



Social Security Maximization Report

Analysis for:

Valued Client

Prepared on January 25, 2017

Presented By:

Craig Colley





Recent Changes to Social Security

Thank you for requesting the Social Security Maximization report. You may be aware that the Bipartisan Budget Proposal Act of 2015 was passed by Congress and signed by the President in November 2015. It made a few changes to strategies that had previously been used to file for benefits, namely File and Suspend and Restricted Application for spousal benefits.

File and Suspend

- If you will be 66 years old before **April 30, 2016**, you have the option to utilize file and suspend as an advanced filing strategy so long as you do so prior to **April 30, 2016**. After that time, file and suspend will no longer be available to use as an advanced filing strategy.

Restricted Application

- If you will be 62 on or before **January 1, 2016**, you can still plan to use a Restricted Application strategy when you reach Full Retirement Age (FRA). If you turn 62 on or after **January 2, 2016**, Restricted Application is not available as a filing strategy.

Other

- Dependents (spouse, children) can no longer collect benefits on a primary worker who is not currently receiving payment
- Lump sum payment will only be available for those that have filed and suspended prior to the **April 30, 2016** deadline

It is important that you verify your information and options with the Social Security Administration.





Introduction to Social Security Planning

As baby boomers transition from the preservation to the distribution phase of their life, they are looking for ways to continue receiving their paychecks and maintain their current lifestyle. Unfortunately for many, the income they receive from Social Security and pensions alone are not enough. In addition, many families take Social Security at the wrong time. Likely, one of the main reasons for this is a lack of education with regards to filing options. Social Security seems simple from the outside but inside are a wealth of different options that could directly affect you and your family for life. How do you know which option will be best for you?

A key to maximizing Social Security is asking yourself what do I know about me that the government doesn't. Social Security was designed based on actuarial tables taking into account millions of workers claiming Social Security. The Proprietary software that generated this report is designed to provide you the optimal filing strategy with YOUR life in mind.

The report will provide answers to the following keys to Social Security Maximization:

- **COLLECT NOW OR LATER**
 - This is one of the most important decisions you will ever make when it comes to Social Security. What year is best for you to begin collecting social security benefits.
- **SPOUSAL BENEFIT PLANNING**
 - What options does my spouse have and am I choosing the one that will provide the most income?
- **SURVIVORS BENEFITS**
 - If I pass away, how much income will my spouse get, and how can I fill their income gaps?
- **IMPACT OF WORKING IN RETIREMENT**
 - If I make additional income during retirement, how is it going to affect my Social Security benefit?
- **SOCIAL SECURITY TAXATION**
 - How much of your Social Security will be taxed, and what you can do to lower taxation.
- **FILLING THE INCOME GAP**
 - Social Security replaces only about 40 percent of the average American's income after retiring*. That still leaves a substantial gap for most families to fill in order to live comfortably in their retirement years. Filling the Income Gap shows how much of your retirement nest egg you need to provide the additional income you are looking for in retirement.

The information provided in this report is designed to give you the maximum lifetime Social Security benefits based on your individual situation. It examines every one of your thousands of options and how to fill your income needs. With this retirement planning tool, you can now make informed, sound financial decisions that will benefit you and your family for the rest of your life.

*according to www.SocialSecurity.gov (understanding the benefits 2014)





SOCIAL SECURITY MAXIMIZATION REPORT

Personalized Data Sheet

Client		
Name	Valued Client	
Gender	Male	
Date of Birth	November 11, 1957	
Current Age	59	
Monthly Primary Insurance Amount	\$2,000	
COLA	0%	

	Age	Date
Early Retirement Age	62 & 1 mos	12/2019
Full Retirement Age	66 & 6 mos	05/2024
Latest Retirement Age	70	11/2027

Life Expectancy		
Average Age of Death	81	November, 2038





Your Social Security Maximized

The below information is based on the data you provided and your projected life expectancy. It is designed to help you make the best decision possible for when you should begin receiving Social Security benefits. The recommendations will help you and your family receive the maximum cumulative benefit from Social Security over your lifetime. By following your Optimized Filing Strategy you will receive an estimated **\$18,954** in additional income based on your life expectancy.



