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# Social Security and the Retirement You Envision

**This material should be regarded as educational information on Social Security. It is not intended to provide specific advice. If investors have questions regarding their particular situations, they should contact the Social Security Administration and/or their legal or tax advisors.**





# Factors that drive retirement well-being



**Social**



**Financial**



**Health**

Sources: Capital Group Unretirement study, 2020.





## Your retirement income plan

- Social Security will be an important part of your retirement income.
- Income from your assets and retirement plans will also contribute to your retirement “paycheck.”
- It’s important to help limit downside risk in your portfolio.

# What we'll cover today

Factors that  
impact Social  
Security

Case studies

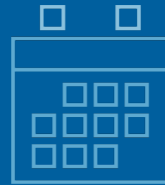
Next steps



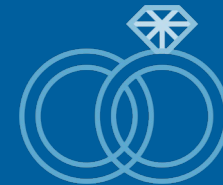
# Factors that drive Social Security



**Your work  
and earnings  
history**



**The timing of  
when you start  
taking benefits**



**Your marital  
status, past  
and present**



## How your earnings and work history affect your Social Security benefits

- Based on your highest 35 years of earnings.
- 40 earnings credits accrued quarterly over 10 years of work qualifies one for Social Security benefits.\*

\*Eligibility for those born after 1929.

Source: "How You Can Grow Your Social Security Benefits Beyond Retirement Age," SSA.



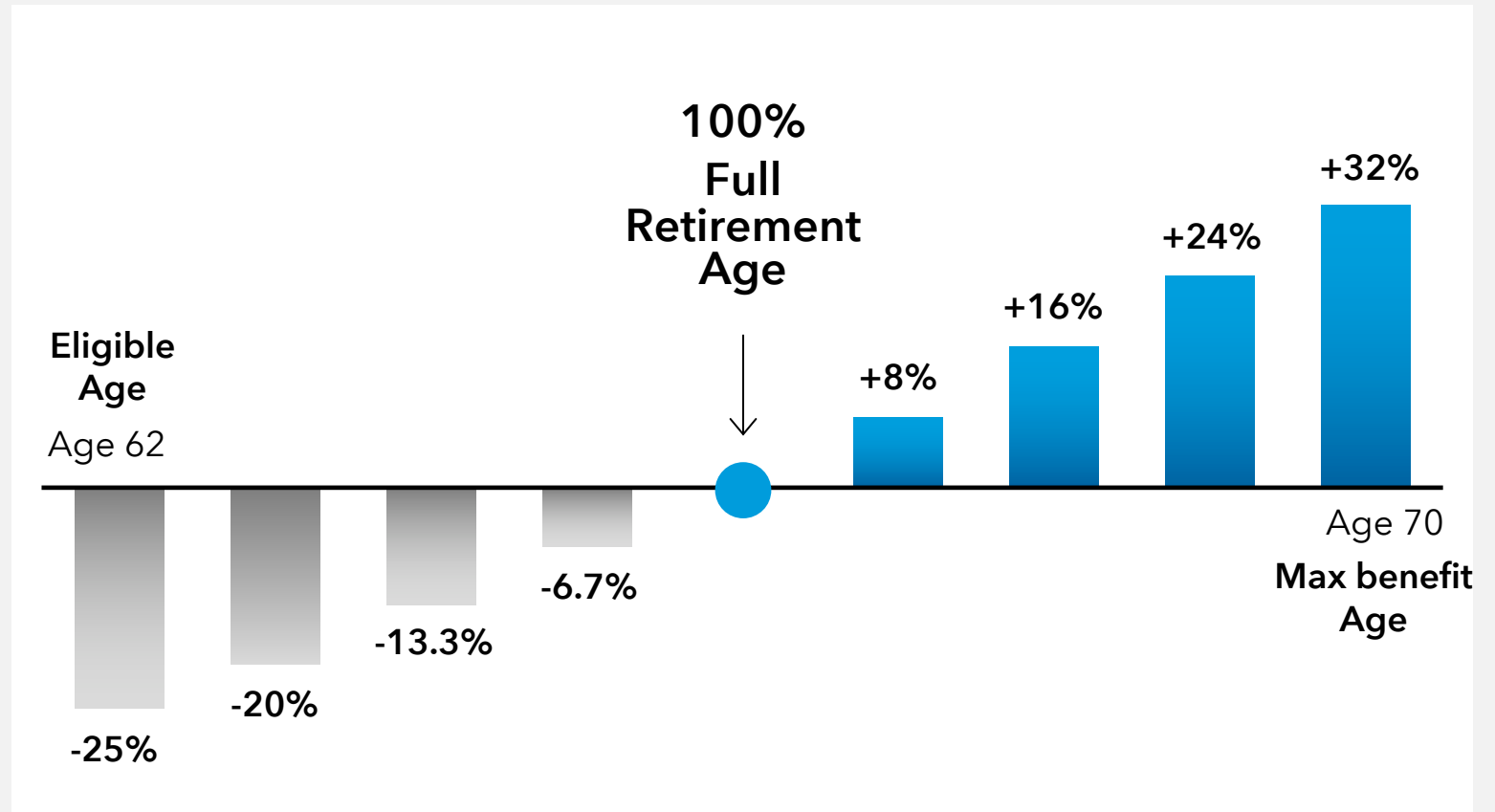
# Your full retirement age, or FRA, is 66 or 67, based on this chart

Age to receive full Social Security benefits	
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 or later	67

Source: "Normal retirement age," SSA. As of 2022.  
People who were born on January 1 of any year should refer to the previous year. Full retirement age is also referred to as "normal retirement age."

