A key to your retirement

When to unlock Social Security

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One of the biggest retirement-related decisions you'll make is when to start collecting Social Security. This isn't a choice to take lightly — Social Security is one of the most valuable retirement assets you have.

Why your Social Security decision matters

- Your Social Security benefit can provide a significant foundation for your retirement income. Social Security benefits replace about 40% of pre-retirement income for a median earner when claimed at full retirement age, according to the Social Security Administration (SSA). Additionally, since benefits are unaffected by market movements, they can provide a guaranteed source of income in retirement to help you meet your basic needs.
- Social Security benefits also address two key retirement risks — inflation and living longer than you expect. That's because Social Security is a lifetime benefit that typically adjusts for inflation each year.
- And, since your spouse may be able to receive survivor benefits, it can also provide for them should they outlive you.

In fact, using the estimated 2024 average individual benefit of $1,907 per month, finding a similar benefit paying the same amount for as long as you live — with inflation adjustments and survivor benefits for your spouse — would cost about $500,000.[1]

So, before you claim, it's important to understand your options and how your choices may affect your and your spouse's retirement.

[1] Source: Edward Jones estimates based on CANNEX Immediate Annuity Quote System — 4/25/2024. Example assumes a joint life annuity, 67-year-old male and female, 3% inflation rate and the 2024 average benefit level from the Social Security Administration.

The basics

Your Social Security retirement benefit is based on your highest 35 years of earnings as well as the age you begin taking Social Security. There are three important ages to know:

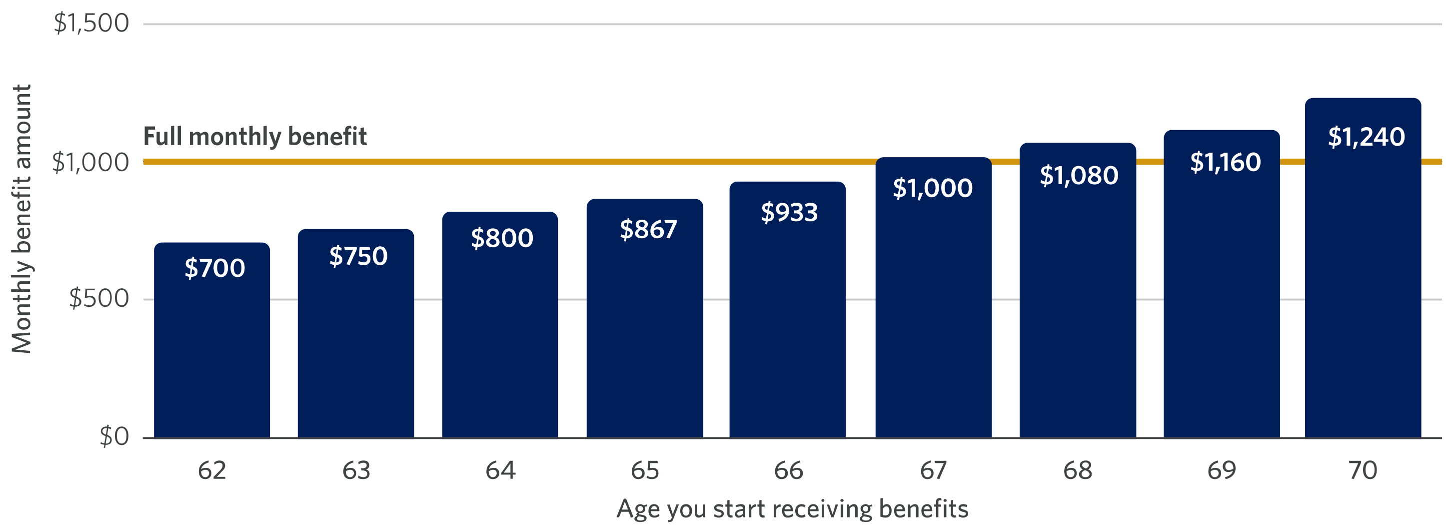
62	Age at which you can first receive benefits
67	Age at which you can receive your full retirement benefit (full retirement age)[1]
70	Age at which you can receive your maximum benefit (maximum benefit age)

1 For individuals born in 1960 or later. For individuals born in 1955–1959, full retirement age is between 66 and 67.

While you can claim as early as 62, claiming before full retirement age (FRA) permanently reduces your retirement benefit by up to 30%. Conversely, delaying Social Security benefits past FRA permanently increases your benefit by as much as 24% (referred to as delayed retirement credits).

