



Investor Guide

# Getting the Most from Social Security



*74% of those receiving retirement  
benefits today are collecting  
a reduced amount.*

Source: Social Security Administration Annual Statistics Supplement, 2009.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee  
Not insured by any Federal government agency

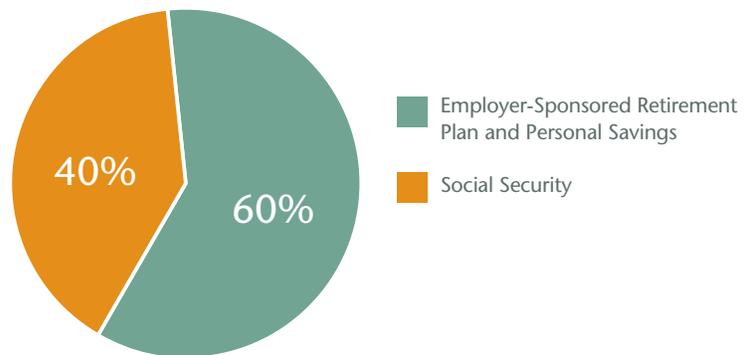
# Social Security has a Critical Role in Retirement Income

Social Security is a critical component of retirement planning—and one that can be overwhelming and potentially costly if you are uninformed.

Social Security is a retirement benefit that provides a large portion of the income you will need during retirement. If you are an average income earner hoping to sustain 80-100% of your pre-retirement income, plan to collect approximately 40% of that income from Social Security, and the remainder from a combination of your employer-sponsored retirement plan and your personal savings.

**Sources of retirement income for average income earners to sustain 80% – 100% of pre-retirement income.**

Source: Social Security Administration, Office of Policy, Office of Research, Evaluation Statistics, Fast Facts and Figures About Social Security, 2010.



## Get the Most from Social Security – Follow these Simple Steps

Start planning today to help ensure you get the most from your benefit. Follow these simple steps—your financial professional can help.

STEP 1	STEP 2	STEP 3
Know Your Benefit	Understand Your Options	Determine A Plan To Maximize Your Benefit

## STEP 1

# Know Your Benefit

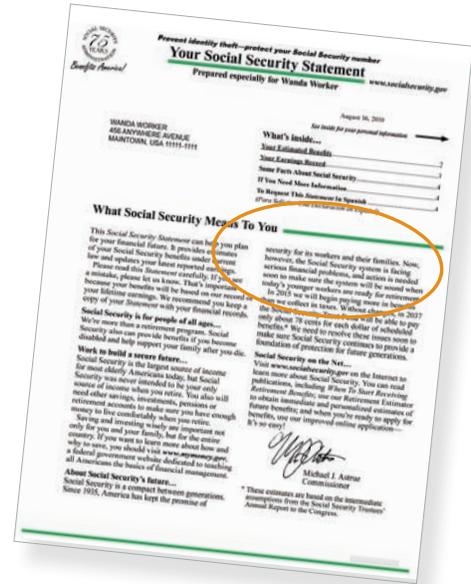
### Your Social Security Statement

Your Social Security benefit is based on your recorded earnings while employed. To learn details of your benefits, view your Social Security statement online by visiting [ssa.gov](http://ssa.gov). If your benefit statement is not available, use the Social Security Retirement Estimator on the site which provides your estimated benefits.

The statement provides you with important information, including:

