

Understanding Social Security decisions: optimizing your benefits

Presenter Full Name

Date

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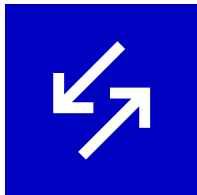
The roots of Social Security



Where Social Security stands today



Understanding & maximizing your
Social Security Benefits

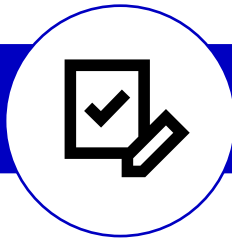


Changes for 2021

The roots of Social Security

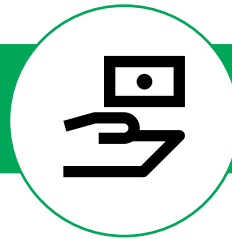
The roots of Social Security

1935



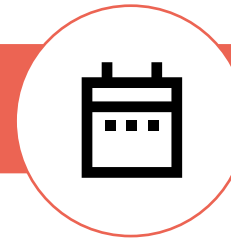
Social Security Act was signed into law on August 14

1937



Taxes were collected for the first time in January and the first one-time, lump-sum payments were made that same month

1940



Regular ongoing monthly benefits started in January

The roots of Social Security 1940



“ On January 31, 1940, the first monthly retirement check was issued to Ida May Fuller of Ludlow, Vermont, in the amount of \$22.54. Miss Fuller, a legal secretary, retired in November 1939. She started collecting benefits in January 1940 at age 65 and lived to be 100 years old, dying in 1975. During her lifetime, she collected a total of \$22,888.92 in Social Security benefits.”

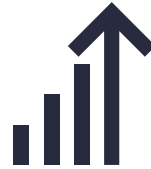
~ Agency History, Social Security Administration



Social Security statistics



65 million
people currently
receive benefits



Since 1940, the average
U.S. life expectancy has
increased by **16 years**.



By 2035, the number
of people age 65 or
older will increase to
over 78 million, from
56 million today



Social Security benefits
represent about **33%** of
the income of the elderly.



Nearly **9 out of 10**
people age 65 or older
receive benefits



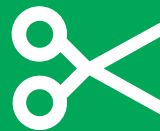
Among elderly Social
Security beneficiaries, **50%**
of married couples and **70%**
of unmarried persons receive
50% or more of their income
from Social Security