Monthly benefit amounts differ based on the age you start receiving benefits

(Assumes $1,000 monthly benefit at FRA of 67)



Source: Social Security Administration. Example does not include any potential cost-of-living adjustments (COLAs).

Claiming considerations

When deciding when to claim your Social Security, there are four key factors to consider: your income needs, your employment, your life expectancy and your spouse.

Your income needs

If you have limited means to meet your income needs and are unable to defer retirement or reduce expenses, you may need to take Social Security early. After all, that's what Social Security is for — to provide a safety net when you need it most.

However, if you have flexibility over your retirement plans, delaying your Social Security benefit can improve the likelihood your money lasts and provide a larger safety net for you later in life (when you may need it more).

Your employment

If you haven't reached FRA and are still working (with meaningful earned income), you should generally wait to take Social Security. If you take Social Security early and your earned income exceeds a certain amount, your Social Security benefits are temporarily lowered until you reach FRA. (Earned income doesn't include income from investments, pensions or Social Security itself.)

Earnings limitations (2024)

Before year of FRA	During year of FRA	At or after FRA
Benefits are lowered by $1 for every $2 in earned income above $22,320.	Benefits are lowered by $1 for every $3 in earned income above $59,520.	No benefit reductions based on earned income; benefit amount adjusted upward based on withheld benefits.

Even though your benefit will be adjusted at FRA if you have benefits withheld, depending on your life expectancy, you may not recover the full amount. Additionally, taking Social Security benefits while working could result in higher taxes on your benefit and add complexity to your income planning.

How Social Security benefits are taxed

Regardless of when you take benefits, your benefit may be taxed. The amount of your benefit subject to federal taxes is based on your provisional income (sometimes called combined income).

Provisional income = adjusted gross income + nontaxable interest + ½ annual Social Security benefit

For single filers, if provisional income is:	For joint filers, if provisional income is:	% of Social Security benefit subject to federal taxes
$0 – $25,000	$0 – $32,000	0%
$25,001 – $34,000	$32,001 – $44,000	Up to 50%
$34,001 or more	$44,001 or more	Up to 85%

In addition to federal taxes, certain states tax Social Security benefits. Specific questions should be referred to a qualified tax professional.

Your life expectancy

The better your health and the longer you expect to live, the more it may make sense to take Social Security later.

Your Social Security benefit acts as longevity insurance — it ensures you'll receive a minimum income amount (with cost-of-living-adjustments) no matter how long you live. The longer you live, the greater your lifetime benefit and the greater the likelihood you break even on your decision to defer.

The example in the "Social Security break-even hypothetical" chart shows annual and total Social Security benefits based on starting Social Security early, at FRA of 67 and at age 70, and incorporates cost-of-living adjustments (COLAs). If this person waits until age 67 to take Social Security, they'll receive higher annual benefits ($30,000 versus $21,000 if benefits are taken at age 62), and by age 76, they'll have received more total benefits ($341,000 versus $334,000). This break-even age rises to 80 if they claim at 70 instead of 67.

Social Security break-even hypothetical

Age 62 vs. 67 | Age 62 vs. 70 | Age 67 vs. 70

Age	Benefits started early (age 62)		Benefits started at FRA (67)		Benefits delayed until age 70	
	Annual benefit	Total benefits received	Annual benefit	Total benefits received	Annual benefit	Total benefits received
62	$18,000	$0	$0	$0	$0	$0
67	$21,000	$116,000	$30,000	$30,000	$0	$0
70	$23,000	$183,000	$33,000	$125,000	$40,000	$40,000
76	$27,000	$334,000	$39,000	$341,000	$48,000	$309,000
78	$29,000	$391,000	$41,000	$422,000	$51,000	$409,000
80	$31,000	$451,000	$44,000	$508,000	$54,000	$516,000
85	$35,000	$618,000	$51,000	$747,000	$63,000	$812,000
90	$41,000	$811,000	$59,000	$1,023,000	$73,000	$1,155,000

Source: Edward Jones. Hypothetical illustration based on reduced benefit of $1,500/month at age 62. All benefits are adjusted for a 3% cost-of-living increase per year and rounded to the nearest $1,000. FRA and delayed benefits also incorporate this COLA for years prior to benefits being taken.