# There may be a financial advantage of delaying benefits

- Starting at age 62 could lock in a benefit **25% or more below your benefit at FRA.**
- Waiting until age 70 would give you a benefit as much as **32% above your benefit at FRA.**
- To see how this might work for you, visit [www.ssa.gov](http://www.ssa.gov).



Based on FRA of 66

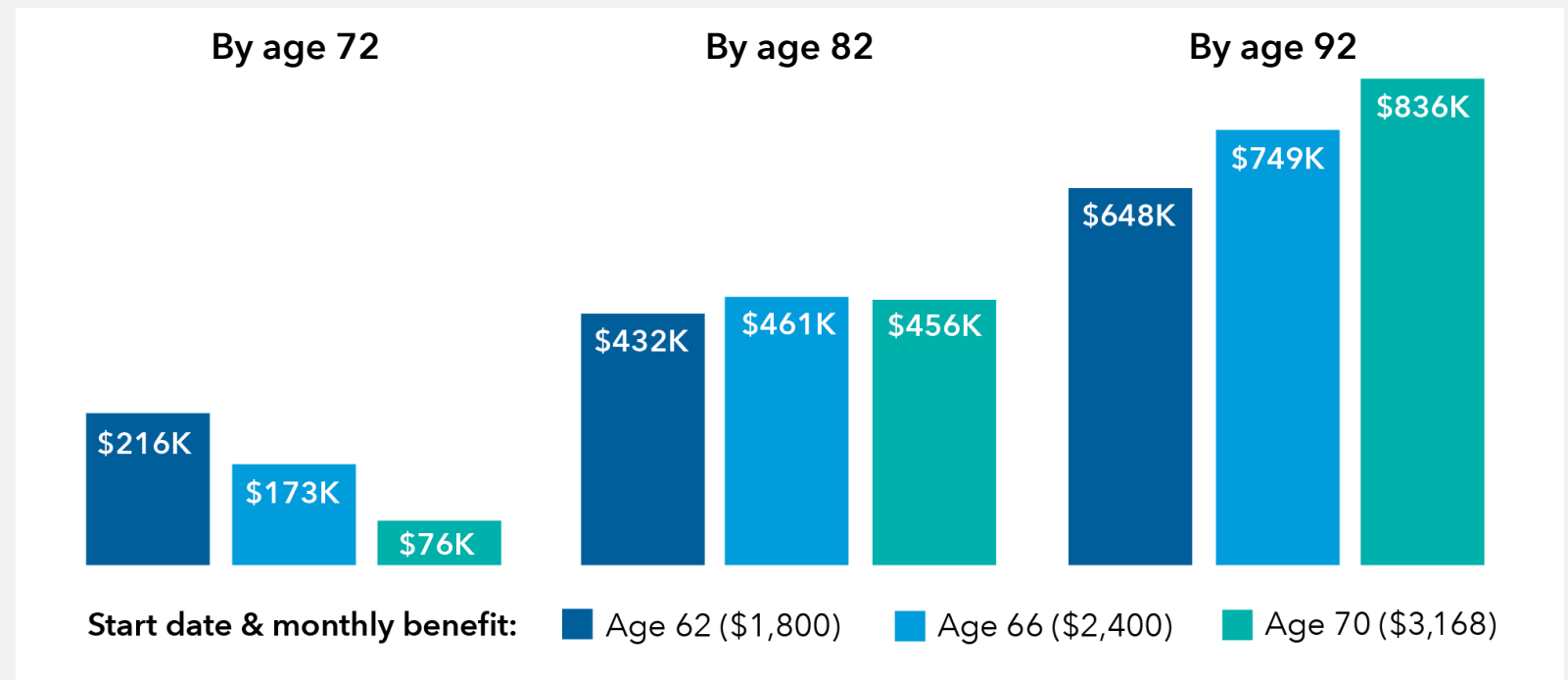
Sources: "Benefit Reduction for Early Retirement," SSA.  
"Early or Late Retirement," SSA.



# Trade-offs are important when determining timing – a hypothetical illustration

Timing of income needs (for you and/or your spouse) and longevity are critical considerations in determining when to start filing for Social Security benefits.