\$18,954 Additional Income

Your Optimized Filing Strategy

- Valued, claim your own benefit at age 67 & 6 months (2025)

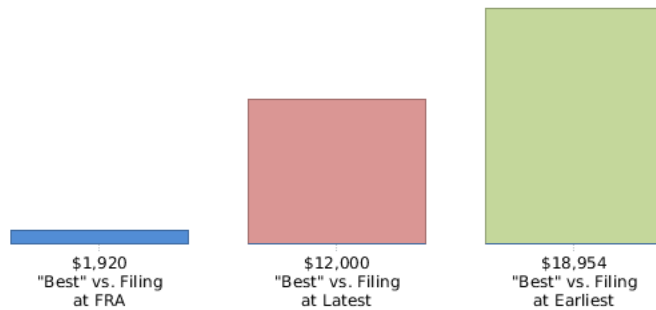
The expected lifetime family benefit using this strategy is **\$349,920**

The expected lifetime benefit if you elect at your **Earliest Date** is: **\$330,966**

The expected lifetime benefit if you elect at **FRA** is: **\$348,000**

The expected lifetime benefit if you elect at your **Latest Date** is: **\$337,920**

Additional Income using your Optimized Filing Strategy





SOCIAL SECURITY MAXIMIZATION REPORT

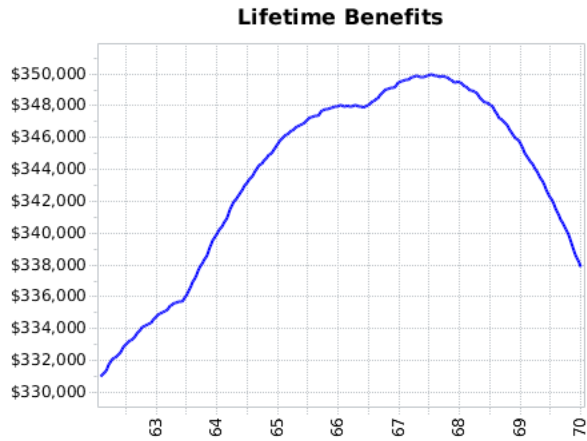
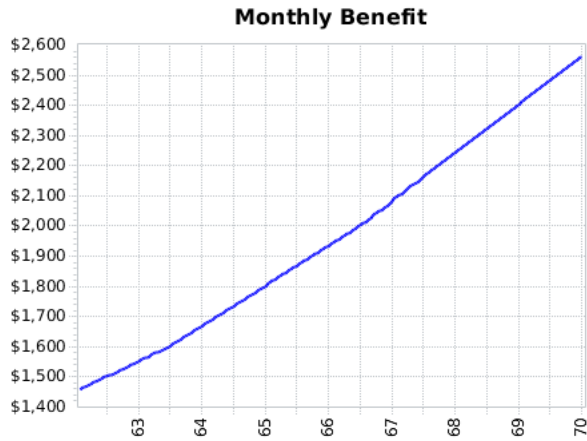
Valued's Individual Benefits

Valued Client

	Age	Date
Early Retirement	62 & 1 mos	12/2019
Full Retirement Age (FRA)	66 & 6 mos	05/2024
Latest Retirement	70	11/2027

	Age	Date
Life Expectancy	81	2038-11

Age	Monthly Benefit	Lifetime Benefit *
62	\$1,458	\$330,966
63	\$1,550	\$334,800
64	\$1,666	\$339,864
65	\$1,800	\$345,600
66	\$1,933	\$347,940
67	\$2,080	\$349,440
68	\$2,240	\$349,440
69	\$2,400	\$345,600
70	\$2,560	\$337,920



Based on your life expectancy, the optimal scenario to maximize your individual lifetime benefit amount is:

Age	67 & 6 mos
Start Date	05/2025
Monthly Benefit	\$2,160
Number of Payments	162
Lifetime Benefits *	\$349,920

* No spousal or survivor benefits are used in this calculation

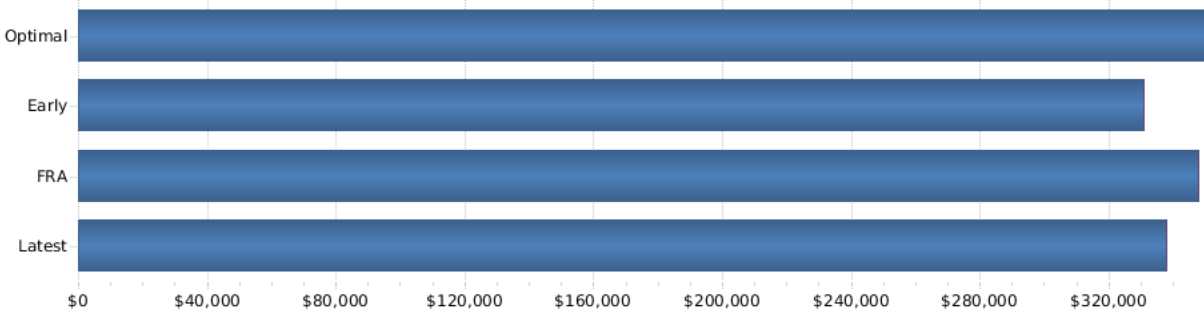




SOCIAL SECURITY MAXIMIZATION REPORT

Lifetime Benefits

Optimized Filing Strategy	Benefit Date	Age	Monthly Benefit	Total Benefit	Lifetime Benefits
Valued Client Own Benefits	05/2025	67 & 6 mos	\$2,160	\$349,920	\$349,920
			Total Lifetime Benefits		\$349,920



File at Earliest Date	Benefit Date	Age	Monthly Benefit	Total Benefit	Lifetime Benefits
Valued Client Own Benefits	12/2019	62 & 1 mos	\$1,458	\$330,966	\$330,966
			Total Lifetime Benefits		\$330,966