Your spouse

There are two potential benefits for spouses: **a spousal benefit** (paid while both spouses are living) and a **survivor benefit** (paid after one spouse passes). The greater the difference in earnings history between you and your spouse, the more relevant these two benefits become to your and your spouse's claiming decisions. Other important considerations for married couples are differences in age and life expectancy.

How spousal and survivor benefits work

Spousal benefits

A **spousal benefit** may be available to the lower-benefit (LB) spouse when the LB spouse reaches 62 (minimum one year of marriage to qualify). To determine whether either spouse is eligible for a spousal benefit, one spouse's FRA benefit must be less than half of the other spouse's FRA benefit. This spousal benefit then serves as a top-up to their own benefit that, when combined, equals up to 50% of the higher-benefit (HB) spouse's benefit at FRA.

LB spouse's own retirement benefit	**+**	**Top-up (spousal benefit)**	**=**	**Up to 50% of HB spouse's benefit at FRA**

Examples:

- Example 1: HB spouse's FRA benefit is $2,000 and LB spouse's FRA benefit is $750. LB spouse is eligible for $250 spousal benefit at FRA ($750 + $250 = 50% of $2,000).
- Example 2: HB spouse's FRA benefit is $2,000 and LB spouse's FRA benefit is $1,250. LB spouse is not eligible for spousal benefit ($1,250 > 50% of $2,000).

There are several important rules to be aware of for spousal benefits:

- For the LB spouse to receive the spousal benefit, both spouses must file for their own retirement benefit.
- The age at which the HB spouse claims their benefit doesn't impact the amount the LB spouse receives — the spousal benefit is based on the HB spouse's benefit at FRA regardless of when the HB spouse claims.
- If the LB spouse claims Social Security benefits before their FRA, both their own retirement benefit and the spousal benefit are reduced.
- An LB spouse receiving a top-up reaches their maximum benefit amount at their FRA. Spousal benefits do not receive delayed retirement credits, even if you or your spouse delay past FRA.

Notably, previously available claiming strategies for spousal benefits, including file and suspend and restricted application, are no longer available for use.

How spousal and survivor benefits work *(continued)*

Survivor benefits

With a **survivor benefit**, the surviving spouse receives up to 100% of their deceased spouse's benefit or their own, whichever is higher.

Unlike spousal benefits, the HB spouse's claiming decision impacts the amount of the survivor benefit.

- If the HB spouse claims early, the survivor benefit is reduced.
- If the HB spouse delays their benefit beyond FRA, the survivor benefit is increased.

Consequently, deferring Social Security benefits is one way the HB spouse can provide for the LB spouse if the LB spouse outlives them.

Additionally, unlike with spousal benefits, you can claim your own retirement benefit and switch to your survivor benefit later (or vice versa) to maximize the higher benefit amount.

Monthly benefits example

Age claiming Social Security	HB spouse	LB spouse	LB spouse's total benefit (including spousal benefit)	LB spouse's survivor benefit
62	$1,400	$525	$687[1]	$1,593[2]
67 (FRA)	$2,000	$750	$1,000	$2,000
70	$2,480	$930	$1,000[3]	$2,480

Source: Social Security Administration and Edward Jones estimates. Hypothetical example for illustrative purposes only. Example does not include any potential COLAs.
1 Spousal benefit is less than 50% of HB spouse's benefit because LB spouse claimed prior to FRA.
2 Survivor benefit is reduced from the full amount of HB spouse's FRA benefit, since HB spouse and LB spouse claimed benefits prior to FRA.
3 Spousal benefit is based on the HB spouse's benefit at FRA and does not increase past FRA.