## Comparison of cumulative payments by age over 30 years\*

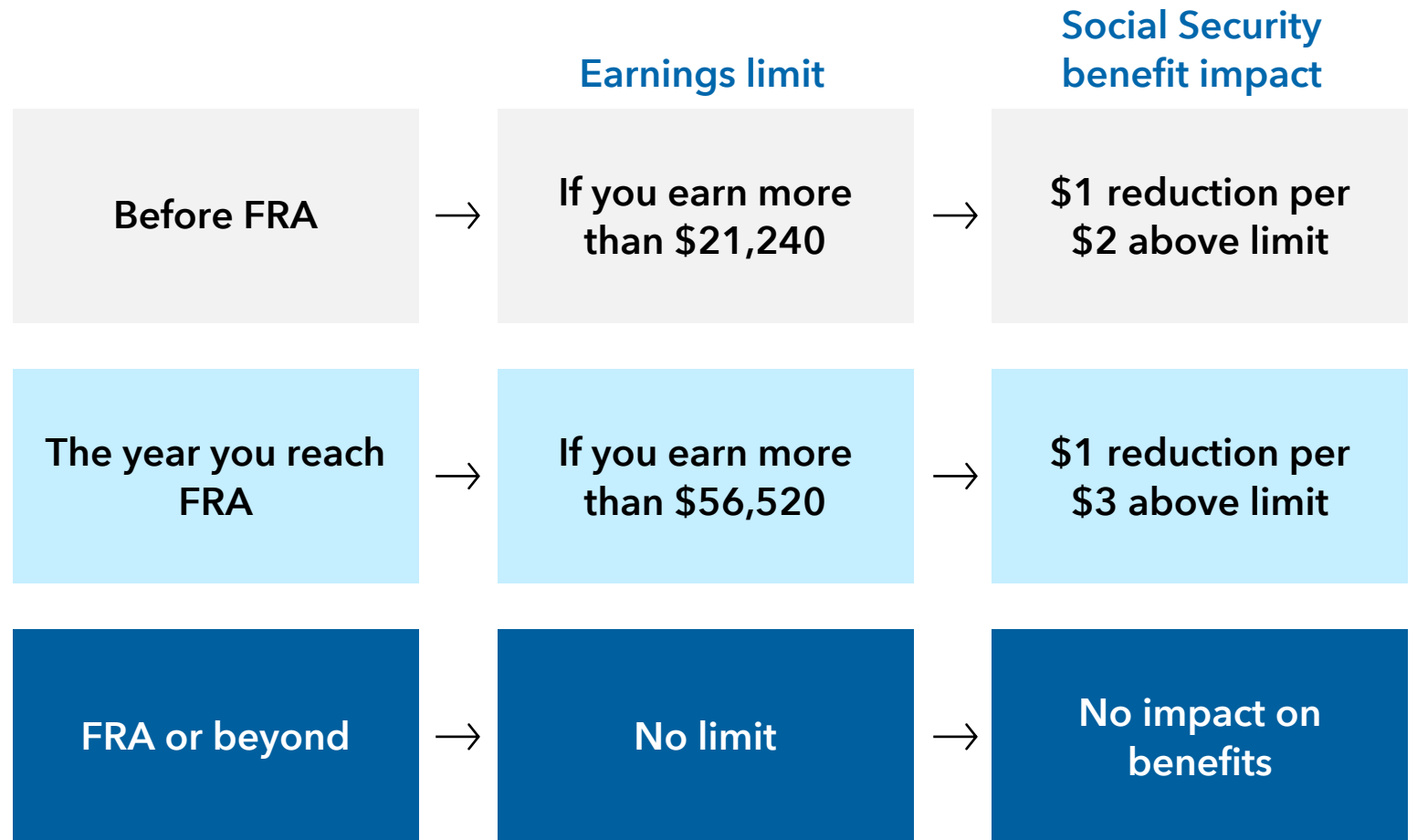


Source: "Social Security Break-Even Calculator," Broadridge Advisor Solutions.

\*These results are hypothetical based on full retirement benefits of \$2,400 at age 66 and are for illustrative purposes only. Taxes and cost-of-living adjustments are not factored into the calculation of cumulative benefits. All monthly benefits are presumed to be paid over a 12-month calendar year, although benefits actually paid in the first year of election are often paid over a period shorter than 12 months.

# How does working affect your Social Security?

- If you begin benefits before your FRA, your benefit amount will be reduced based on the total income you continue to earn from your job.
- This “earnings penalty” goes away when you reach FRA.
- Regardless of when you begin taking Social Security, some of your benefits may be taxed.



Source: "Retirement Benefits," SSA.