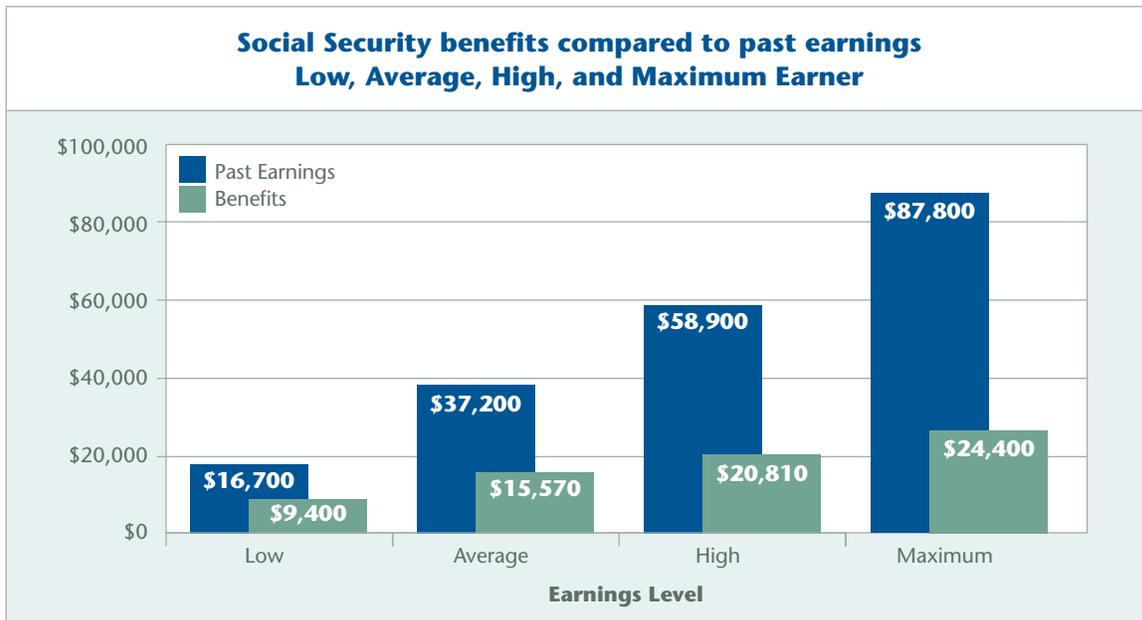
- Confirmation of your eligibility to receive a Social Security benefit
- A record of your year-by-year earnings
- Your estimated benefit

Be sure to verify your year-by-year earnings. This determines your Social Security payments.



### What You Can Expect

The lower your earnings, the higher percent of earnings you will receive from Social Security. The following chart provides a sample comparison of past earnings and corresponding Social Security benefit amounts.



Source: Board of Trusts 2007. Low earnings are 45 percent of the average wage, high earnings are 180 percent of the average wage. Retirement age 66.

Social Security benefits are subject to change without notice.

