

NAVIGATING SOCIAL SECURITY

A CRITICAL COMPONENT OF RETIREMENT INCOME PLANNING

Social Security is a critical component of retirement income planning. While it can be quite complex, it does not need to be. Understanding the basics can help you determine when—and how—to elect your Social Security benefits. This guide was designed to help you get started, but you should discuss strategies, timing and other considerations with your Advisor.

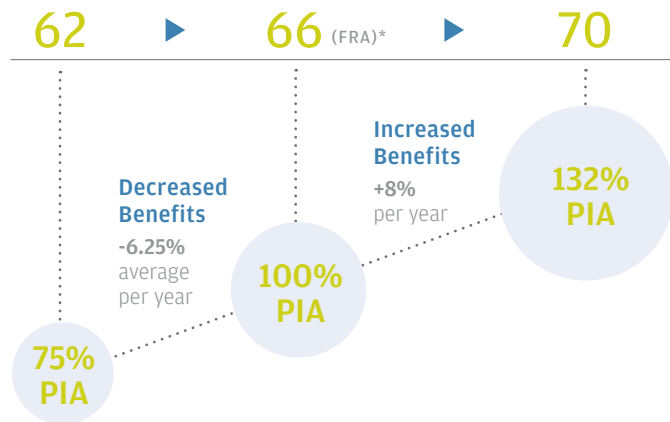
THE BASICS

► THE FIRST STEP IS TO UNDERSTAND THE BASICS OF SOCIAL SECURITY:

- **Full Retirement Age (FRA):** Depending on the year you were born, this is the age at which you can retire and receive your full Social Security benefits. *See table below.*
- **Primary Insurance Amount (PIA):** The benefit you receive if you retire at your FRA.
- **Reduced Benefits:** When individuals elect benefits before FRA (as early as age 60 for survivors and 62 for individuals and spouses), they will be permanently reduced.
- **Delayed Retirement Credits:** Individuals can increase their benefits by waiting beyond FRA to claim (once you reach 70, however, your benefit stops increasing); this does not apply to spousal and survivor benefits.
- **Restricted Application:** Allows you to file for only one benefit when you are eligible for both your own benefit and a spousal or survivor benefit; available at FRA or later, except for survivors who may file a restricted application after age 60.

► THE SOCIAL SECURITY TIMELINE

When you claim will have a permanent impact on the benefit you receive. Claiming before FRA reduces your benefit, while delaying beyond FRA can increase it.



WHEN IS YOUR FULL RETIREMENT AGE?

Year of Birth*	Full Retirement Age*
1943-1954	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 and later	67

* Individuals born on January 1 of any year should refer to the previous year. (If a person is born on the 1st of the month, his or her benefits (and full retirement age) is calculated as if his or her birthday was in the previous month.) FRA for survivor benefits will be slightly different.

IN ADDITION, YOU CAN LEVERAGE CERTAIN STRATEGIES AT DIFFERENT TIMES AND DEPENDING ON YOUR PERSONAL CIRCUMSTANCES

Age	60	62	66 (FRA)*	70
Own/spousal benefit		If eligible for both own and spousal benefits, you will be deemed filing for both benefits.	<ul style="list-style-type: none"> May file restricted application for only your spousal benefit. Ability to earn delayed retirement credits on your own benefit. 	If you have not yet claimed your benefit, do so by age 70.
Survivor benefit		<ul style="list-style-type: none"> Eligible to file restricted application for your own or a survivor benefit allowing you to claim the other benefit later. Eligible to begin reduced survivor or own benefit. 	If you have not yet claimed survivor benefit, do so by FRA.	If you have not yet claimed your benefit, do so by age 70.

* Age 66 is FRA for those born 1943-1954 for own/spousal benefit and those born 1945-1956 for survivor benefit.

Source for information: Social Security Administration, www.ssa.gov, as of August 2014.

Who is eligible for Social Security?

Who Can Collect?

General Rules

Individuals

- Typically, if you have paid into Social Security for at least 10 years, you can claim an individual benefit.

Spouses

- Your spouse, whether s/he has worked or not, may claim spousal benefits once you have filed for your own benefit and you are at least age 62 (age 50 if you are disabled).
- Spousal benefits are generally 50% of your full retirement benefits if your spouse files at FRA.

Widowed individuals

- Widowed individuals are typically eligible to file for survivor benefits starting at age 60.
- Survivor benefits are typically equal to the full amount of the deceased individual's benefit, if the survivor files at FRA.

