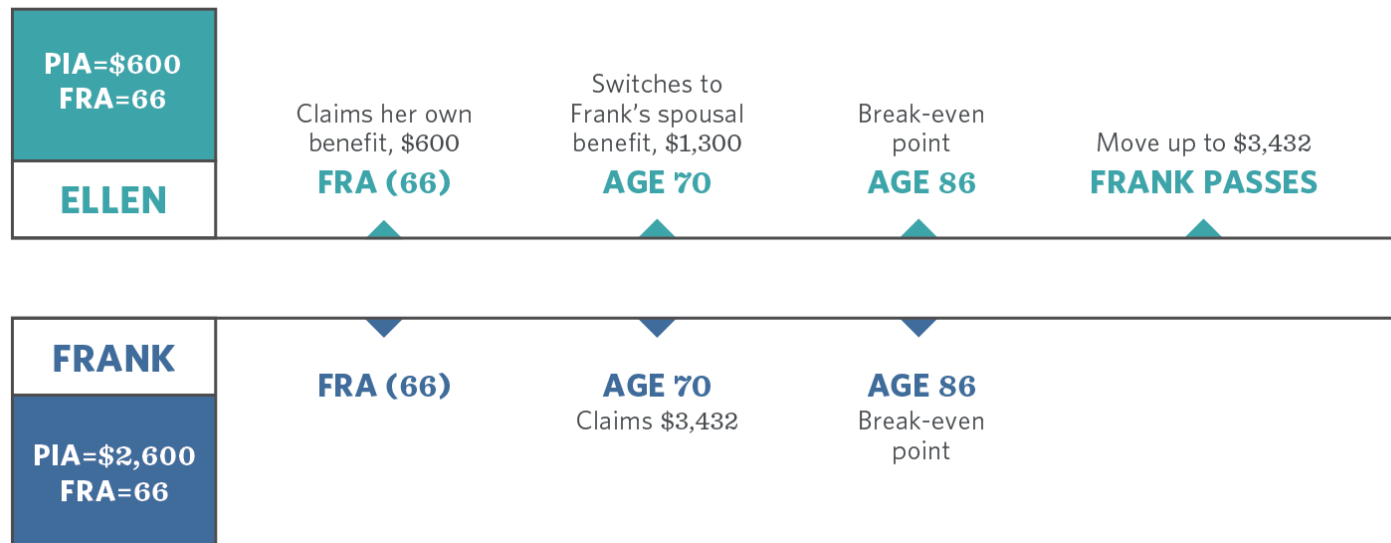
Ellen's PIA

\$600

This example is hypothetical and does not guarantee or predict any actual situation.

STRATEGY 2: CLAIM LATER

MAXIMIZE SURVIVOR BENEFITS



This example is hypothetical and does not guarantee or predict any actual situation.



STRATEGY 2: CLAIM LATER

MAXIMIZE SURVIVOR BENEFITS

- In this scenario, Ellen files for her own \$600 monthly benefit at FRA while Frank waits until 70. They forgo \$158,400 in benefits over four years.
- By waiting until he's 70, Frank's monthly benefit increases to \$3,432. Ellen then applies for her spousal benefit, which caps at \$1,300 (50% of Frank's FRA). Combined monthly benefits increase by \$832 per month by waiting.
- If either Frank or Ellen lives past 86, they reach the break-even point and benefits surpass the \$158,400 they gave up by waiting. Frank's annual benefit will now be \$9,984 higher than claiming at FRA, and if Frank passes before Ellen, her monthly survivor benefit increases to his \$3,432, leaving her with more money each month.

This example is hypothetical and does not guarantee or predict any actual situation.