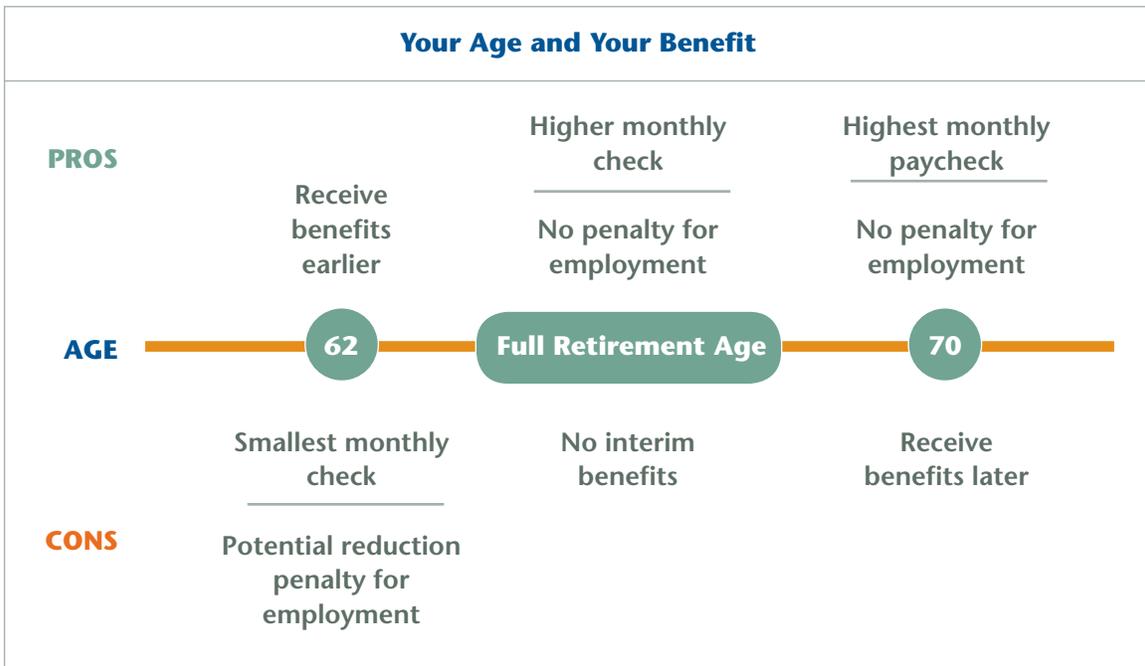
### Your Full Retirement Age

You can begin receiving benefit payments as early as age 62, but you should consider the advantages of electing benefits at or after your Full Retirement Age (FRA). Your Full Retirement Age depends on the year you were born, and determines when you can begin collecting full Social Security benefit payments.

Social Security Full Retirement Age	
Birth Year	Full Retirement Age
1943-1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 and later	67

Source: 2011 Social Security Administration, [ssa.gov/retire2/](http://ssa.gov/retire2/).

As you decide when to begin receiving your Social Security payments, also consider the timing of other retirement income you plan to receive. The following timeline summarizes how your age aligns with your Social Security benefits, which may impact distribution from different retirement income sources.





## STEP 2

# Understand Your Options

**Work with your financial professional to become aware of your options for electing your Social Security benefit. You may be able to increase your benefit through strategic choices related to:**

<b>Eligibility</b>	Determining if you qualify
<b>Timing</b>	Electing benefit early vs. late
<b>Working</b>	Continuing to work while collecting your benefit
<b>Taxes</b>	Examining the tax impact of your benefit as part of your total income
<b>Spousal benefit</b>	Knowing how to maximize your household benefit
<b>Special provisions</b>	Taking advantage of special provisions that may increase your benefit

