

Social Security: one piece of the puzzle

How federal benefits can **fit into your retirement picture.**

A boost to economic security

Social Security is a program funded by taxpayers and managed by the federal government. Although it may be best known for providing retirement income, Social Security also provides financial support in some cases to disabled workers and families of retired, disabled or deceased workers.

How it works



You pay into the system during your working years. These payments may appear on your pay stubs as contributions to "FICA," which stands for the Federal Insurance Contributions Act.



You generally must have paid in for a minimum of forty quarters.



Your benefit will be based on an average of your earnings during your 35 highest-paid years.



If eligible, you can start receiving benefits as early as 62—or as late as 70—with payments rising if you delay.

A number of other factors may influence the amount and tax treatment of your benefit, including:

- Whether or not you are married
- If you are still working
- Your other retirement income

Know your full retirement age



Full retirement age (FRA) is when you become eligible for 100% of your Social Security retirement benefit.



Your FRA may be between 65 and 67, depending on the year you were born.



You can check your FRA with the Social Security Administration at www.ssa.gov.

Where do your benefits fit in

Before electing to start receiving benefits, ask yourself the following:

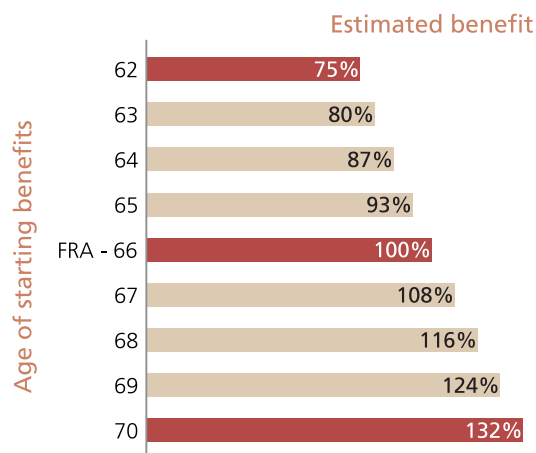
- What kind of lifestyle do I want in retirement?
- Will I continue to work or fully retire?
- Am I healthy? Do I anticipate a long retirement?
- What other sources of income will I have, and when will those sources become available?
- Do I need to consider spousal benefits?

Your most important decision

Although you can't control how your benefit is calculated, you do have the ability to boost (or reduce) the amount through your decision of when to start receiving benefits.

Three ages are central to this decision: 62, FRA and 70. Age 62 is generally when you first become eligible for benefits, but they will be reduced by a certain amount if you start receiving income at that time. FRA is the age at which you become eligible for 100% of your benefit, however it is possible to receive greater than 100% by delaying further. Your benefit increases for every month you delay claiming from age 62 until age 70, after which it stops increasing. There is generally no advantage to delaying benefits past 70.

Consider someone with a full retirement age of 66. Delaying from age 62 to age 70 can almost double the monthly amount received.



Once you start receiving benefits, the monthly amount you receive is locked in and will increase only to keep up with inflation.

Where it fits

Social Security should be one component of your retirement plan, but it is not intended to replace the role of other sources of income, such as your pension or retirement savings.

Your UBS Financial Advisor can help you see how Social Security fits into your retirement picture and help you feel more confident that your retirement plans are on track.

Key takeaways

- Social Security is a taxpayer-funded program that provides economic support to retirees.
- To claim Social Security benefits, you generally must have paid into the system through work.
- The amount of your benefit may be affected by a range of factors, including your level of earnings and marital status.
- One key decision to make is when to start receiving benefits, as the amount you receive increases as you delay from age 62 to 70.
- Social Security is intended to be one piece of your retirement planning puzzle but not the whole picture.

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