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# Now for our case studies

Rex & Glenda



Maggie & Tony



Trey



Karen



Mary



**Story 1**  
Impact of  
early benefits

**Story 2**  
Filing based on  
spousal  
benefits

**Story 3**  
Ability to draw  
divorced  
spousal benefits

**Story 4**  
Flexibility  
between  
survivor and  
individual  
benefits

**Story 5**  
Impact of  
survivor  
benefits for  
divorced  
spouses



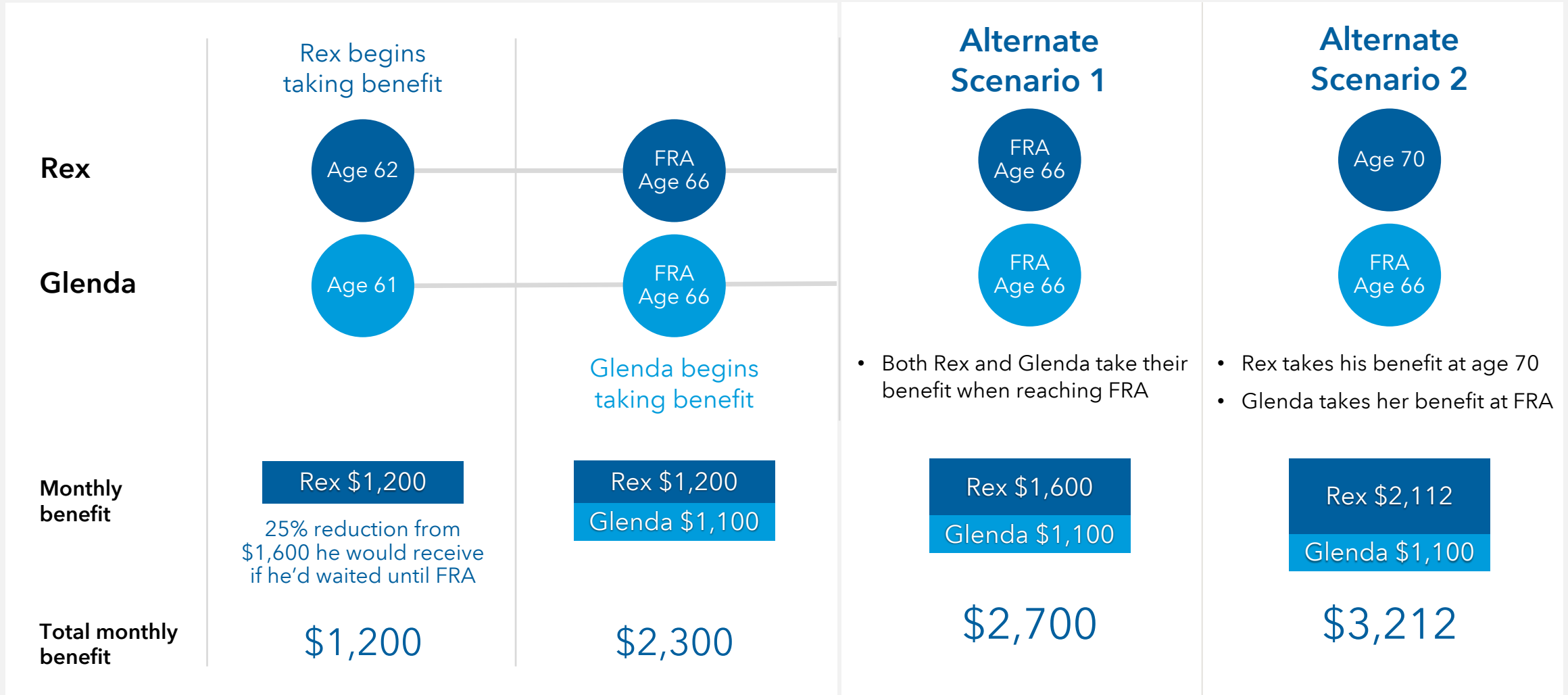
# Impact of taking Social Security early

## Rex & Glenda

- Rex, 62, self-employed, had been earning \$50,000 a year.
- Glenda, 61, earns \$35,000 a year. Glenda's mother died at 96.
- Rex starts taking benefits now but is concerned about how the earnings test will affect his benefits.