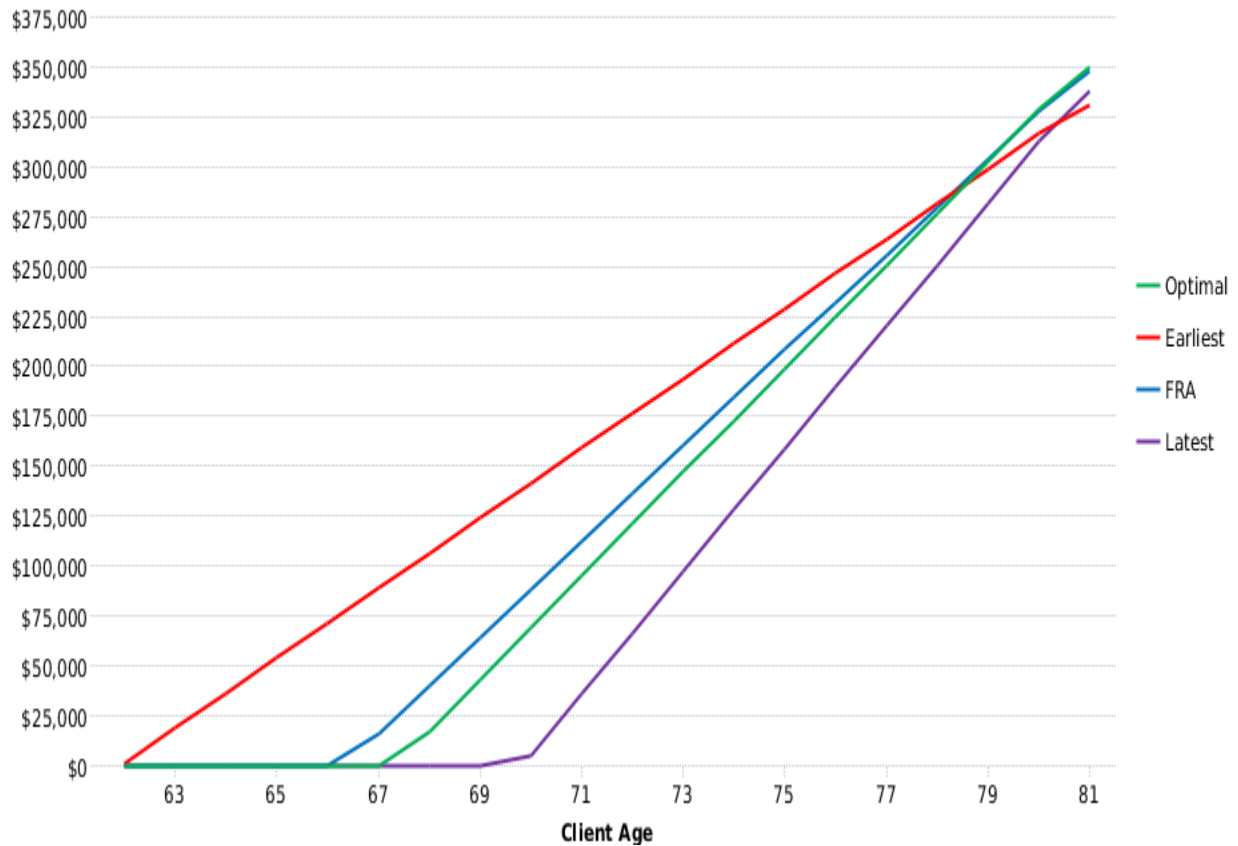
File at Full Retirement Age	Benefit Date	Age	Monthly Benefit	Total Benefit	Lifetime Benefits
Valued Client Own Benefits	05/2024	66 & 6 mos	\$2,000	\$348,000	\$348,000
			Total Lifetime Benefits		\$348,000

File at Latest Date	Benefit Date	Age	Monthly Benefit	Total Benefit	Lifetime Benefits
Valued Client Own Benefits	11/2027	70	\$2,560	\$337,920	\$337,920
			Total Lifetime Benefits		\$337,920





Comparison of Lifetime Benefits



The Expected Lifetime Benefit for each strategy:

- \$349,920 using the optimized filing strategy - up to \$18,954 in additional lifetime income
- \$330,966 if Valued elects at his earliest filing date
- \$348,000 if Valued elects at his FRA
- \$337,920 if Valued elects at his latest filing date

The comparison of lifetime benefits uses the Average Age of Death for Valued at 81 (November, 2038).





Optimized Filing Strategy Timeline

Date	Valued's Age	
May 2025	67 & 6 mos	Valued files for his own benefit on 5/2025 at age 67 & 6 months

Important Retirement Dates

Age	Valued	
59 ½	May 2017	At age 59 ½, you can access your investments in IRAs and other retirement accounts without early-withdrawal penalties. If you have a Roth IRA, withdrawals may be tax-free.
65	Nov 2022	Three months prior to your turning 65, you should sign up for Medicare Part A at the very least, and it would probably be beneficial to sign up for Medicare Part B as well. You have a seven month window around your 65th birthday that begins three months before the month you turn 65 and ends three months after the month you turn 65. It's a good idea to sign up right away because Medicare Part A is free and your Medicare Part B monthly premium increases 10 percent for each 12-month period you were eligible for Medicare Part B, but did not enroll.
70 ½	May 2028	This final milestone requires you to take Required Minimum Distributions (RMDs) from your retirement accounts this year and each year thereafter. Generally, your first distribution must be made by April 1st of the year following the calendar year in which you reach age 70 ½. The amount of the distribution is calculated by taking your balance as of December 31st of the prior year for all your IRA and 401(k) accounts and dividing that value by your RMD factor. Factors are determined by the Internal Revenue Service and are found in IRS Publication 590. If you fail to take your RMD or miscalculate the correct amount, you will have to pay a 50 percent penalty on the amount of the correct required minimum distribution.





