Fidelity Investments Retirement Income Planning

Making the Most of Social Security

Imagining tomorrow.

In this brochure, you'll find:

- ✓ Social Security Overview
- ✓ Information on when to claim
- ✓ An action plan to maximize your benefit

Social Security Overview

Social Security is one of the most powerful resources available for providing you with income throughout your retirement. It's hard to beat a resource that pays out lifetime income, has built-in cost-of-living increases, provides spousal income, and continues payments to a surviving spouse.

In fact, there is such depth and breadth to this decades-old social "safety net" that it's easy to miss some key information. The layers of complexity can result in critical mistakes that affect your retirement income.

In this guide, you'll find highlights and information to get you started:

- Understanding the basics of Social Security
- Assessing some of your options for claiming your retirement benefit
- Determining how to maximize your income

Deciding when you should start collecting Social Security can be complicated, especially if you are married, divorced, or widowed. There is no one-size-fits-all solution.

Making the decision when to claim may affect your early retirement income, your late-in-life income, your spouse's income, and how you much you need to draw from your portfolio.

Working together with a Fidelity Representative can help you make decisions for you and your family.

Meeting Social Security Eligibility

Retirement benefits are paid to U.S. workers who meet specific criteria. Eligible worker's spouses, including ex-spouses and widowed spouses, are also generally eligible for "spousal benefits."

Here's what's important:

1

You'll need **40 "credits"** to qualify for Social Security.

One credit equals $1,300 in wages/earnings (in 2017).

You can earn up to four credits per year.

2

Your employer must be a **"covered" employer,** meaning that it pays into the Social Security system on your behalf.

Certain institutions opt to provide a pension plan rather than cover their employees under Social Security. Ask your employer or check your pay summary.

3

You must reach **age 62** before you qualify for retirement benefits.

Reaching age 62 qualifies you for retirement benefits, but the longer you wait to claim them, the higher your payment.

If you are or were married, you may also be eligible for spousal benefits at age 62. Spousal benefits are calculated on the working spouse's record:

- You may receive as much as 50% of the worker's full benefit amount.
- The payment amount is reduced permanently if you claim early.
- In general, the worker must be collecting Social Security (except in the case of an ex-spouse).
- If you also have a work record, your benefit is the higher of your own benefit or your spousal benefit—not both.

Why Your Full Retirement Age (FRA) Is Important

Social Security calculations are based on your Full Retirement Age, or FRA. This is the age when you are eligible to collect your full benefit amount. It is not age 65.

Your eligible retirement age

Use the Social Security FRA table to the right to find the age that corresponds to the year you were born.

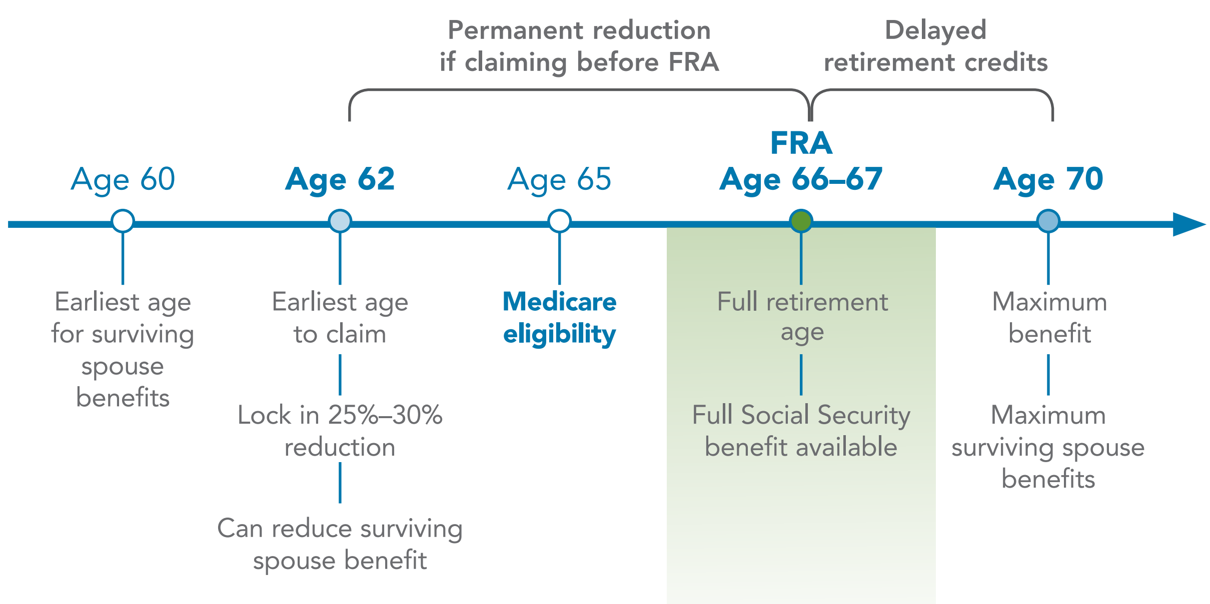
If your birthday is January 1, your FRA is considered to be the year prior to your actual birth year.