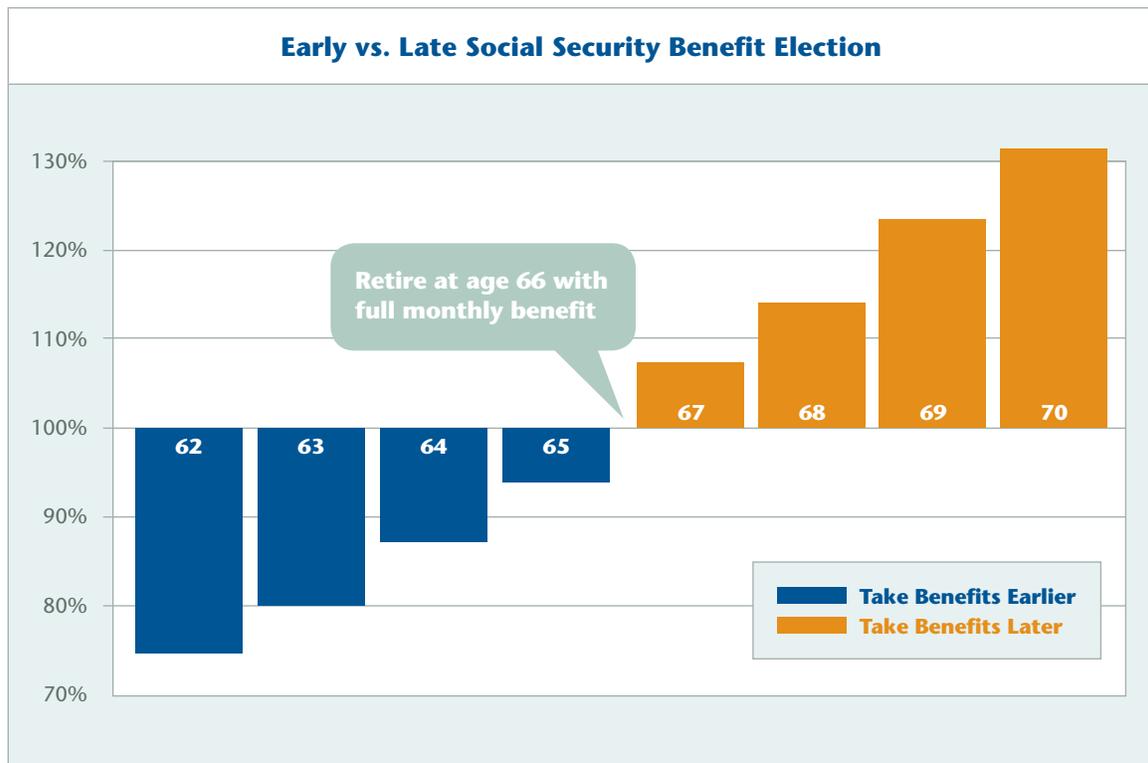
### Eligibility

While your earnings over your working years determine your monthly Social Security payment, the Social Security credits you've earned impact your eligibility to receive your benefit. Credits are the "building blocks" used to determine if you have the minimum amount of covered work to qualify for Social Security benefits. No benefit can be paid until you have earned the required credits, and extra credits do not increase your benefit amount.

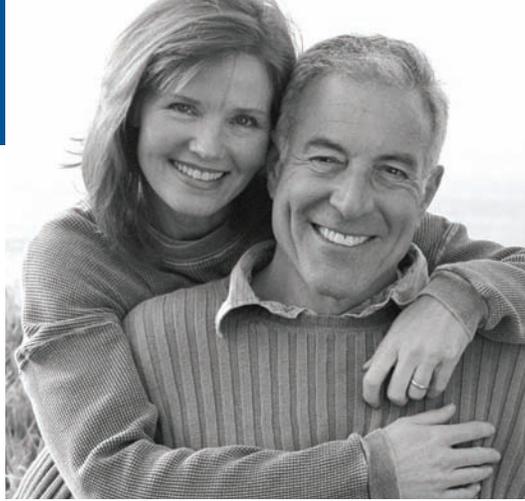
### Timing

Sixty-two is the magical age that you can begin receiving your Social Security payments. Should you elect to receive your benefit as soon as possible, or are there advantages to delaying benefit election until your Full Retirement Age... or even later?

The earlier your benefit payments begin, the more they are reduced. The longer you wait to collect your benefit, the greater your benefits payments become. For each year beyond Full Retirement Age that you delay receiving benefit payments, your benefit increases as much as 8%. At age 70, there is no longer a benefit associated with delaying.



Assuming Full Retirement Age at 66. Source: Social Security Administration.



Depending on your unique circumstances, there may be advantages or disadvantages of electing benefits early or late.

**Consider electing benefits early if you:**

- Need the payments to cover expenses right away
- Are experiencing health concerns or expecting not to make it to the average life expectancy
- Would rather take payments early and invest them or prefer to preserve other assets or investments
- Are the lower-earning spouse, while the higher earner continues to remain employed

**Consider electing benefits late if you:**

- Have other sources of income to cover existing expenses
- Plan to continue working and want full benefits later
- Are in good health and expect to exceed the average life expectancy
- Are the higher-earning spouse and want to surpass the Full Retirement Age to ensure surviving spouse receives the highest benefit amount

## Working

You can begin receiving your Social Security benefit while you are still working. Doing this before you reach your Full Retirement Age may result in a reduced monthly benefit amount, depending upon the income you earn between age 62 and your Full Retirement Age. At Full Retirement Age, you can work with no reduction to your benefit.

Age	Employment Income 2011 Limits	Considerations
Under Full Retirement Age	<b>\$14,160</b>	For every \$2 over the limit, \$1 is withheld from benefits
In the year Full Retirement Age is reached	<b>\$37,680</b>	For every \$3 over the limit, \$1 is withheld from benefits until the month in which full retirement age is reached
At Full Retirement Age or older*	<b>No limits on earnings</b>	None

\*At FRA your benefit amount is adjusted upward to accommodate for the earlier reduction.