Optimized Filing Strategy Cash Flow

Year	Age of Client	SS Benefits for Valued		Total Annual Income
			Own	
2025 ¹	67		\$17,280	\$17,280
2026	68		\$25,920	\$25,920
2027	69		\$25,920	\$25,920
2028	70		\$25,920	\$25,920
2029	71		\$25,920	\$25,920
2030	72		\$25,920	\$25,920
2031	73		\$25,920	\$25,920
2032	74		\$25,920	\$25,920
2033	75		\$25,920	\$25,920
2034	76		\$25,920	\$25,920
2035	77		\$25,920	\$25,920
2036	78		\$25,920	\$25,920
2037	79		\$25,920	\$25,920
2038	80		\$21,600	\$21,600
			\$349,920	\$349,920

1. Valued files for his own benefit on 5/2025 at age 67 & 6 months





Medicare Costs in Retirement

Premiums and deductibles for the traditional Medicare choices can quickly diminish your retirement savings. Have you included Medicare costs in your income plan?

- Part A covers inpatient hospital costs, stays in skilled nursing facilities, home health care visits and hospice care. Most beneficiaries pay no premium for part A, but there is a deductible of \$1,266 in 2017 for inpatient hospital stays. Additional co-payments and co-insurance can arise depending on the length of your hospital stay and medical requirements.
- Part B, which covers doctor visits, outpatient services, preventive care and some home health visits, does charge a premium, and in 2017 the standard monthly premium is \$121.80 — or \$1,461.60 for the year (see table below). The current annual deductible is \$166.
- Part D, the drug plan that had more than 32 million beneficiaries enrolled in 2012, charges an average monthly premium of about \$40 — or \$480 a year. More plans will start charging a deductible, which can be as high as \$360 in 2017. There is a 1% penalty if you fail to enroll into a Part D plan at age 65.
- Medicare Advantage (Part C) Plans are offered by private companies approved by Medicare. You will receive your Part A and B coverage from the Medicare Advantage Plan and not the original Medicare Part A and B.
- Medicare Supplement (Medigap) Insurance, sold by private companies, can help pay some of the health care costs that Part A and B do not cover — like copayments, coinsurance, and deductibles. Based on your age, state and zip code, average premiums vary from \$110 to \$180 per month for Medicare Plan F, which is the most commonly purchased plan.

Medicare Part B premiums by Income			
File individual tax return	File joint tax return	Married & file separate tax return	You pay
\$85,000 or less	\$170,000 or less	\$85,000 or less	\$121.80*
above \$85,000 up to \$107,000	above \$170,000 up to \$214,000	Not applicable	\$170.50
above \$107,000 up to \$160,000	above \$214,000 up to \$320,000	Not applicable	\$243.60
above \$160,000 up to \$214,000	above \$320,000 up to \$428,000	above \$85,000 and up to \$129,000	\$316.70
above \$214,000	above \$428,000	above \$129,000	\$389.80

*If you paid the standard Part B premium of \$104.90 per month in 2015, you will continue to pay the same amount in 2016.





Medicare Costs in Retirement

Year	Client Age	Part B Premiums (1)	Part D Premiums (2)	Medicare Supplement (3)	Total Medicare Expenses (4)
2022	65	\$341	\$112	\$421	\$874
2023	65	\$2,118	\$692	\$2,610	\$5,421
2024	66	\$2,244	\$733	\$2,765	\$5,741
2025	67	\$2,377	\$775	\$2,929	\$6,081
2026	68	\$2,518	\$821	\$3,102	\$6,441
2027	69	\$2,667	\$869	\$3,287	\$6,823
2028	70	\$2,825	\$920	\$3,481	\$7,227
2029	71	\$2,993	\$974	\$3,688	\$7,655
2030	72	\$3,170	\$1,031	\$3,907	\$8,109
2031	73	\$3,358	\$1,092	\$4,139	\$8,589
2032	74	\$3,557	\$1,157	\$4,385	\$9,099
2033	75	\$3,768	\$1,225	\$4,645	\$9,638
2034	76	\$3,992	\$1,297	\$4,921	\$10,210
2035	77	\$4,229	\$1,373	\$5,214	\$10,816
2036	78	\$4,481	\$1,454	\$5,523	\$11,458
2037	79	\$4,747	\$1,540	\$5,852	\$12,139
2038	80	\$4,599	\$1,492	\$5,669	\$11,759
		\$53,984	\$17,558	\$66,537	\$138,079