Where Social Security stands today

Where Social Security stands today



It appears to
be in financial
trouble






It will almost
certainly
be **fixed**



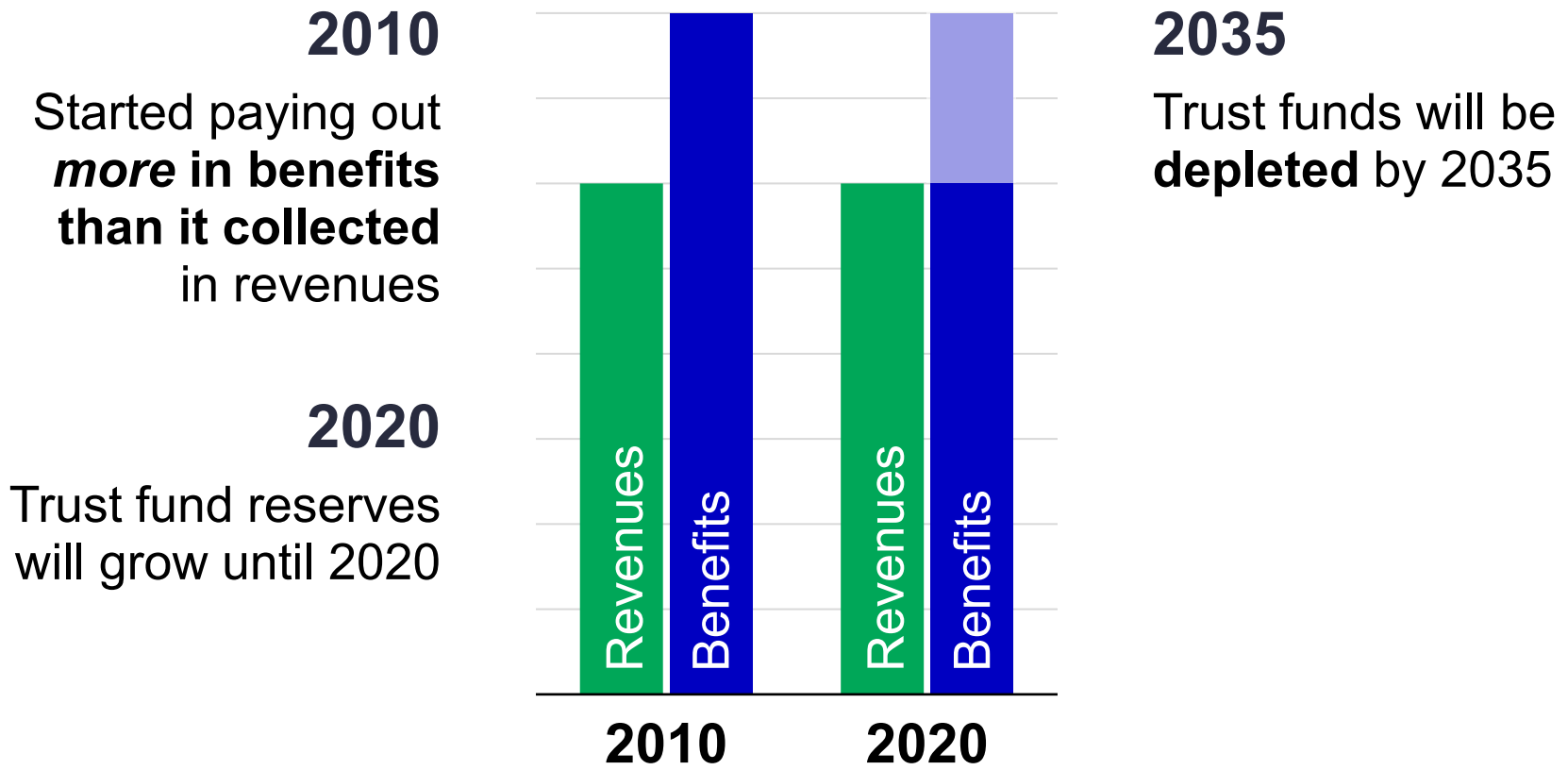
It still won't
**grow fast
enough**

Social Security appears to be in trouble

	1950	2020
The average life expectancy of retirees is longer today	68 years	79 years 
Social Security benefits must cover more people	Retired workers	Retired workers Spousal benefits Survivor benefits Disability benefits Family benefits 
There are far fewer workers contributing per beneficiary	16 workers per recipient	2.8 workers per recipient 

Social Security's days of reckoning

If Congress doesn't address the program's issues:



Proposals to strengthen Social Security



Raise the FRA



Begin longevity indexing



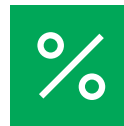
Recalculate the cost-of-living adjustment



Increase the payroll tax rate (6.2%)



Increase payroll tax cap (\$142,800 in 2021)



Tax all salary reduction plans



Eliminate payroll tax cap



Increase the number of years used to calculate initial benefits



Reduce benefits for higher-income earners



Invest a portion of funds in a broad equity market fund

Reality: it remains *supplemental* income

Social Security benefits are more modest than many people realize

Percentage of preretirement income replaced by Social Security

- The average Social Security retirement benefit in June 2020 was about \$1,514 a month, or about \$18,170 a year.
- For someone who worked all of their adult life at average earnings and retires at age 65 in 2020, Social Security benefits replace about 40% of past earnings.

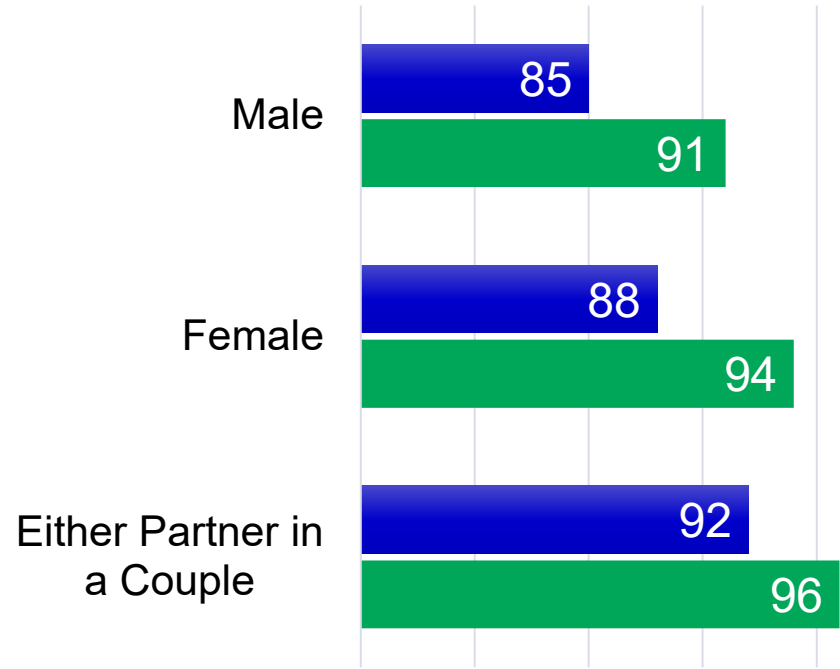


Understanding and maximizing your Social Security benefits

People are living longer

Life expectancy

Age 66 (in 2021)