When to claim Social Security

Our Social Security guidance is to claim at the age expected to maximize the likelihood of meeting your retirement and legacy goals, and it's based on the following assumptions:

- You and your spouse (if married) are planning for an above-average life expectancy (age 84 or higher). As a starting point, we generally recommend planning to age 91 for men and 93 for women, adjusting as needed for known medical conditions and family history.
- You have other income sources to meet your needs, for example a pension or your own retirement savings.

If you or your spouse have good reason to plan for an average to below-average life expectancy, or you have no other income sources to meet your needs, it may make sense to claim earlier than outlined in our general guidance.

Pension plans

If you or your spouse are eligible to receive a pension from work not covered by Social Security, your Social Security benefits could be reduced through the Windfall Elimination Provision (WEP) or Government Pension Offset (GPO). These reductions are not factored into our claiming guidance. If your benefit is potentially subject to one of these reductions, discuss your situation with your financial advisor.

Single individuals

If you're not married (and you don't qualify for survivor or divorced benefits), we generally recommend waiting until age 70 to take your Social Security benefit. If deferring to age 70 isn't realistic or desirable for you, try to wait until at least full retirement age to avoid a reduced benefit amount. In some cases, the impact of claiming at FRA versus age 70 isn't that significant, and claiming at FRA may feel more comfortable.

Married couples

For married couples, spousal benefits are the critical factor.

- If neither spouse qualifies for a spousal benefit, each spouse's claiming decision is largely independent of the other's. As with single individuals, we generally recommend both spouses defer to age 70.
- If one spouse qualifies for a spousal benefit, we generally recommend a split strategy, in which the HB spouse claims at 70 and the LB spouse claims at FRA. That's because the LB spouse reaches their maximum benefit age at FRA when they qualify for a spousal benefit (i.e., there's no additional benefit to deferring beyond FRA).

When to claim Social Security if you're married[1]

	Neither spouse qualifies for spousal benefit	One spouse qualifies for spousal benefit[2]
HB spouse	70	70
LB spouse	70	FRA

1 Assumptions: Life expectancy of 84 or higher for both spouses; less than 10 years age difference between spouses; HB spouse is same age or older than LB spouse.

2 If HB spouse is less than three years older than the LB spouse, defer until one spouse reaches their maximum benefit age and then claim for both spouses.

If deferring to age 70 isn't realistic or desirable for you (or your spouse), try to wait until at least full retirement age to avoid a reduced benefit amount. In some cases, the impact of claiming at FRA versus age 70 isn't that significant, and claiming at FRA may feel more comfortable.

Additionally, there are some situations in which it may make more sense for one spouse to claim before FRA:

- When the HB spouse is meaningfully older than the LB spouse (10 years or more), it may make sense for the LB spouse to claim prior to FRA, because the survivor benefits from the HB spouse may outweigh the reduction in benefits from claiming early.
- When the HB spouse is younger and there's a significant difference in benefit amounts, it may make sense for the HB spouse to claim early to unlock spousal benefits for the older LB spouse.

Common-law marriages

The SSA recognizes common-law marriage if you live in a state where common-law marriage is legal (or did so when the marriage began) and can show the SSA you are or were in such a relationship. This includes common-law marriage between same-sex couples if recognized by the state. To determine whether your situation qualifies for Social Security benefits, you should contact the SSA.

Surviving spouses

To qualify for a survivor benefit:

- You must have been married at least nine months.
- You must currently be unmarried unless the remarriage occurred after age 60.

Surviving spouses can claim as early as age 60 (or at any age if caring for their deceased spouse's child who is younger than age 16 or receiving Social Security disability benefits). If you claim survivor benefits before FRA, your benefit amount will be reduced. There's no reason to defer claiming survivor benefits beyond FRA, however, since survivor benefits max out at FRA.

Unlike with spousal benefits, you can claim your own retirement benefit and switch to your survivor benefit later (or vice versa) to maximize the higher benefit amount. As a result, we generally recommend deferring your higher maximum benefit — your retirement benefit at 70 or your survivor benefit at FRA — to the maximum benefit age and taking the lower benefit as soon as eligible.