# The long-lasting impact of an early decision





# How a couple can use their spousal benefits

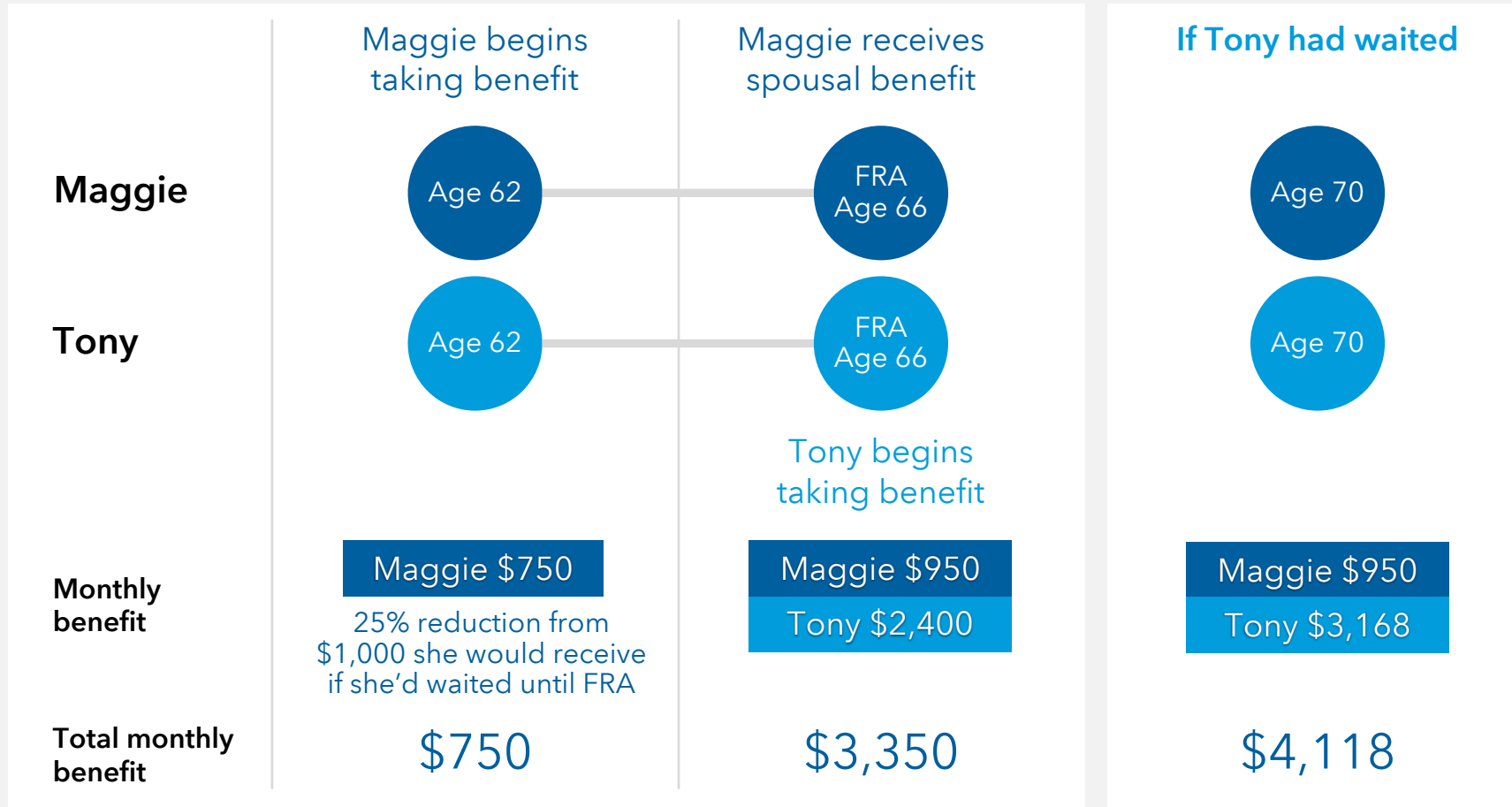
## Maggie & Tony

- Both are age 62.
- Maggie files for benefits now.
- Tony waits until his FRA at 66 to start receiving benefits, at which point Maggie can start to receive spousal benefits.





# Using a spousal benefit strategy



Sources: "Benefit Reduction for Early Retirement," SSA.

"Early or Late Retirement," SSA.

"Benefits Planner: Retirement Benefits For Your Family," SSA.

For illustrative purposes based on Maggie's FRA benefits of \$1,000 and Tony's FRA benefits of \$2,400.