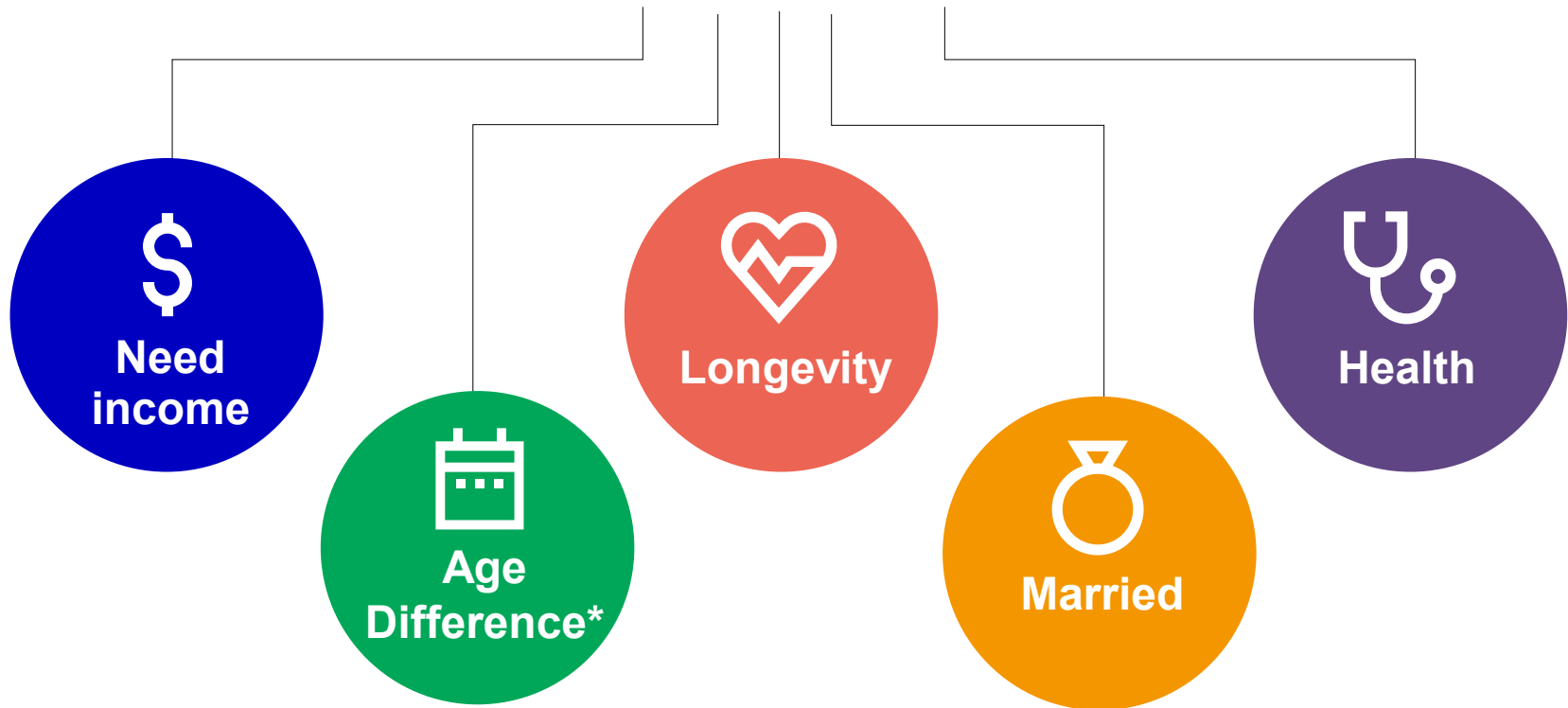


- 25% chance of living to age
- 50% chance of living to age



Social Security elections

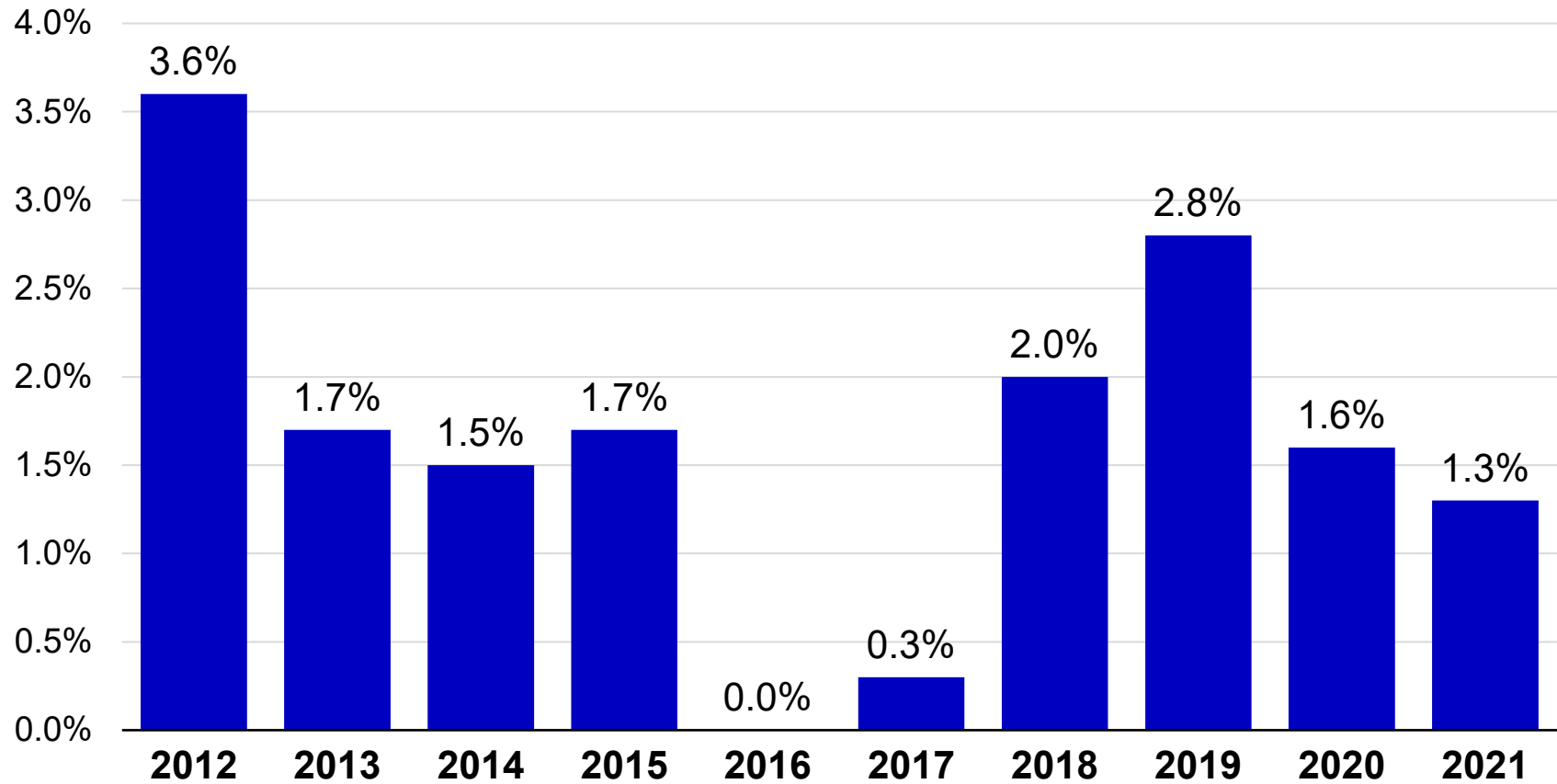
Factors to consider



*The **greater the age difference**, the longer the benefit payment and the bigger the impact when making an early election

COLA adjustments over the years

Social Security cost-of-living adjustments



How Social Security is calculated



- ✓ You must have worked and paid into Social Security for at least **10 years** (earned 40 credits at 4 credits per year)
- ✓ Your earnings are restated in terms of today's wages to reflect wage growth
- ✓ **Your highest 35 years of earnings are averaged and divided by 12 to arrive at an average indexed monthly earnings (AIME)**
- ✓ A Social Security benefit formula is applied to average indexed monthly earnings (AIME) to produce a primary insurance amount (PIA), which is the benefit payable to you at full retirement age (FRA)

What is *full retirement age*?