## Taxes

A portion of your Social Security benefit may be taxed depending on your income. Provisional income is basically adjusted gross income plus any tax-exempt interest and 50% of Social Security benefits. If you anticipate a reduced income later in retirement, electing your Social Security benefit later may result in less of your benefit being taxed. Your financial professional can help you consider the potential tax implications based on your income amount and sources.

Filing Single		Married Filing Jointly	
Provisional Income	Benefits Subject to Tax	Provisional Income	Benefits Subject to Tax
Under \$25,000	0%	Under \$32,000	0%
\$25,000 – \$34,000	up to 50%	\$32,000 – \$44,000	up to 50%
Over \$34,000	up to 85%	Over \$44,000	up to 85%

Note: State and local taxes may differ.

Source: 2010 Social Security Administration, <http://www.ssa.gov/pubs/10035.html>.

## Spousal Benefit

If you are married, you have additional benefit options available to help you maximize your household Social Security benefit. Consider the following options and examples as you plan how you will elect your benefit.

	Your Age	Your Spouse's Filing Status	Benefit Options
<b>A lower-earning spouse may be eligible for up to 50% of the higher-earning spouse's benefit.<sup>1</sup></b>	62 to FRA <sup>2</sup>	<b>Not filed</b>	Own benefit <sup>3</sup>
	62 to FRA <sup>2</sup>	<b>Filed</b>	Own benefit increased to half of spouse's FRA benefit <sup>3</sup> , if greater
	FRA <sup>2</sup> or older	<b>Not filed</b>	Own benefit (adjusted for delayed credits) <sup>4</sup>
	FRA <sup>2</sup> or older	<b>Filed</b>	Own benefit (adjusted for delayed credits) <sup>4</sup> or half of spouse's FRA benefit, if greater

<sup>1</sup> The higher earning spouse must file for benefits.

<sup>2</sup> FRA – Full Retirement Age (66 for individuals born between 1943 and 1954). See page 4 for more details.

<sup>3</sup> Benefits are reduced if taken prior to FRA.

<sup>4</sup> Delayed credits – an increase in benefit for deferring the start of benefits after FRA to age 70.

Be sure to work with your financial professional to evaluate both you and your spouse's ages and benefit amounts before making elections. The following example of a married couple—Sam and Ann—demonstrates that at age 66, Ann can claim a higher benefit by electing her spousal benefit (\$1,035) rather than her individual benefit (\$900).

<b>Social Security Benefits if Started at Age</b>				
	Name	Age 62	Age 66	Age 70
<b>Sam and Ann</b>  <b>Full Retirement Age: 66</b>	<b>Ann</b>	<b>\$675</b>	<b>\$900</b>	<b>\$1,180</b>
	<b>Sam</b>	<b>\$1,562</b>	<b>\$2,071</b>	<b>\$2,733</b>
	<b>Spousal Benefit</b>	<b>\$724</b>	<b>\$1,035</b>	<b>\$1,035</b>

Married couples may also benefit from staggering the time that each individual begins taking their benefit. Staggering can allow you to increase one monthly benefit amount. This can positively impact your longevity risk by potentially increasing your Social Security benefit later and thus reducing the amount of income necessary from your personal savings.



### Special Provisions

How does a substantial increase to your Social Security benefit sound? Many people aren't aware of it, but Social Security offers several provisions that can have a big impact on your overall financial plan for retirement. Understanding these provisions may help you increase your benefit.

Provision	Definition	Benefit	Considerations
<b>Claim and Suspend</b>	Allows individuals who have attained FRA to claim benefits and suspend those benefits.	When benefits are reinstated, they will receive a higher benefit amount. Allows spouse to claim spousal benefit.	Is your current income enough to meet your current retirement expenses?
<b>Claim Now, Claim More Later</b>	Allows a married individual at FRA to claim one-half of their spouse's benefit, and then claim a higher personal benefit later.	Enables married individuals the ability to collect a higher overall benefit later.	Only available to married couples. Both spouses must be eligible for and must claim benefits.
<b>Do-Over<sup>1</sup></b>	Allows individuals to change their previous claiming decision.	By paying back what has already been collected, this provision results in higher monthly payments beginning at a later benefit election date.	You must pay back the amount received. Individuals are granted one Do-Over per lifetime and decision must occur within 12 months of initial claiming decision. Any tax on the benefit may be reclaimed.