1. Part B assumes a monthly premium of \$122/month* per person starting at age 65 - this is based on a modified adjusted gross income of less than \$85,000 per year.
2. Part D assumes an estimated premium of \$40/month per person starting at age 65. Your premium will vary depending on your age, state, and the specific policy chosen.
3. Medicare Supplement is based on an estimated \$150/month premium per person starting at age 65. It will vary on your age, state, and the specific policy chosen.
4. This is the total of the estimated annual premiums for Part B, Part D, and Medicare Supplement.

All premiums assume an inflation rate of 5.8%** . Part B and Part D premiums can be deducted directly from your Social Security benefit. If you are not receiving your Social Security benefit, you will need to pay this directly to the Medicare Premium Collection Center.

**Health spending is projected to grow at an average rate of 5.8 percent from 2012-2022. <http://go.cms.gov/1jNw5Bk>. This report is designed to give a hypothetical estimate of Medicare costs. We cannot and do not guarantee the applicability or accuracy in regards to your individual circumstances. The Financial Services Professional and any information contained herein are not affiliated with or endorsed by the Social Security Administration, Medicare or any government agency.

*If you paid the standard Part B premium of \$104.90 per month in 2015, you will continue to pay the same amount in 2016.





Components of Social Security Planning

Primary Insurance Amount (PIA): The Primary Insurance Amount (PIA) is the benefit a person would receive if he/she elects to begin receiving retirement benefits at his/her Full Retirement Age (FRA). At this age, the benefit is neither reduced for early retirement nor increased for delayed retirement.

Full Retirement Age (FRA): This is the age at which you are eligible to receive your full retirement benefit, currently between age 66 and 67. If you were born in 1944 or earlier, you are already eligible for your full Social Security benefit. If you were born from 1943 to 1960, the age at which full retirement benefits are payable increases gradually to age 67.

Delayed Retirement Credits (DRC): Your benefit will increase automatically by a certain percentage from the time you reach your FRA until you start receiving your benefits, or until you reach age 70. Social Security will add 8 percent per year to your benefit for each year that you delay receiving your benefit beyond your full retirement age.

Benefits for Widows & Widowers: If you are the widow or widower of a person who worked long enough under Social Security, you can receive full benefits at full retirement age for survivor or reduced benefits as early as age 60. Once you receive survivor benefits, you can switch to your own retirement benefit as early as age 62. In many cases, a widow or widower can begin receiving one benefit at a reduced rate and then, at full retirement age, switch to the other benefit at an unreduced rate. If you remarry, after you reach age 60, your remarriage will not affect your eligibility for survivor benefits.

Spousal Benefits: If the spouse of a worker begins to receive benefits at his/her full retirement age (FRA), the spouse will receive 50 percent of the worker's primary insurance amount. If the spouse begins collecting benefits before FRA, the amount of the spouse's benefit is reduced by a percentage based on the number of months before he/she reaches FRA.

Ex-Spousal Benefits: Ex-spouses may be eligible to receive Social Security benefits based on their former spouse's work record. If they were married for at least 10 years, the ex-spouse may be entitled to full spousal and survivors' benefits. A divorced spouse is entitled to 50 percent of their ex-spouse's benefit at their FRA. You are eligible for a spousal benefits as earlier as age 62 if your ex-spouse is currently receiving a benefit or if you have been divorced for longer than two years and your ex-spouse is at least 62 years old. Spousal benefits end when the worker dies, but the ex-spouse may then be entitled to a survivors benefits.