Year of birth	FRA	If claiming at age 62 benefit is reduced to:	If claiming at age 70 benefit is increased to:
1943–1954	66	75.00%	132.00%
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 or later	67	70.00%	124.00%

34.3% of people claim Social Security at age 62

When to take individual benefits

Year of Birth	1943 - 1954	1955	1956	1957	1958	1959	1960 or later
Full Retirement Age	66	66 and 2 months	66 and 4 months	66 and 6 months	66 and 8 months	66 and 10 months	67
Age 62	75% \$1,500	74.17% \$1,483	73.33% \$1,467	72.50% \$1,450	71.67% \$1,433	70.83% \$1,417	70% \$1,400
Age 66	100% \$2,000	100% \$2,000	100% \$2,000	100% \$2,000	100% \$2,000	100% \$2,000	100% \$2,000
Age 66 and 2 months							
Age 66 and 4 months							
Age 66 and 6 months							
Age 66 and 8 months							
Age 66 and 10 months							
Age 67							
Age 70	132% \$2,640	130.67% \$2,613	129.33% \$2,587	128% \$2,560	126.67% \$2,533	125.33% \$2,507	124% \$2,480

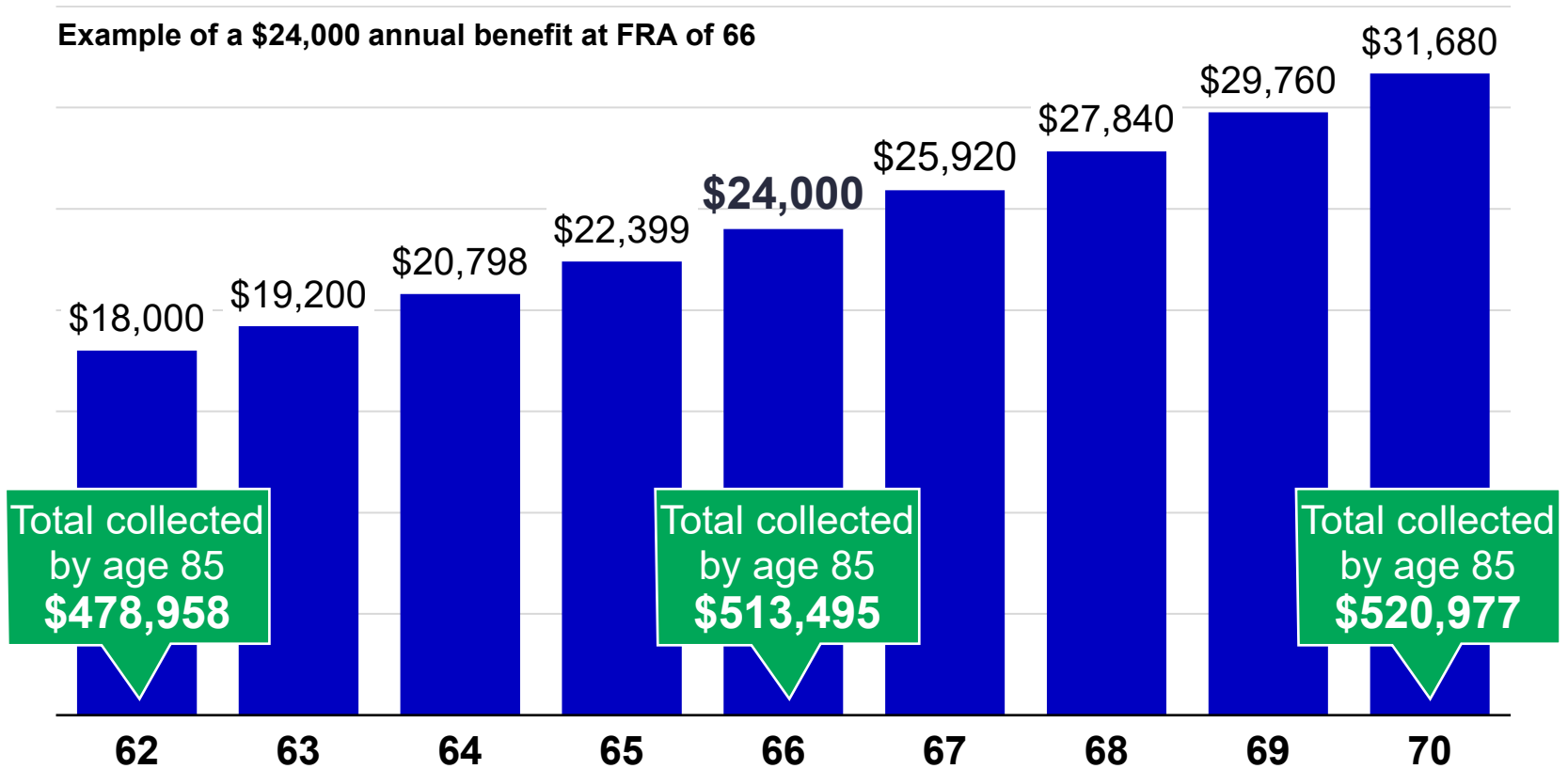
When to take individual benefits

	Age Social Security is taken	% of FRA benefits received	Amount of benefits received
Early	62	75%	\$1,500
FRA	66	100%	\$2,000
Delayed	70	132%	\$2,640

Source: This is only a hypothetical example. The full retirement age increases gradually if you were born from 1955 to 1960 until it reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67. Please consult ssa.gov for more information.