<sup>1</sup> Effective December 2010, new rules were published regarding the withdrawal policy. Visit [ssa.gov](http://ssa.gov) for more information.

*Your financial professional can help you fully understand the potential advantages of these provisions and, if appropriate, help you incorporate them into your retirement income plan.*



Social Security provisions can be strategically incorporated into your retirement income plan. The following table outlines characteristics of retirees who are most likely to benefit from each strategy.

Social Security Strategy	Retirees Most Likely to Benefit
<b>Claim and Suspend</b>	<ul style="list-style-type: none"> <li>• Couples with a large discrepancy between earnings</li> <li>• One-earner couples</li> </ul>
<b>Claim Now, Claim More Later</b>	<ul style="list-style-type: none"> <li>• Couples with higher and more equal earning records</li> <li>• Couples with one spouse who is several years older than the other</li> </ul>
<b>Do-Over</b>	<ul style="list-style-type: none"> <li>• High-net-worth retirees</li> <li>• Recipients of an inheritance, sale of a business, or some other financial “windfall”</li> </ul>

### **Claim and Suspend**

Some retirement-age individuals may decide to work longer or to re-enter the work force. A married couple over the Full Retirement Age, where the higher wage earner elects to continue working, has the option to increase their Social Security benefits using the Claim and Suspend strategy.

The Claim and Suspend provision allows an individual (typically the higher wage earner or one-earner couples) who has claimed benefits to suspend their benefits. This allows the spouse to claim a spousal benefit receiving up to half of the working spouse’s FRA benefit. When benefits are reinstated down the road, the couple will receive a higher benefit amount, potentially enhancing the value of their lifetime benefit.

### Claim Now, Claim More Later

Another provision of Social Security provides married couples at Full Retirement Age to have one spouse claim half of their spouse’s benefit, delay taking their own benefit so it earns delayed retirement credits, and then claim their higher personal benefit at a later age. This example demonstrates the impact of a married couple electing benefits at 66 and 70. Using the fictitious couple, Sam and Ann, whose individual benefits are outlined on page 9, we will illustrate how the Claim Now, Claim More Later strategy can be employed.

In this case, Sam and Ann’s total monthly income increased from \$2,971 when electing their individual benefits to \$3,675 when using the Claim Now, Claim More Later strategy. Always consider the impact to your personal savings when electing a strategy such as this, because in this scenario the couple has elected to receive a reduced benefit earlier so they can receive a higher benefit later.

<b>Claim Now, Claim More Later Example of Increasing Monthly Income</b>			
	<b>Sam</b>	<b>Ann</b>	<b>Total monthly income</b>
<b>Electing Individual Benefits</b>			
<b>Sam and Ann elect individual benefits at age 66 (FRA)</b>	<b>\$2,071</b>	<b>\$900</b>	<b>\$2,971</b>
<b>Utilizing the Claim Now, Claim More Later Strategy</b>			
<b>Claim Now, Claim More Later – Step 1 Ann elects individual benefits at age 66 (FRA), Sam elects spousal benefits</b>	<b>\$450</b>	<b>\$900</b>	<b>\$1,350</b>
<b>Claim Now, Claim More Later – Step 2 Ann elects individual benefits at age 66 (FRA), Sam elects individual benefits at age 70</b>	<b>\$2,733</b>	<b>\$900</b>	<b>\$3,675</b>

Does not assume COLA.

Source: 2011 Social Security Administration, [www.ssa.gov](http://www.ssa.gov).