Your FRA is important because this is the age when your calculated benefit amount is "locked in." If you choose to claim before your FRA, your income will be permanently reduced throughout retirement. If you wait until after FRA to claim, your income will be increased permanently.

Year you were born	Your full retirement age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
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 or later	67

You can find this FRA table at SSA.gov.

Consider the implications of claiming your retirement benefit.

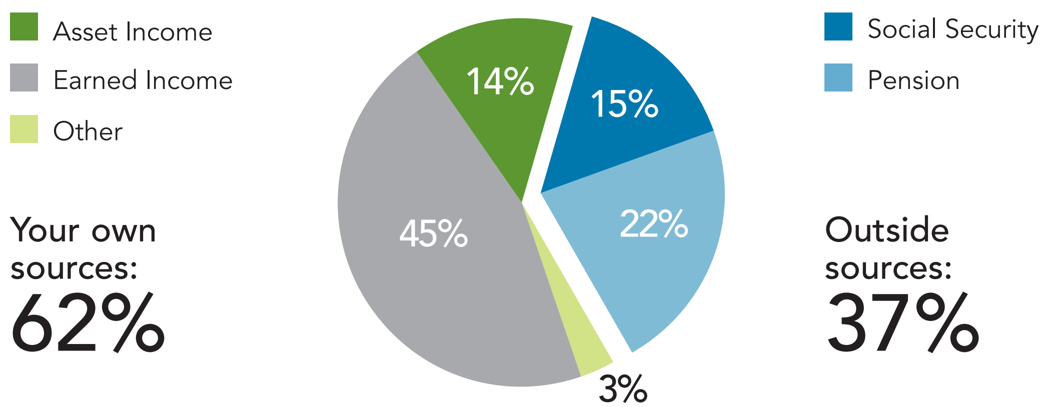


Deciding When to Claim

The decision you make about when to claim Social Security directly affects your other income sources. Before deciding when to claim, consider where the rest of your income in retirement will come from. The higher your Social Security benefit amount, the less likely you'll be to draw from other personal assets.

Components of retirement income are interlocked.*

The higher your Social Security payment, the lower the draw from your portfolio.



In certain cases, you may find it best to wait to claim. Waiting to claim allows you to collect a larger benefit, and your surviving spouse may also receive a larger benefit. Consider waiting if you:

- Are healthy
- Have longevity in your family
- Have sufficient assets to cover income needs
- Are planning to work until age 70

Claiming early may make sense if you have reason to believe you will have a shorter-than-average planning horizon or if you need the money sooner rather than later due to personal circumstances.

It's important to assess your personal situation and run the numbers to see the results and the impact on your retirement income plan.

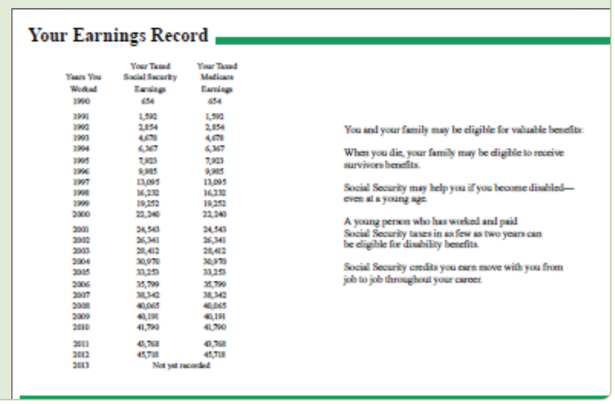
*Source: Social Security Administration, "Income of the Aged Chartbook, 2014," published April 2016. Based on highest quintile of $72,129. For illustrative purposes only.