Know when to file

Delaying benefits can increase the amount you receive over your lifetime



Source: ssa.gov, 2020. The full retirement age increases gradually if you were born from 1955 to 1960 until it reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67. Please consult ssa.gov for more information.

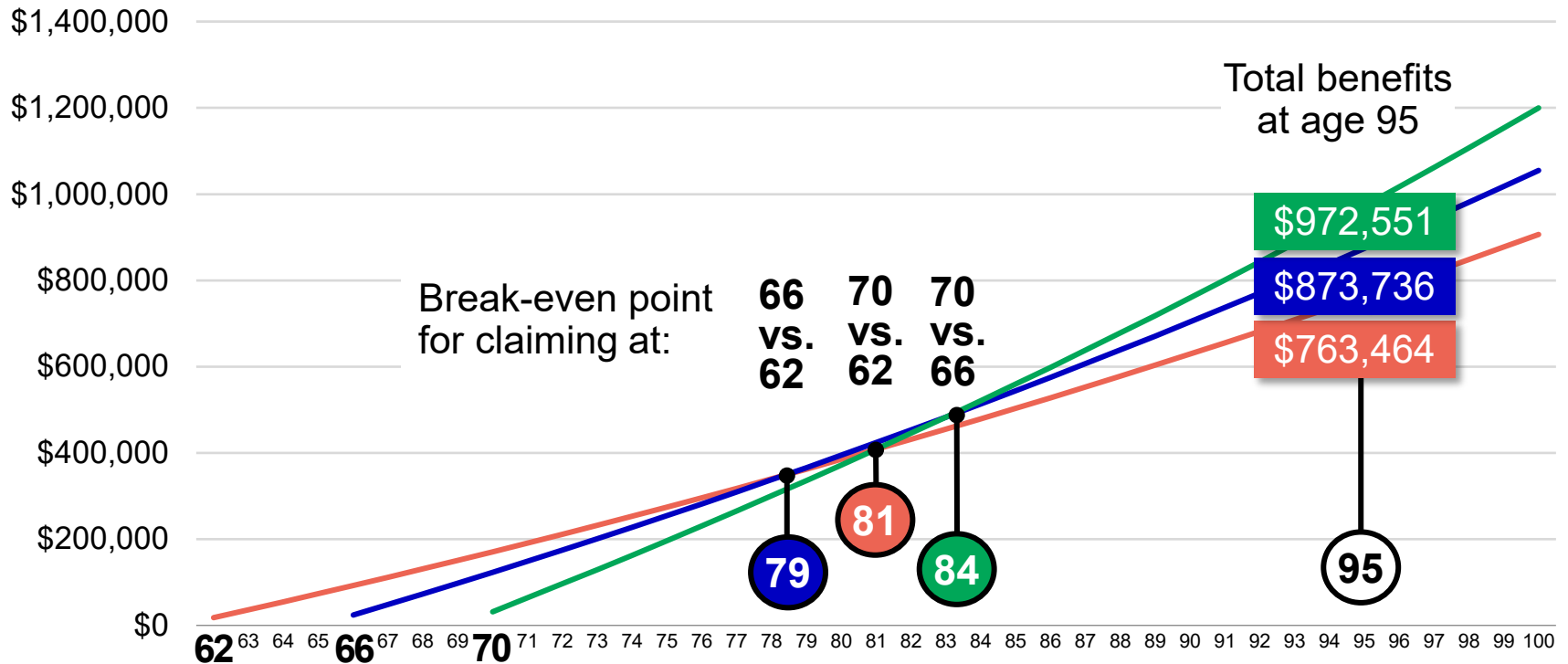
What is breakeven?

Total received assuming a monthly payment of:

Claim at age **62**: \$1,500

Claim at age **66**: \$2,000

Claim at age **70**: \$2,640



Spousal benefits

Spouse can take own benefit or a portion of spouse's PIA (primary insurance amount), whichever is greater

- **Early election (age 62)**
- **At FRA or later (age 66–70)**



In order to qualify for the spousal benefit, the other spouse must have already filed for social security benefits

Spousal benefits based on FRA

Year of birth	FRA	If claiming at age 62 benefit is reduced to:	If claiming at FRA benefit is increased to:
1943–1954	66	35.00%	50%
1955	66 and 2 months	34.58%	50%
1956	66 and 4 months	34.17%	50%
1957	66 and 6 months	33.75%	50%
1958	66 and 8 months	33.33%	50%
1959	66 and 10 months	32.92%	50%
1960 or later	67	32.50%	50%

When to take spousal benefits

Income Earners Full Retirement Age Benefit is \$2,000

Year of Birth	1943 - 1954	1955	1956	1957	1958	1959	1960 or later
Full Retirement Age	66	66 and 2 months	66 and 4 months	66 and 6 months	66 and 8 months	66 and 10 months	67
Age 62	35% \$700	34.59% \$692	34.17% \$683	33.75% \$675	33.33% \$667	32.92% \$658	32.50% \$650
Age 66	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000
Age 66 and 2 months							
Age 66 and 4 months							
Age 66 and 6 months							
Age 66 and 8 months							
Age 66 and 10 months							
Age 67							
Age 70	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000	50% \$1,000

When to take spousal benefits

	Age Social Security is taken	% of FRA benefits received	Amount of benefits received
Early	62	35%	\$700
FRA	66	50%	\$1,000
Delayed	70	50%	\$1,000

The FRA benefit of the primary wage earner is **\$2,000**.

Percentage is based on someone born in 1957; please consult ssa.gov for more information. The spousal benefit is 50% of the covered spouse's benefit. This is only a hypothetical example. Please consult ssa.gov for more information.