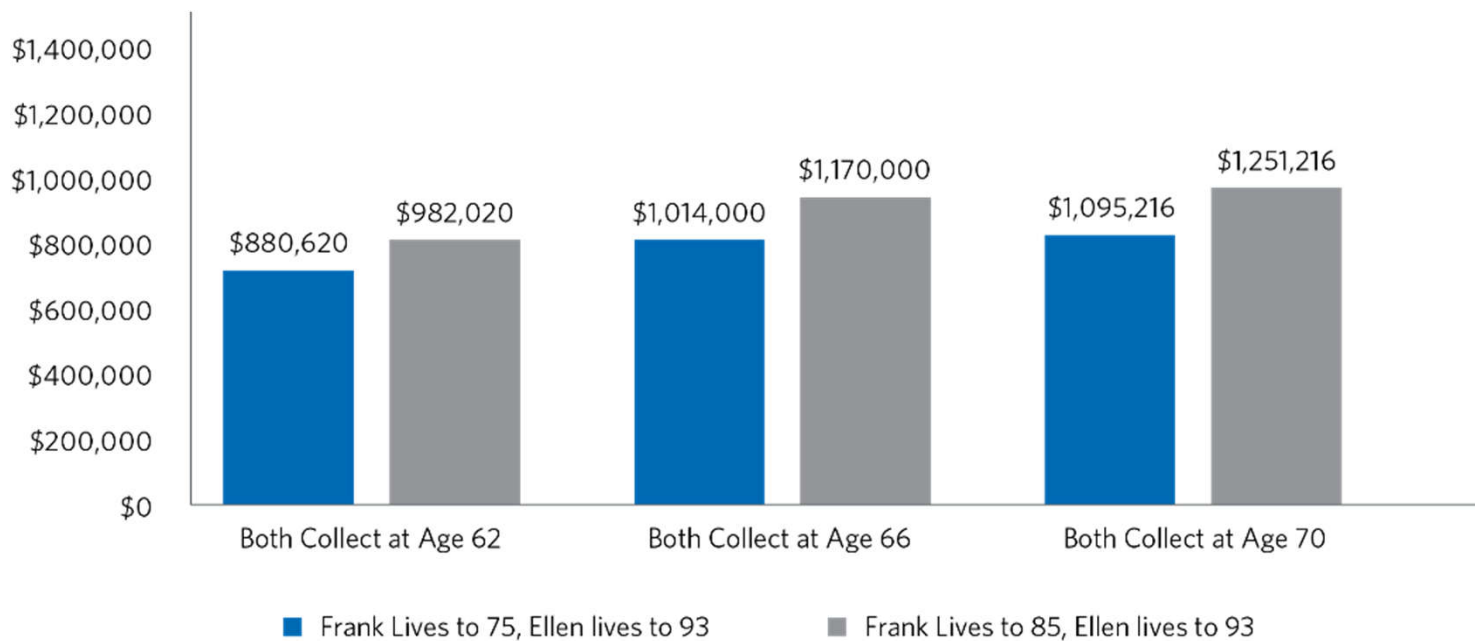
STRATEGY 2: CLAIM LATER



HOW CAN I UTILIZE SPOUSAL BENEFITS?

Large difference in incomes

Frank's PIA is \$2,200, Ellen's PIA is \$600



This is a hypothetical illustration and does not guarantee or predict actual performance; totals do not include COLA adjustments.