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*Only one spouse can claim a spousal benefit at a time.*

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### Do-Over

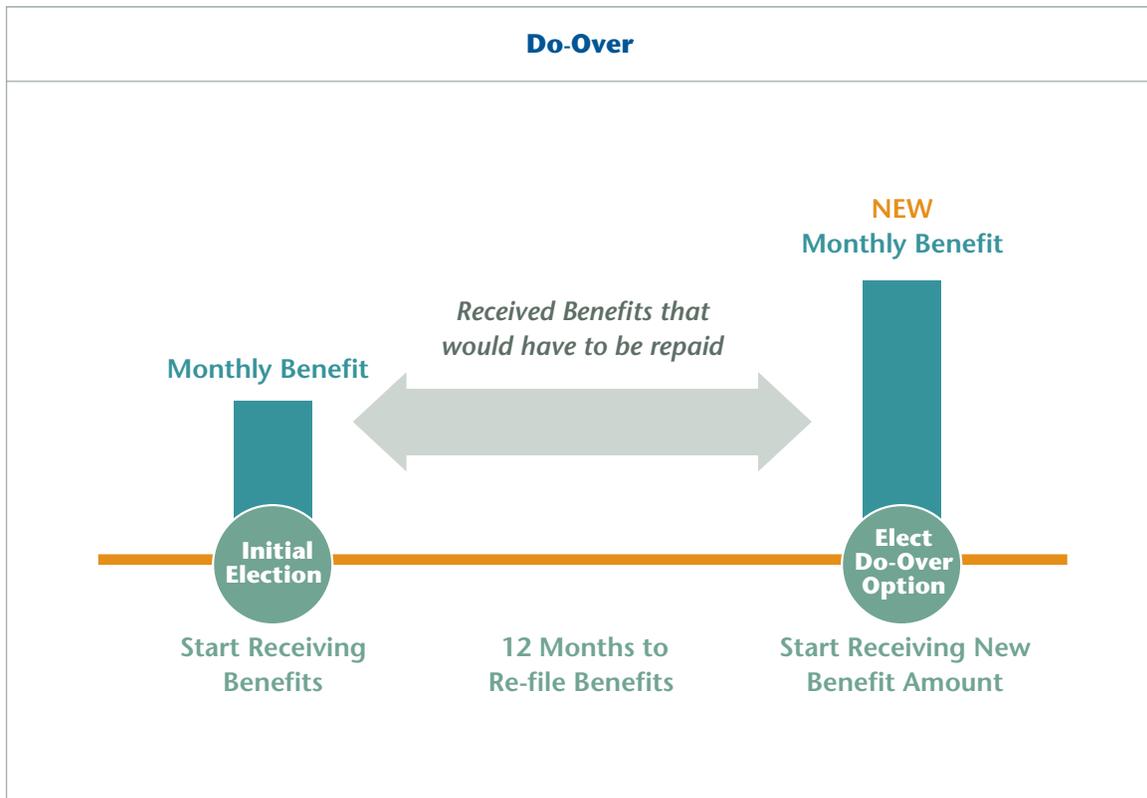
You also have an option to increase Social Security payments, even after you have elected to receive benefits. A little-known provision enables individuals to halt their current benefits, pay back all they have collected interest-free, and restart their benefits at a new, higher rate based on their current age.

Consult with your financial professional before you consider utilizing this strategy. The Social Security Administration has recently made two significant changes to this provision.

As of December 2010, the new conditions are:

- A withdrawal (Do-Over) decision must be made within 12 months of original election.
- Only one withdrawal granted per lifetime.

*A final ruling has not been published.*





### STEP 3

## Determine a Plan to Maximize Your Social Security Benefit

The most important decision you will make about Social Security will be your first decision. Timing your payments to maximize the impact of Social Security can be worth tens of thousands of dollars over your lifetime—and can sometimes alter your quality of life in retirement. Considering additional factors such as your work status, taxes, spousal benefit, and special provisions can also help you maximize your benefit.

*Think of Social Security not as a check that arrives once a month, but as an integral, income-producing, inflation-protected component of your income-generating portfolio.*

**The key to success is to plan carefully.  
Your financial professional can provide guidance as you:**

Evaluate what you expect to receive from Social Security

Determine when to start taking benefits

Apply for retirement benefits



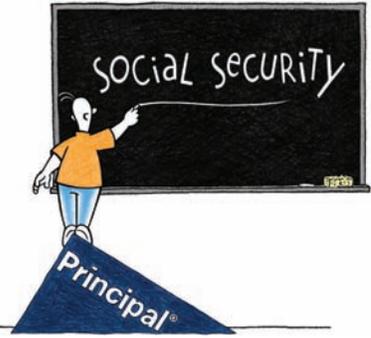
## How To Get Started

Let's work together to develop a Social Security plan so you can get the most out of this important benefit.