Widow / widower and children benefits

Family members who can collect benefits include a widow or widower who is:



- 60 or older
- 50 or older, if disabled
- Any age if he or she is caring for your child who is younger than 16 or disabled and entitled to Social Security benefits on the deceased's record

Children can receive benefits if:



- They are unmarried
- Younger than 18 years old
- Between 18 and 19 years old, but in elementary or secondary school as full-time students
- Age 18 or older and severely disabled (the disability must have originated before age 22)

Additionally, parents of the deceased can receive benefits on the deceased's earnings if they were **dependent on the deceased** for at least half of their support.

When to take survivor benefits

	Age Social Security Survivor Benefits is taken	% of FRA benefits received
Early, not disabled	60	71.5%
Early, higher %	62	81.0%
Early, higher %	65	95.3%
FRA (survivors)	66	100.0%
Delayed	70	100.0%

Divorce rules for accessing Social Security benefits



- 1 Marriage lasted **10 years** or longer

- 2 Currently **unmarried**

- 3 The ex-spouse is receiving a retirement or disability benefit, or the couple has been legally divorced for at least **2 years**

- 4 Need to be **age 62** to receive spousal benefit **or age 60** (50 if disabled) to receive a survivor benefit

- 5 If not receiving a retirement or disability benefit, the ex-spouse must be **at least 62** and have worked 40 quarters in order for the other person to receive a spousal benefit

- 6 If the ex-spouse remarried and the other person hasn't, the other person remains entitled to spousal and survivor benefits of ex-spouse

When to take divorce benefits

	Age Social Security is taken	% of FRA benefits received	Amount of benefits received
Early	62	35%	\$700
FRA	66	50%	\$1,000
Delayed	70	50%	\$1,000



The FRA benefit of the primary wage earner is \$2,000.

Percentage is based on someone born in 1959; please consult ssa.gov for more information. Person must not be currently married and must have been married to the same individual for at least 10 years. Divorce benefit is 50% of the covered spouse's benefit.

Steps to follow if a client wants to withdraw from receiving Social Security benefits

- File Form SSA-521 within 1 yr

- No interest or penalty paid

- Repay benefits received

- Apply later

- Kind of like a “trial run”

- After filing SSA-521, SSA will send letter indicating amount of benefits to be repaid

80 Social Security Official Social Security Website

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Form Approved OMB No. 0960-0015

REQUEST FOR WITHDRAWAL OF APPLICATION

Do not write in this space

IMPORTANT NOTICE - This is a request to cancel your application. If we approve it, the decision we made on your application will have no legal effect. You will forfeit all rights attached to an application, including the rights of appeal. You will have to return any payment we made to you or anyone else on the basis of that application. You must then reapply if you want a determination of your Social Security rights at any time in the future. Any subsequent application may not involve the same retroactive period. We intend for you to use this procedure only when your decision to file has resulted, or will result, in a disadvantage to you. Your local Social Security office will be glad to explain whether, and how, this procedure will help you.

NAME OF WAGE EARNER, SELF-EMPLOYED INDIVIDUAL, OR ELIGIBLE INDIVIDUAL SOCIAL SECURITY NUMBER

IF DIFFERENT, PRINT YOUR NAME (First name, middle initial, last name) YOUR SOCIAL SECURITY NUMBER

TYPE OF BENEFIT YOU WANT TO WITHDRAW DATE OF APPLICATION IF APPLICABLE, DO YOU WANT TO KEEP MEDICARE BENEFITS? Yes No

I hereby request the withdrawal of my application, dated as above, for the reasons stated below. I understand that (1) this request may not be cancelled after 60 days from the mailing of notice of approval; and (2) if a determination of my entitlement has been made, there must be repayment of all benefits paid on the application I want withdrawn, and all other persons whose benefits would be affected must consent to this withdrawal. I further understand that the application withdrawn and all related material will remain a part of the records of the Social Security Administration and that this withdrawal will not affect the proper crediting of wages or self-employment income to my Social Security earnings record.

Give reason for withdrawal. (If you need more space, use the reverse of this form.)

- I intend to continue working. (I have been advised of the alternatives to withdrawal for applicants under full retirement age and still wish to withdraw my application.)
- Other (Please explain fully):

Continued on reverse

SIGNATURE OF PERSON MAKING REQUEST

Signature (First name, middle initial, last name) (Write in ink) Date (Month, day, year)

SIGN HERE Telephone Number (include area code)

Mailing Address (Number and Street, Apt. No., P.O. Box, or Rural Route)

City and State ZIP Code Enter Name of County (if any) in which you now live

Witnesses are required ONLY if this request has been signed by mark (X) above. If signed by mark (X), two witnesses to the signing who know the person making the request must sign below, giving their full addresses.

- Signature of Witness
- Signature of Witness

Address (Number and Street, City, State and ZIP Code) Address (Number and Street, City, State and ZIP Code)

FOR USE OF SOCIAL SECURITY ADMINISTRATION

APPROVED NOT APPROVED BECAUSE BENEFITS NOT REPAID CONSENT(S) NOT OBTAINED OTHER (Attach special determination)

SIGNATURE OF SSA EMPLOYEE TITLE CLAIMS AUTHORIZER OTHER (Specify) DATE

Form SSA-521 (10-2015) UF (10-2015)
Destroy Prior Editions

Effective Dates: 12/23/2014 - Present

GN 00206.005 Conditions for Withdrawal

IMPORTANT: See EIM 13016 SEN for amendments to withdrawal policies effective 12/23/2014.

A. Policy

1. Before a Determination is Made

- A claimant, or proper applicant on the claimant's behalf, may withdraw an application (before the application is approved or denied) when the following conditions are met:
 - A written request for WD is filed at a place where an application can be filed (e.g., a SSA office, any office of the U.S. Foreign Service, etc.), by the proper applicant (see GN 00204.006 for policy on where to file an application).
 - The written request is filed on or before the date of the favorable or unfavorable determination (if the request is filed prior to the date of the determination to use the postmark date as the filing date); and
 - The claimant is alive at the time the written WD request is filed (see GN 00206.005 for policy on when the claimant must be alive).