# How a divorced spousal benefit can work for you

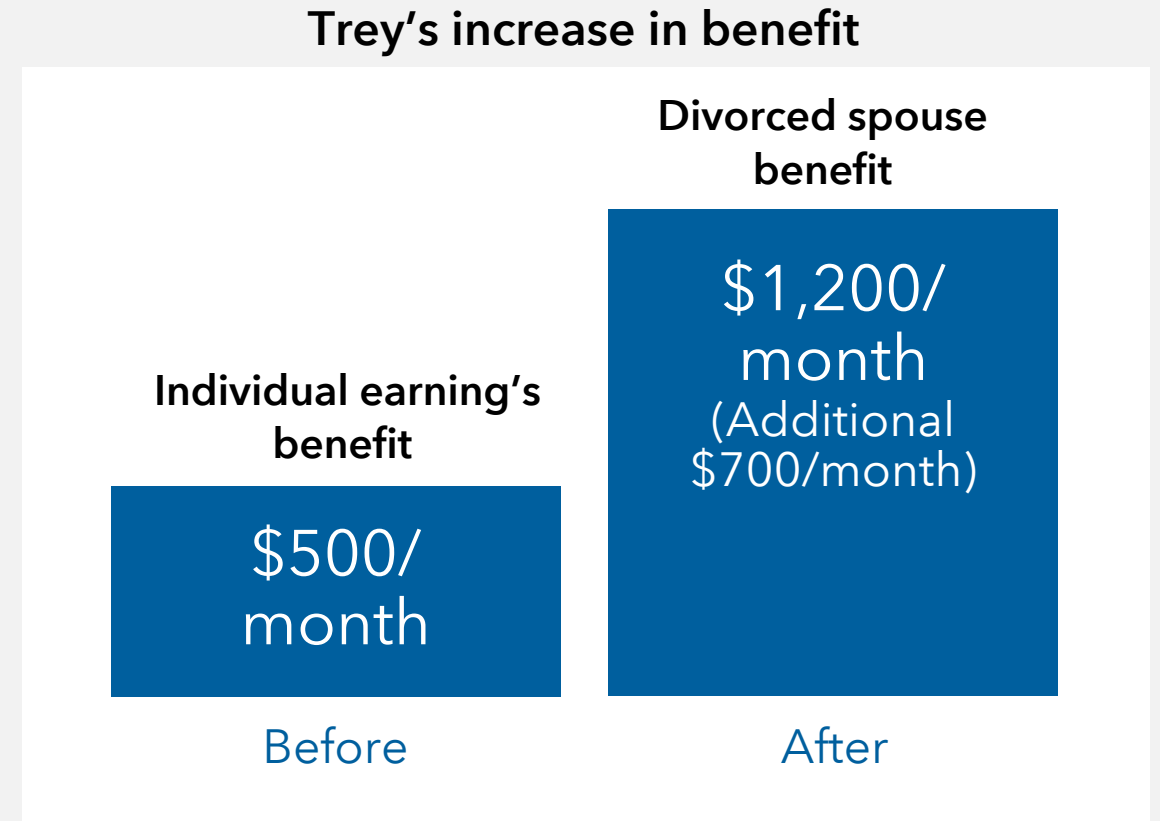
## Trey

- Trey and Trish married in middle age, then divorced after 10 years. Neither Trey, now 66, nor Trish, 62, has remarried.
- Two years after their divorce, Trey wants to begin receiving Social Security benefits.
- Trish could begin taking her benefit now but plans to wait until her FRA of 67.



# Knowing the rules can help increase your monthly benefit

- If Trey files for Social Security benefits based on his ex-wife's earnings record, he could receive half of the benefit she would receive at FRA: \$2,400.
- That benefit would be \$1,200 a month – far preferable to his own \$500 benefit.
- Divorced spousal benefit is available when an ex-spouse reaches 62 (even if they haven't filed).



Source: "Retirement Benefits," SSA.  
For illustrative purposes based on Trish's FRA benefits of \$2,400 and Tony's FRA benefits of \$500.



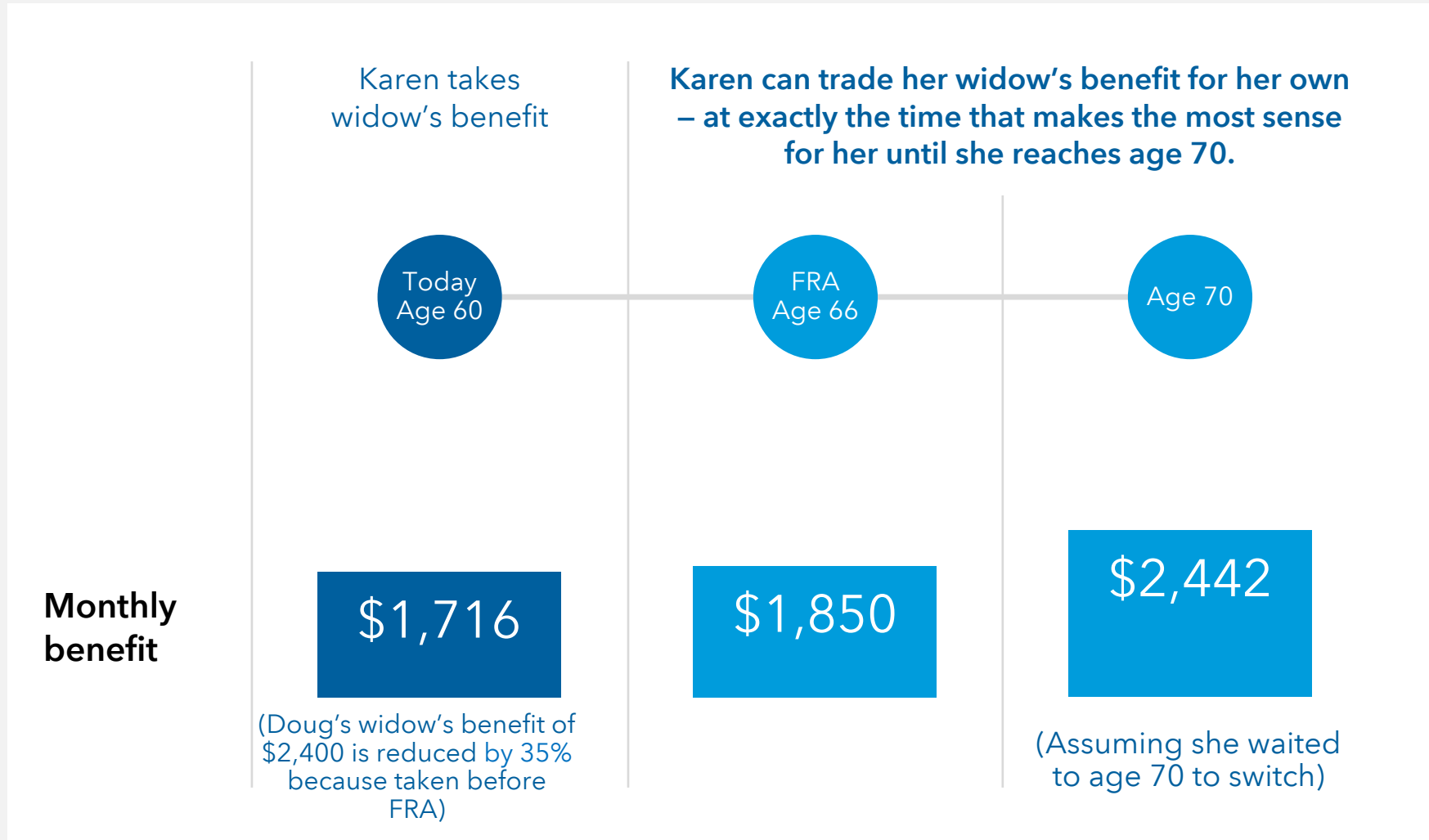
# How to leverage flexibility between survivor and individual benefit status