File & Suspend: To apply the "File and Suspend" strategy, a spouse files for their own benefit at (FRA) and then immediately requests to suspend payment. This will do two things, it will allow the suspended benefit to earn DRCs and it will enable the spouse to claim their spousal benefit. When the spouse reinstates their benefit in the future, then s/he will receive payments at a higher, rolled-up amount. If you reach your FRA before April 30, 2016, you have the option to utilize file and suspend as an advanced filing strategy as long as file prior to April 30, 2016. After that time, file and suspend will no longer be available to use as an advanced filing strategy.





SOCIAL SECURITY MAXIMIZATION REPORT

Restricted Application: If you are currently married, have reached your FRA, and your spouse is receiving their own benefit, you can apply for a spousal benefit and delay taking your own benefit until age 70. This strategy allows you to claim a spousal benefit now, and claim a higher retirement benefit later by allowing your benefit to earn DRCs. This advanced filing strategy is only available to you if you were born in 1953 or earlier.

Paying Taxes on your Benefits: About 40 percent of all people receiving Social Security benefits have to pay taxes on their benefits. You will have to pay taxes on your benefits if you file a federal tax return as an “individual,” and your total income is more than \$25,000. If you file a joint return, you will have to pay taxes if you and your spouse have a total income that is more than \$32,000.

Annual Earnings Limit: If you are younger than FRA, there is a limit to how much you can earn and still receive all your Social Security benefits. If you are younger than FRA, \$1 in benefits will be deducted for each \$2 in earnings you have above the annual limit (\$15,720 in 2015). In the year you reach your FRA, your benefits will be reduced \$1 for every \$3 you earn over a different limit (\$41,880 in 2015) until the month you reach FRA.

Windfall Elimination Provision: If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, the pension you get based on that work may reduce your Social Security benefits. The Windfall Elimination Provision (WEP) affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive. If you paid Social Security tax on 30 years of substantial earnings you are not affected by the Windfall Elimination Provision. If you get a relatively low pension, you are protected. The reduction in your Social Security benefit cannot be more than one-half of the amount of your pension. The maximum monthly amount your benefit may be reduced because of the WEP is currently \$408 for someone reaching age 62 in 2014 and having less than 20 year of Substantial Earnings.

Government Pension Offset: If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you are eligible for a \$500 spouse's, widow's or widower's benefit from Social Security, you will receive \$100 per month from Social Security ($\$500 - \$400 = \$100$). If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Disability Benefits: Social Security pays benefits to people who cannot work because they have a medical condition that is expected to last at least one year or result in death. The amount of the disability benefit is the same as a full, unreduced retirement benefit. When you reach full retirement age, your benefits are automatically converted to retirement benefits. Certain family members of disabled workers also can receive money from Social Security. They include: Your spouse, if he or she is age 62 or older; your spouse, at any age if he or she is caring for a child of yours who is younger than age 16, or your child younger than age 18 or younger than 19 if in school.





SOCIAL SECURITY MAXIMIZATION REPORT

Disclosures and Definitions

This report is designed to give a hypothetical analysis of how an individual's Social Security will work and the calculations are based on the specific information provided. Information is not intended to provide investment advice. We cannot and do not guarantee their applicability or accuracy in regards to your individual circumstances.

The Financial Services Professional, KonnexMe, LLC and any information contained herein are not affiliated with or endorsed by the Social Security Administration or any governmental agency.

Any COLA used in this calculator is strictly hypothetical.

The Primary Insurance Amount (PIA) is provided by the client and cannot, in any way, be calculated or provided by KonnexMe, LLC.





Important Disclosures

Important Disclosures Regarding this Report

This report is conceptual in nature and all interest rates and performance numbers used are hypothetical and do not guarantee performance. Past performance is no guarantee of future performance. Diversification and asset allocation does not assure or guarantee better performance and cannot eliminate the risk of loss.