NOTE: When there is an indication in file that the claimant may be mentally incompetent, the withdrawal request must be signed by a representative.

2. After a Determination is Made

If a WD is filed after the application is approved or denied, the policy in GN 00206.005 applies.

- Any other beneficiary entitled on the record, or a proper applicant on the record, must consent in writing to the WD. See GN 00206.060 for the policy on consent.
- The beneficiary who is withdrawing his/her claim must repay the benefit amount paid to the withdrawer. If the beneficiary files a new application, repayment may be in the form of a check under the new application. See GN 00206.095 for repayment instructions.

EXCEPTION: The benefits paid to the beneficiary withdrawing his/her claim and the remaining beneficiaries and additional money amount paid to the withdrawer will be redistributed to the remaining beneficiaries in family maximum situations when the family cannot be fully recovered by redistributing the amount. If the beneficiary who is withdrawing the money impracticable, the beneficiary who is withdrawing must repay the benefits before the WD can be approved (see GN 00206.095 for repayment instructions).

Know when your benefits are taxable

Social Security is taxable if your combined income is high enough

What counts as combined income?

- Adjusted gross income before Social Security benefits
- Nontaxable interest and other adjustments
- Half of Social Security benefits

How much of Social Security is taxable?

Combined income amount (for joint/single filers)	Taxable
Less than \$32,000/\$25,000	0%
Between \$32,000 and \$44,000/\$25,000 and \$34,000	Up to 50%
More than \$44,000/\$34,000	Up to 85%



Restricted application

The **restricted application** option was eliminated as of December 31, 2015

By using this approach, you could receive at least some Social Security benefits while still allowing your own retirement benefits to earn delayed credits until as late as age 70. At that time, you could switch over to your own, higher benefit.

What to do: If you were age 62 or older by the end of the year, you could still use the restricted application strategy. If you were younger than 62 at the end of 2015, you would no longer be able to collect spousal benefits at FRA or later while still letting your own benefits grow.

Spouses who are already collecting benefits on their partners' earnings record can continue to do so and switch to their own larger retirement benefit at a later date—up to age 70.



Social Security statements



Your payment would be about
\$1,851 a month
at full retirement age

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

June 5, 2018

Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1974	220	220
1975	570	570
1976	1,067	1,067
1977	1,882	1,882
1978	2,705	2,705
1979	3,529	3,529
1980	4,628	4,628
1981	6,355	6,355
1982	7,935	7,935
1983	9,366	9,366
1984	10,884	10,884
1985	12,265	12,265
1986	13,482	13,482
1987	15,121	15,121
1988	16,580	16,580
1989	17,869	17,869
1990	19,296	19,296
1991	20,549	20,549
1992	22,115	22,115

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current continue working until... your full retirement age (67 years), your payment would be about.....	..\$ 1,851 a month
	age 70, your payment would be about\$ 2,347 a month
	age 62, your payment would be about\$ 1,314 a month
*Disability	You have earned enough credits to qualify for benefits. If you became your payment would be about.....	
*Family	If you get retirement or disability benefits, your spouse and children a	
*Survivors	You have earned enough credits for your family to receive survivors b year, certain members of your family may qualify for the following be	
	Your child.....	\$ 1,370 a month
	Your spouse who is caring for your child.....	\$ 1,370 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,826 a month
	Total family benefits cannot be more than	\$ 3,330 a month

Your Social Security

Are you thinking about retirement? Are you ready for retirement?

We have tools that can help you!

- Estimate your future retirement benefits at [socialsecurity.gov/estimator](https://www.socialsecurity.gov/estimator)
- Apply for retirement, spouse's, Medicare, or disability benefits at [socialsecurity.gov/applyforbenefits](https://www.socialsecurity.gov/applyforbenefits)
- And once you receive benefits, manage your benefits at myaccount.socialsecurity.gov

Your *Social Security Statement* tells you about **how much you or your family would receive** in disability, survivor, or retirement benefits. It also includes our record of your lifetime earnings. Check out your earnings history, and **let us know right away if you find an error**. This is important because we base your benefits on our record of

As of 2018, Social Security only sends paper statements to clients age 60 or older who aren't currently receiving benefits and don't have an online account.

Signing up for a social security account online

View and manage your Social Security benefits online by creating a free *my* Social Security account at ssa.gov/myaccount.



**It's
quick**

Gives you immediate access to important information and tools, putting you in control of your time!



**It's
secure**

Uses the best technologies available to protect your personal information and keep you safe and secure.

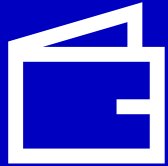


**It's
easy**

It is easy and convenient, so you can skip the trip!

Changes for 2021

Changes for 2021



Cost-of-living-adjustment (COLA) increases



Higher potential benefit for new retirees



Full retirement age increases



More earnings subject to Social Security taxes



Benefit changes for those still working and receiving benefits or working retirees

A smaller COLA this year

The cost-of-living adjustment (COLA) for 2021 is **1.3%**

The average retired worker (with a pre-COLA monthly benefit of \$1,523) will receive an increase of about \$20 per month

What to do: Review your budget in light of the 2021 COLA.



Higher potential benefit for new retirees

For a retiree claiming benefits at FRA, the maximum retirement benefit he or she can receive increases to \$3,148 per month in 2021, up from \$3,011 in 2020.

Delaying claiming Social Security benefits until *after* FRA could lead to higher benefits than the maximum allowed for claiming *at* FRA.

What to do: Review your retirement income plan accordingly in light of the new maximum benefit.



- Source: ssa.gov, 2020.