## Karen

- After 30 years of marriage, Karen's husband Doug passed away at age 64.
- Karen, 60, is interested in retiring early but also enjoys working.



# Having the freedom to continue making choices that fit your life





# How a survivor benefit works with divorced spouses

## Mary

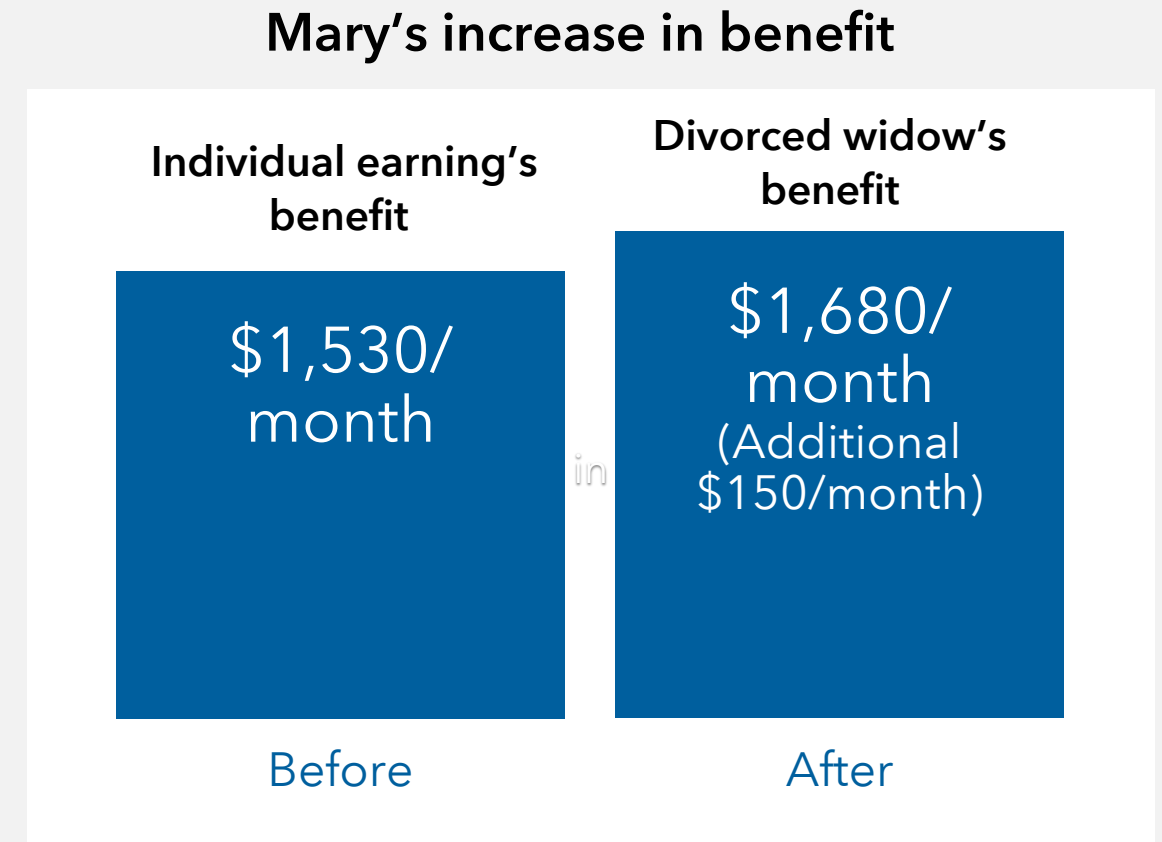
- Married to Dennis for more than 10 years before their divorce years ago.
- Dennis dies at age 74 and was married two additional times.
- Mary, now 75, has never remarried and is currently receiving benefits on her own record.