**Complete the information on the following page, and I will contact you to set up a meeting.**

<b>Please Bring These Items To Our Appointment:</b>
Most recent Social Security statement
Most recent tax return
Most recent pay statement from employer
Latest statement from IRA, 401(k), and other retirement plan(s)
Latest statement from mutual funds
Life and disability insurance policies
Annuity contracts
Wills and trust document(s)

# Social Security Planning Worksheet



## Your Contact Information

Name: \_\_\_\_\_

Email: \_\_\_\_\_ Phone Number: \_\_\_\_\_

## Social Security Information

- 1) What is your current age? \_\_\_\_\_
- 2) What is your spouse's current age? \_\_\_\_\_
- 3) Will you work until your Full Retirement Age? . . . . .  Yes  No  Not sure
- 4) Are you considering delaying claiming your benefits past Full Retirement Age? . .  Yes  No  Not sure
- 5) Will you continue working after Full Retirement Age? . . . . .  Yes  No  Not sure
- 6) Do you have adequate resources outside of Social Security to meet your income needs? . . . . .  Yes  No  Not sure
- 7) Are you planning for survivor benefits? . . . . .  Yes  No  Not sure
- 8) Do you have any health concerns or concerns about a shorter life expectancy? . .  Yes  No

## Other Financial Information

Do you/your spouse have:	You		Your Spouse	
	Yes	No	Yes	No
A 401(k) plan with current or previous employer?				
Assets in IRA accounts?				
FDIC-insured certificates of deposit?				
Any fixed or variable annuities?				
Mutual funds or other investments?				

## Social Security Planning for Your Family or Friends

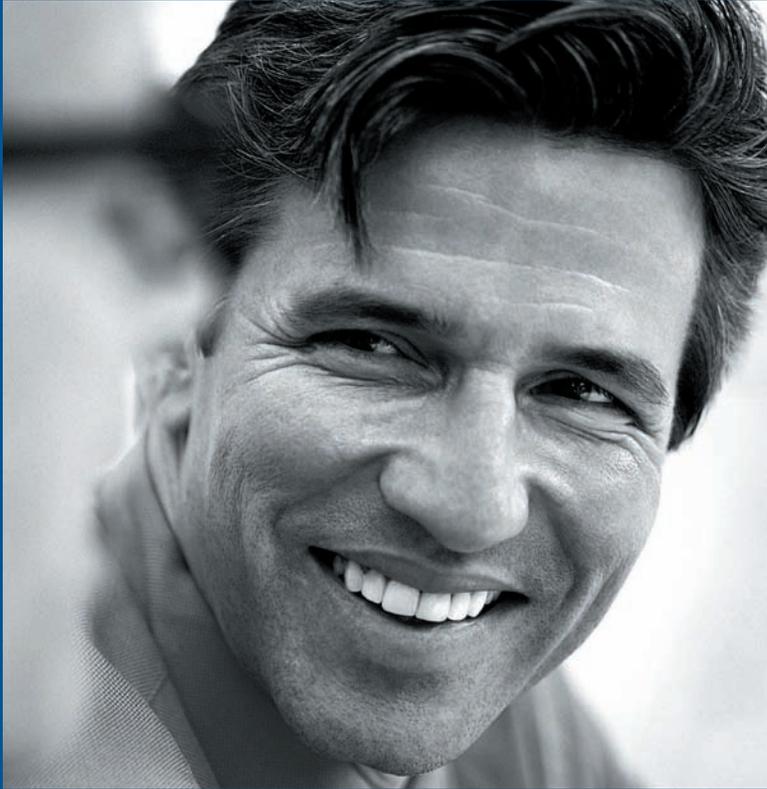
***I know others who would also benefit from Social Security planning:***

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_







WE'LL GIVE YOU AN EDGE®

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