Full retirement age increases



For people who turn 62 in 2021, full retirement age (FRA) is now **66 years and 10 months**

- FRA is when a retiree first becomes eligible for unreduced retirement benefits
- FRA was 65 for many years. It's increased gradually, starting with people born in 1938, and is scheduled to keep rising to age 67 for Americans born in 1960 or later

Retirees can take reduced payments at age 62 or wait as late as age 70 to begin taking Social Security payments. Waiting longer increases payouts.

What to do: Make sure you use the correct FRA for your birth year and adjust your Social Security-claiming strategy accordingly.

More earnings subject to Social Security tax



The maximum earnings subject to Social Security tax are increasing to **\$142,800** in 2021

The limit on earnings subject to Social Security tax was \$137,700 in 2020.

The Social Security tax rate in 2021 is 6.2% on earnings up to the applicable taxable maximum amount of \$142,800.

The Medicare tax rate (assessed on all earned income) is 1.45%, resulting in total payroll tax of 7.65% for an employee.

Self-employed individuals pay **both the employer and employee portions**, so their maximum payroll tax is 15.30%.

What to do: Consult your tax professional to see how the change will affect you, then make any necessary adjustments to your budget.

Benefits for those who are still working

- Beginning in 2021, those who are still working and receiving a benefit prior to their FRA can have earned income up to \$18,960 and can keep their full Social Security benefits.
- Above the \$18,960 limit, \$1 in benefits will be withheld for every \$2 in earnings

An individual who reaches FRA of 66 and 2 months in 2021 can earn a yearly amount of up to \$50,520 prior to turning 66 and 2 months. Above that annual limit, \$1 in benefits will be withheld for every \$3 in earnings. After reaching FRA, there's no limit on earnings.

What to do: If you expect to earn more than the limits, consider delaying taking Social Security to capture a higher monthly benefit later.



Find a balance between working and collecting

For early retirees, benefits are reduced by \$1 for every \$2 earned over \$18,960

The Smiths

The Sullivans



	Age 62: taking early benefits	Age 66: FRA
Potential Social Security benefit	\$20,000	\$20,000
Earned income (\$20,000 each)	\$40,000 \$21,040 over the limit	\$40,000 No limit
Actual Social Security benefit	\$9,480	\$20,000
Total income	\$49,480	\$60,000

Example: Harry and Ruth Sullivan



Age		
60	Married; both 60	
62		
64		
66	Full age filing	Harry's full monthly Social Security benefit at age 66 will be \$2,000
68		
70		Ruth stayed home and raised the family, so she has no earned Social Security benefits of her own.
72		
74	Harry dies at 75	
76		
78		
80		
82		
84		
86		
88	Ruth dies at 88	

Scenario 1: both file early



Age		
60	Married; both 60	
62	Early filing	Harry's monthly Social Security benefit at age 62 is \$1,500
64		Ruth's monthly Social Security benefit is 35% of Harry's PIA, or \$700.
66		
68		
70		
72		
74	Harry dies at 75	Ruth receives the higher of either 100% (\$1,774) of Harry's monthly Social Security benefit or 82.5% of his PIA (\$1,853)
76		
78		
80		
82		
84		
86		
88	Ruth dies at 88	Ruth collects a total of approximately \$457,000 over her lifetime

Scenario 2: both file at age 66



Age		
60	Married; both 60	
62		
64		
66	Full age filing	Harry's monthly Social Security benefit at age 66 is \$2,000
68		Ruth's monthly Social Security benefit is 50% of Harry's, or \$1,000.
70		
72		
74	Harry dies at 75	Ruth collects 100% of Harry's monthly Social Security benefit of \$2,247
76		
78		
80		
82		
84		
86		
88	Ruth dies at 88	Ruth collects a total of approximately \$525,000 over her lifetime

Scenario 3: both file at age 70



Age		
60	Married; both 60	
62		
64		Ruth's monthly Social Security benefit is 50% of Harry's, or \$1,000.
66		
68		
70	Delayed filing	
72		
74	Harry dies at 75	Ruth collects 100% of Harry's monthly Social Security benefit of \$2,816
76		
78		
80		
82		
84		
86		
88	Ruth dies at 88	Ruth collects a total of approximately \$577,000 over her lifetime

Considerations before you file

- 1 Will your benefits be **coordinated** with those of a spouse?
- 2 Are you planning on **working** in retirement?

Your financial advisor has the experience and tools to help you plan!

- Have you **planned** for how your required minimum distributions will affect your income mix and Social Security benefit?
- Do you have a retirement **income tax strategy** in place?



Q & A

Appendix

Pop quiz

Q1: I'm 62, married, and the father of two kids under the age of 10. If I take Social Security now, could my kids receive a benefit?

A: Yes. Your kids can receive a benefit based on your FRA. If you expect to receive \$2,000 at FRA, then your child would receive \$1,000—even if you file at 62 and receive a lesser amount. That said, there's a limit on how much a family can receive—usually 150% to 180% of the benefit you would receive at FRA.

Q2: Are my Social Security benefits really taxed at 85%?

A: No, that number applies to the portion of your benefits that's subject to taxes, not your tax rate. The SSA states that if your combined income (including earned income and Social Security benefits) exceeds \$44,000, then 85% of your benefits would be taxed. For example, say your income exceeds the \$44,000 threshold; if your total benefits were \$10,000, only \$8,500 would be taxed at the personal income-tax rate.

Q3: I'm 59 and plan to keep working until my late 60s. What are the odds that I can accomplish this goal?

A: Many Americans share your plan: 35% to 40% of Americans are optimistic that they'll work into their late 60s. But a survey of retirees by Gallup showed that people retired, on average, at age 61. Only 4% continued working to age 70, and only 7% of retirees polled said they had income from a job. So, our answer is: Good luck!

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200 Berkeley Street, Boston, MA 02116, 800-225-6020, jhinvestments.com

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