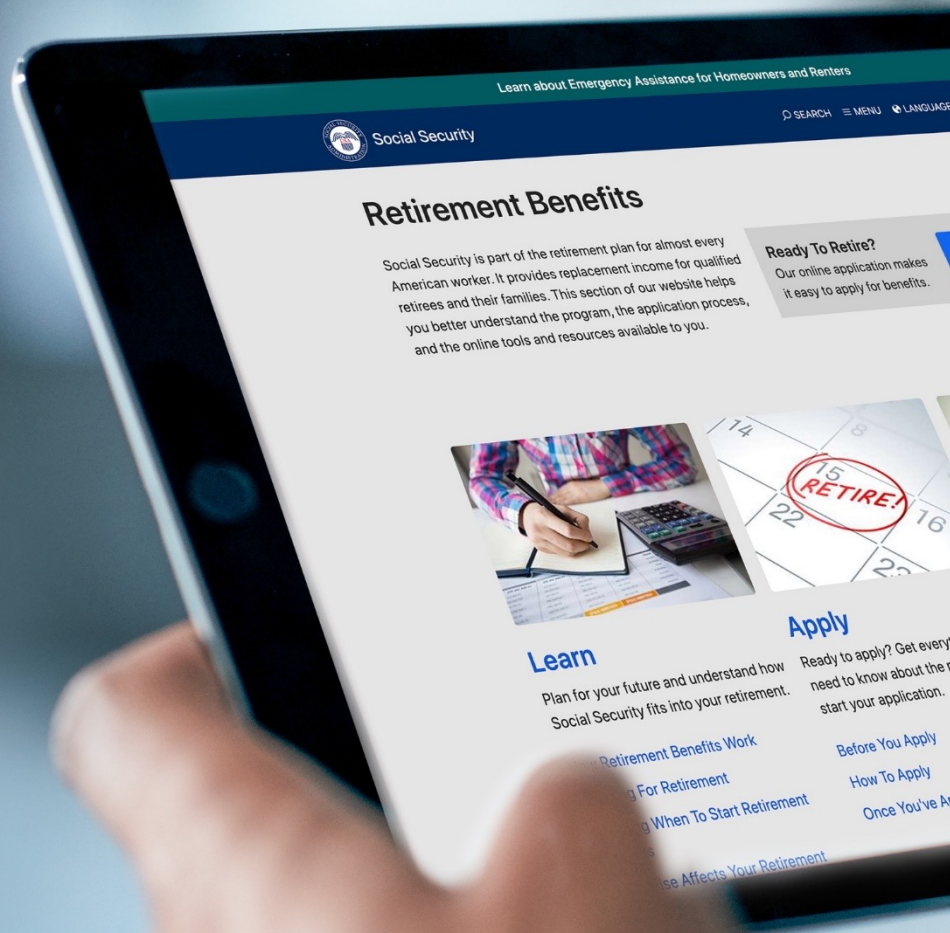




# Benefits of a former spouse can be a factor, even many years later

- Mary can switch to her divorced widow's benefit.
- That gives her a raise in Social Security benefits of \$150 a month.
- Mary's divorced widow's benefit doesn't affect the benefits of Dennis's ex-spouses.





## Knowledge is power

- Understanding your benefits can help you make more informed decisions.
- The Social Security system has many options, and your benefits will vary according to your situation.
- Choices you make can have lasting consequences.
- Start preparing now for decisions that may still be years in the future.

# Factors that drive retirement well-being



**Social**



**Financial**



**Health**





## A related decision: What to do about Medicare

- Before you turn 65, you'll be asked to make choices about Medicare.
- If you have started receiving Social Security, you'll be enrolled automatically.
- You will also need to decide about optional and supplemental benefits.

Source: "Medicare," SSA.





## The parts of Medicare

- Parts A and B help pay for visits to doctors and hospital care.
- Part D can help cover the cost of prescription drugs.
- Medicare Advantage plans may bundle Parts A, B and D.
- Supplemental (Medigap) policies can reduce out-of-pocket costs.





## Your next steps

- Create your own **my Social Security** account at [SSA.gov](https://www.ssa.gov).
- Schedule a Social Security and Medicare strategy session with a financial professional.
- Consider the bigger picture of what you want your retirement income plan to be.



# Important information

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# Thank you