Divorced individuals

- Divorced individuals are eligible to file for spousal benefits on an ex-spouse's work record if they were married for at least 10 years and are both at least 62 years old.
- If you have been divorced less than two years, your ex-spouse must file for benefits for you to be eligible.

Children

- Children of retired or disabled parents entitled to Social Security may be eligible for benefits if they are:
 - Under 18 and living at home (or 19 if still in high school)
 - Over 18, but are themselves disabled

► WORKING, TAXES AND OTHER POTENTIAL REDUCTIONS

There are many factors beyond collecting early that can potentially reduce your benefit:

- **Collecting early and working**—Regardless of benefit type, filing early can subject you to the earnings test, which may further reduce your benefits if you are still working and earn more than \$15,480. In most situations, however, once you reach FRA, the Social Security Administration will make an adjustment to give you credit for the benefits that were withheld.
- **Taxation**—Some individuals may be required to pay federal income taxes on Social Security benefits (usually when they have other substantial income in addition to their benefits). Following are the guidelines for federal income tax purposes:

Combined income:

Your adjusted gross income

- Nontaxable interest
- 1/2 of your Social Security benefits

	For those filing as individual with combined income of:	For those filing joint return with combined income of:
Not taxed	Under \$25,000	Under \$32,000
Up to 50% taxable	\$25,000-\$34,000	\$32,000-\$44,000
Up to 85% taxable	Above \$34,000	Above \$44,000

- **Windfall Elimination Provision**—Individuals receiving a pension from a federal, state or local government based on work for which Social Security taxes were not withheld may have their benefits reduced. Additionally, spousal or survivor benefits may also be reduced according to the government pension offset.

When to collect?

► DECISION TREE

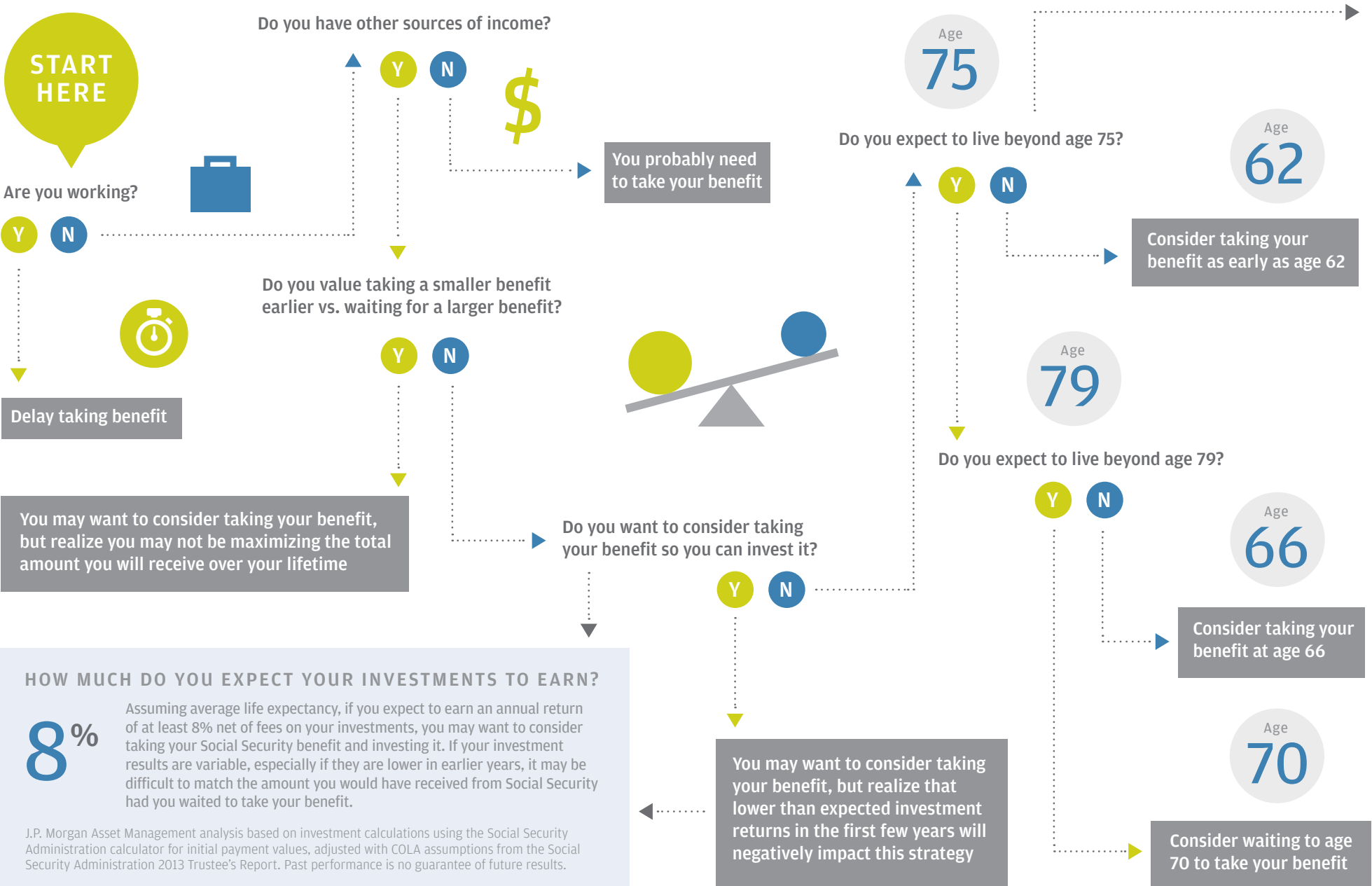
Deciding when to collect is perhaps the most critical decision when it comes to Social Security. This decision tree is designed to help you understand the key questions to consider (see sidebar below) when thinking about your own claiming decision. If you are married, divorced, widowed or have worked in a government capacity, other specific strategies may apply.