STRATEGY 3: SIMILAR EARNED INCOME

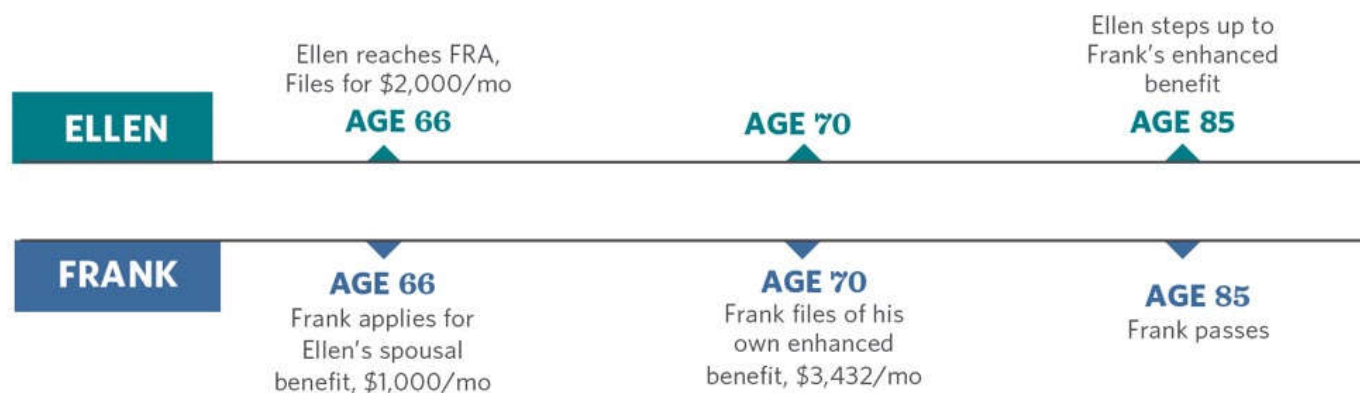
LEVERAGE A RESTRICTED APPLICATION

- If Frank and Ellen had similar lifetime earnings, resulting in similar Social Security retirement benefits, there is another strategy, provided they were born before January 1, 1954.
- For this scenario, suppose Ellen's benefit at FRA is \$2,000 a month and Frank's is \$2,600 a month; if Ellen claims her full benefit at FRA, Frank can file a restricted application for spousal benefits only (because he was born before 1954). This way, he collects 50% of Ellen's \$2,000 for a total household income of \$3,000. When he turns 70, Frank switches to his own benefit, which has grown to \$3,432. Not only does the household income increase, but Ellen could step up to Frank's enhanced benefit if he dies before her.

This example is hypothetical and does not guarantee or predict any actual situation.

STRATEGY 3: SIMILAR EARNED INCOME

LEVERAGE A RESTRICTED APPLICATION



This example is hypothetical and does not guarantee or predict any actual situation.