The report is designed to illustrate concepts and all specific product information must be presented with an appropriate company/custodian illustration and should accompany this report. It is important to review and understand each product/investment's features, risks, charges, withdrawal penalties and expenses before making any financial decisions. Consult your Financial Services Professional ("FSP") to determine which products/investments align with your time horizon, risk tolerance and overall financial needs. The FSP is an independent insurance agent, registered representative or investment advisor representative. This report is for informational purposes only and should not be used as a substitute for official account statements or reports, official tax filing documents, insurance company illustration or custodial reports.

This report outlines different options available to the client, and its timely implementation may be critical to achieving specific goals or objectives. This report is not entirely comprehensive. It is intended to address specific objectives, as outlined by the FSP.

The foregoing conceptual report was created for, and at the direction, of the FSP. The FSP is solely responsible for proper licensure and registration to discuss and present the concepts herein. The recommendations and information herein are provided solely and exclusively by the FSP.

The report is based solely upon information obtained from the FSP, and is dependent on complete and accurate information. This report reflects information provided at the time the report was created. The FSP is responsible for submitting third-party documentation when appropriate.

It is the responsibility of the client and FSP to verify all information used in the report. The client is responsible for updating the FSP about any changes in circumstances.

Tax Considerations

Any references to income taxes are estimates only and should not be relied upon when completing income tax returns. Tax laws are subject to change and may differ from this analysis and may affect the options and information presented. The sale of appreciated assets may result in current tax liabilities not reflected in this report and may reduce actual investable assets. All income tax calculations are assumed based on the incremental tax rate input. This rate could differ materially given your particular tax perspective. State income taxes are not included in this example. Beginning with age 70 1/2, you are required by law to withdraw a certain minimum amount from your IRA each year. After your death your beneficiaries are also required to withdraw a minimum amount from their inherited IRA. The report may not reflect your specific RMD schedule or tax situation. Withdrawals of earnings from certain tax-deferred accounts will be subject to ordinary income tax and, if taken prior to age 59 1/2, may be subject to a 10% federal tax penalty. You should consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision as they make further impact the results.

You should choose your annuity, or investment product, based on its features and benefits and whether you can satisfy the conditions for the features and benefits, not its tax benefits alone. Buying an annuity within an IRA or other tax-deferred plan or account does not give you any additional tax benefits.





SOCIAL SECURITY MAXIMIZATION REPORT

IRS Circular 230 Notice

As required by U.S. Treasury Regulations, any tax information contained in the report is not provided or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code.

Income Rider Calculation

When withdrawing from an annuity product with an income rider, companies vary on the amount taken from the Income Rider Accumulation Value. This presentation takes out the withdrawals equally from the Accumulated Value, and proportionally from the Income Rider Value. The proportion is based on the difference between the Accumulated Value and the Income Rider Value. The other method is taking withdrawals dollar for dollar, meaning it's taken equally from both values. The report is designed to illustrate concepts and all specific product information must be presented with an appropriate company/custodian illustration.

Actual Results May Vary

Unless otherwise noted, the assumed rates of return used to calculate various projections are static. The actual variability of returns can impact a portfolio's value. Rate assumptions do not take into account any advisory fees, brokerage or other commissions, or any other expenses, which if taken into account would reduce performance.

Important Disclosures

Limitations on the Scope of the Report

Contents are for informational purposes. The information, data and analysis contained in this report include confidential and proprietary information of KonnexMe, LLC and are based on information provided by your FSP and cannot be verified by KonnexMe, LLC. KonnexMe, LLC is a software company. KonnexMe, LLC does not provide any legal, tax, investment or accounting advice. This report should not be construed as any such advice and shall be for informational purposes only. KonnexMe, LLC shall not be responsible for any trading decisions or losses resulting from the use of this information or analysis, except as otherwise provided by law.

An individual must consult with his or her own personal attorney, FSP, accountant or tax advisor for this advice, and should carefully consider each recommendation before deciding on a specific course of action. This report should be supplemental to any prospectus and/or disclosure brochure.

Information in this report may not be copied or redistributed.