DON'T GET SIDETRACKED BY SOCIAL SECURITY SOLVENCY CONCERNS

As you consider your claiming options, one factor that should not be a part of your decision-making process is fear that the Social Security program will materially change for anyone over age 50 as a result of deficit reduction efforts. With the exception of a slight reduction in ongoing cost of living adjustments, most bipartisan proposals would not change benefits for those near retirement age.

KEY QUESTIONS TO CONSIDER

- Do you need the income?
- Are you working prior to full retirement age?
- If you don't have other sources of income, are you willing to draw on your investments?
- Are you in good health or do you have a family history of longevity?
- Do you prefer to receive benefits earlier in your life, considering you may not maximize the total dollars you receive over the long term?
- If you are married, is one partner's lifetime income significantly higher than the other's?



HOW LONG MIGHT YOU LIVE?

7/10 women 6/10 men

Likelihood of living to 80 for those reaching age 65¹

+3-5 yrs

2.5 hours of moderate exercise per week (such as brisk walking) may add 3-5 years to your life²

-7 yrs

Smoking may take about 7 years off your life expectancy³

Age 100 Age 90

Half of those who live to 100 have a close relative who lived to age 90⁴

¹ Society of Actuaries, "Key Findings and Issues, Longevity," 2011 Risks and Process of Retirement Survey Report, June 2012.

² Moore SC, et al. Leisure Time Physical Activity of Moderate to Vigorous Intensity and Mortality: A Large Pooled Cohort Analysis. PLoS Medicine. November 6, 2012. doi: 10.1371/journal.pmed.1001335.

³ Mortality and Life Expectancy in Relation to Cigarette, Cigar and Pipe Smoking: The Zutphen Study, by Martinette T Streppel, Hendrik C Bosuizen, Marga C Ocke, Frans J Kok and Daan Kromhout, downloaded from tobaccocontrol.bmj.com, May 2013.

⁴ New England Centenarian Study at the Boston University School of Medicine, 2002.

Plan for Social Security now

Social Security is complex and timing is everything. As you work together with your Advisor to develop your retirement income plan, be sure to include when—and how—to elect Social Security.

► LEARN MORE ABOUT SOCIAL SECURITY

Consult your Advisor

Work together to develop your retirement income plan, including when and how you will claim Social Security.



Visit www.ssa.gov

The Social Security Administration provides more information about Social Security and your options.

Sources: Social Security Administration, www.ssa.gov, as of August 2014; J.P. Morgan Asset Management.

Views and strategies described may not be suitable for all investors. The information is not intended to provide, and should not be relied on for, accounting, legal or tax advice. Please check with your local Social Security Administration office or www.ssa.gov for additional information regarding your personal circumstances.

IRS Circular 230 Disclosure: JPMorgan Chase & Co. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with JPMorgan Chase & Co. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

J.P. Morgan Asset Management is the marketing name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. JPMorgan Distribution Services, Inc., member FINRA/SIPC.

© 2014 JPMorgan Chase & Co. All Rights Reserved

SS-OVER-BRO