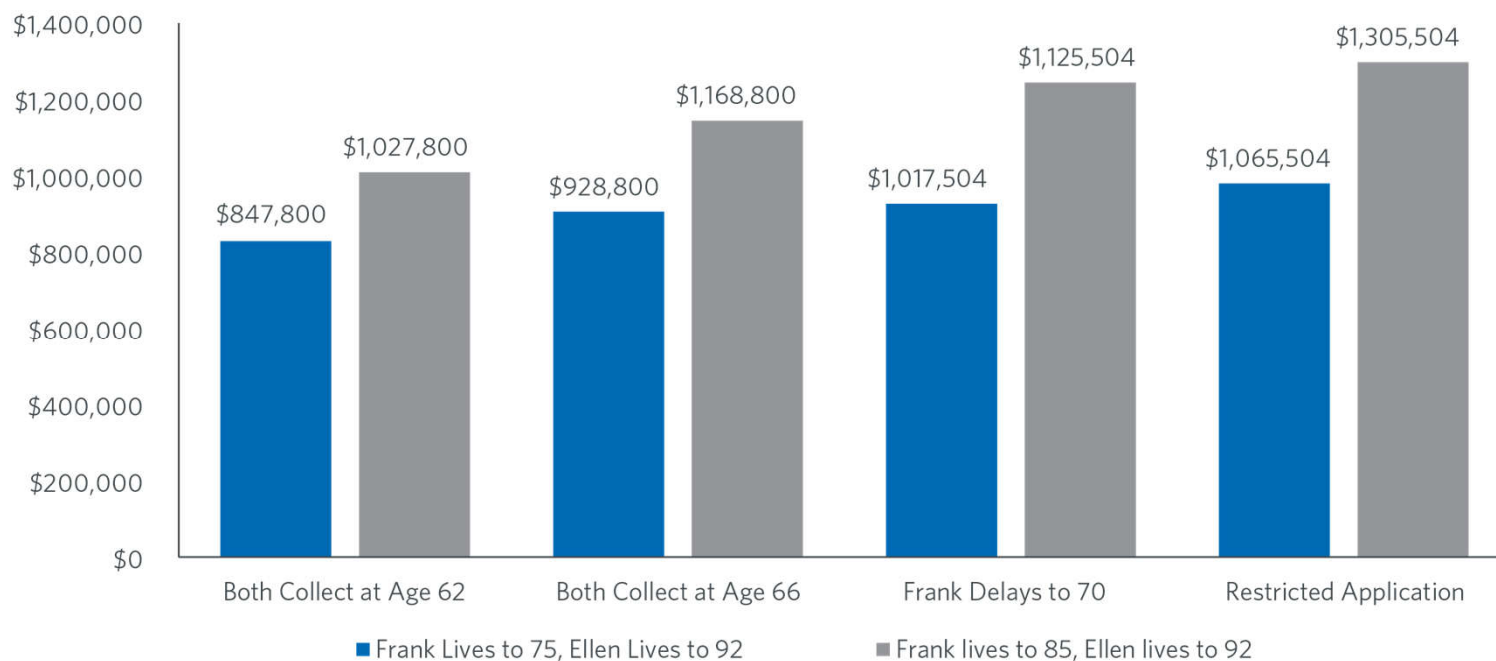
STRATEGY 3: SIMILAR EARNED INCOME



HOW CAN I UTILIZE SPOUSAL BENEFITS?

Spouses with similar earned incomes

Frank's PIA is \$2,200, Ellen's PIA is \$2,000
FRA for Frank and Ellen is 66



This is a hypothetical illustration and does not guarantee or predict actual performance; totals do not include COLA adjustments.



HOW DO SURVIVOR BENEFITS WORK?



SURVIVOR BENEFITS AT WORK

GENERAL RULES TO KEEP IN MIND

- Surviving spouse can receive up to 100% of the deceased spouse's benefits.
- Except in the case of an accident, a couple must have been married at least nine months at the time of death.
- Survivor gets full benefit at FRA, and must be at least 60 (50 if disabled) for reduced benefit.
- Benefit is not available if surviving spouse remarries before age 60.
- Divorced spouse can claim survivor benefit on ex-spouse's record if marriage lasted 10 years.
- Remember, when surviving spouses move up to claim a deceased spouse's benefit, they do not keep their original benefit. So even with this larger check, total household income will be reduced. That's important, it's one check instead of two.

BASIC TAX CONSIDERATIONS



Those who have income in addition to Social Security benefits will most likely have to pay federal income taxes.

Combined Income* Amount

File individual tax return and combined income, if the income is between **\$25K-\$34K**

File individual tax return and combined income, if the income is more than **\$34K**

File joint tax return and combined income, if the income is between **\$32K-\$44K**

File joint tax return and combined income, if the income is **\$44K**

Effect on Benefits

Up to **50%** of benefits may be taxable

Up to **85%** of benefits may be taxable

Up to **50%** of benefits may be taxable

Up to **85%** of benefits may be taxable

Social Security, "Benefits Planner: Income Taxes and Your Social Security Benefits," 2019

*Social Security Administration defines "combined income" as adjusted gross income + nontaxable interest + $\frac{1}{2}$ of Social Security benefits. 45

A WORD ABOUT MEDICARE



- Medicare coverage begins for many on the first day of the month they turn age 65. Those with certain disabilities may qualify for Medicare regardless of age.
- Enrollment in Part A and Part B is automatic for those who are 65 and older who receive Social Security benefits. However, those who are not receiving benefits must apply on their own.*
- Late enrollment may result in delayed coverage or costly penalties.
- For more information about Medicare, and to learn more about applying for benefits, visit Medicare's online site at **Medicare.gov**.

*Contact the SSA 800-772-1213 to enroll
"Medicare & You," Medicare.gov, 2019



WHAT WE'VE LEARNED

- Social Security and what it means to you
- Common questions
- Strategies to optimize benefits

Visit **SSA.gov** to learn more

YOUR FIELD GUIDE & MATERIALS

THIS KIT PROVIDES ADDITIONAL INSIGHT INTO THE TOPICS COVERED TODAY

- Field Guide
- Planning Workbook
- Quick Reference Guide



A swimmer wearing a pink swim cap and goggles is swimming in the ocean. The swimmer's right arm is extended out of the water, with the hand open and fingers spread. The water is a deep blue-green color, and the background shows a hazy horizon.

QUESTIONS?

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