Deciding When to Claim *(continued)*

Your Social Security statement shows an estimate of your benefits based on when you might claim. It lists your estimated benefit amount at FRA, the maximum amount you could receive if you wait until age 70, and the lowest amount you may be eligible for if you claim at age 62.

The statement also provides you with a complete list of your work history. The highest 35 years of your work history are taken into account when estimating your Social Security retirement benefit.

Sign up on SSA.gov/myaccount to access your most current statement.



Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,678	4,678
1994	6,367	6,367
1995	7,923	7,923
1996	9,985	9,985
1997	13,095	13,095
1998	16,232	16,232
1999	19,252	19,252
2000	22,240	22,240
2001	24,543	24,543
2002	26,341	26,341
2003	28,412	28,412
2004	30,970	30,970
2005	33,253	33,253
2006	35,799	35,799
2007	38,342	38,342
2008	40,065	40,065
2009	40,191	40,191
2010	41,790	41,790
2011	43,768	43,768
2012	45,718	45,718
2013	Not yet recorded	

You and your family may be eligible for valuable benefits:

When you die, your family may be eligible to receive survivors benefits.

Social Security may help you if you become disabled—even at a young age.

A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits.

Social Security credits you earn move with you from job to job throughout your career.

Your actual Social Security payment will be adjusted based on the actual date you claim, as follows:

When to claim	Impact of decision
At FRA	Receive full calculated value
Latest age—70	Income increases by 8% per year
Earliest age—62 (unless widowed)	Up to a 30% permanent reduction in income

There are several other factors that may influence your claiming decision and how much income you'll receive from Social Security:

- If part of your work history entitles you to a public pension
- If you plan to continue working after you claim Social Security
- If your household income is high enough to make your payments taxable

If You Are Divorced or Widowed

If you have an ex-spouse

You may be eligible for Social Security "spousal" income based on your ex-spouse's work record. If he or she earned more than you, you may be able to claim your spousal income on that record. There are conditions to qualify on an ex-spouse's record, such as:

- The marriage lasted at least 10 continuous years.
- You have not remarried.
- You both are at least age 62.
- You've been divorced 2 years or longer.

If your spouse dies

Widows and widowers may qualify for Social Security survivor spouse benefits. You may be eligible to "step into the shoes" of your deceased spouse (or deceased ex-spouse) and receive an increase in income if the survivor benefit is higher than what you are receiving.

There are age restrictions and other factors that must be considered. If you are eligible, you can tap a reduced income as early as age 60, or at any age if you are caring for the deceased spouse's young children.

Divorce and survivor benefits must be addressed with the Social Security Administration.

There is important information about divorce and survivor benefits at SSA.gov. Read about your situation, then call the Social Security Administration to find out the specific information you'll need to provide to see if you meet qualifications for ex-spouse or survivor spousal benefits.

Action Plan

Spending some time thinking about your own Social Security benefits can be time well spent. You may find the following action steps helpful before meeting with your Fidelity Representative to develop your full retirement income plan:

1 Become familiar with SSA.gov.

- ☐ Sign up for immediate access to your records at *my* Social Security.
- ☐ Print a copy of your most current statement.
- ☐ Review the website for information that applies to you.

2 Learn more about how your benefit will be calculated.

- ☐ Have you reached 35 years of earnings yet?
- ☐ Try the calculators to see your estimated benefit at various claiming dates.

3 Compare your claiming strategies.

- ☐ Assess your claiming options, timing, and payment amounts.
- ☐ Consider implications to your spouse today if he or she survives you.
- ☐ Determine any ex-spouse or survivor benefits for which you may be eligible.

Get the benefit you deserve.

As a free benefit to you, a Fidelity Representative can help you create a Social Security claiming strategy that takes your individual needs and options into account. Call **888-766-6813** to schedule your appointment with a Fidelity Representative today!

Fidelity Investments

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