Divorced spouses

To qualify for a spousal benefit on your former spouse's record:

- You must have been married at least 10 years.
- You must currently be unmarried.

Divorced spousal benefits largely work the same as spousal benefits (see "How spousal and survivor benefits work"). The one key difference between them is that your ability to claim divorced spousal benefits is not dependent on when your former spouse claims their benefit. However, your former spouse generally must be age 62 or older for you to claim.

If you're eligible for a divorced spousal benefit, we generally recommend deferring your higher maximum benefit — your retirement benefit at 70 or your divorced spousal benefit at FRA — to the maximum benefit age.

Divorced survivor benefits

You can also receive survivor benefits on your former spouse's record if you were married at least 10 years and you're currently unmarried (unless remarriage occurred after age 60). Divorced survivor benefits work the same as survivor benefits, and our guidance on when to claim for divorced surviving spouses is the same as for surviving spouses.

Bridging to Social Security

If you delay Social Security benefits, you may need to temporarily increase withdrawals from your portfolio to meet your retirement income needs. While delaying Social Security generally improves the likelihood you'll meet your retirement goals, taking larger withdrawals magnifies sequence of return risk. This could increase the risk of running out of money if you experience a severe down market in your early retirement years.

To help address this risk, we recommend retirees maintain:

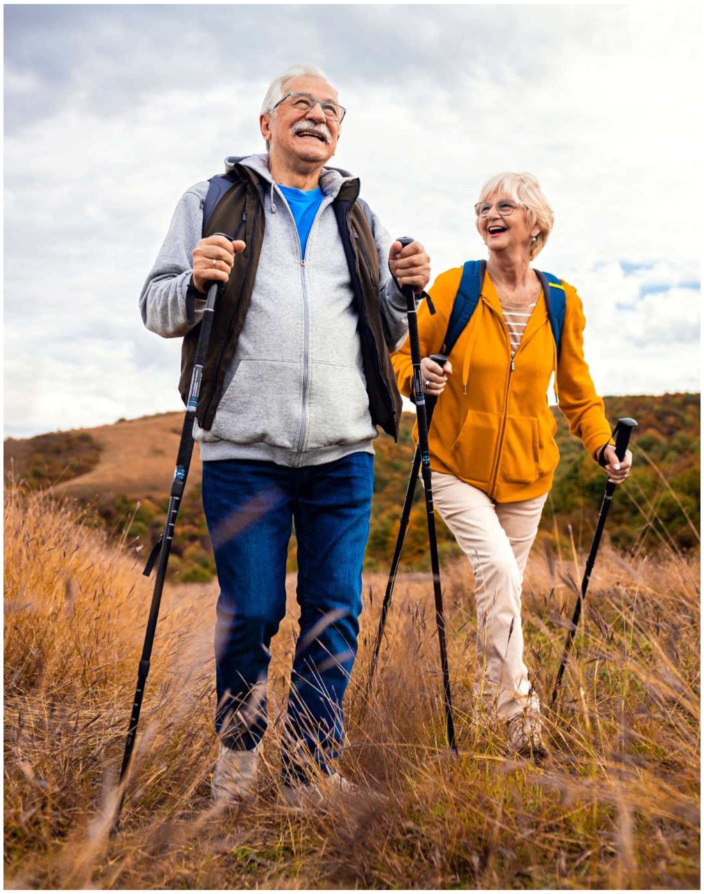
- One year of portfolio withdrawals in cash
- Three to five years of portfolio withdrawals in a CD or short-term fixed-income ladder (which could include fixed annuities)

Maintaining an appropriate allocation of cash and short-term fixed income investments can help you avoid having to sell your stocks in a down market to meet your retirement spending needs.

We also recommend being flexible with your spending should a downturn occur. For example, most retirement spending plans assume you increase your spending each year to account for inflation. Not taking these raises and even potentially decreasing your spending in down years could also help address sequence of returns risk.

If you're still uncomfortable with the heightened sequence of return risk, you could consider additional strategies to reduce or avoid higher withdrawals, such as part-time employment. But, keep in mind, if you start retirement with the intention of delaying benefits and experience a down market in your early retirement years, or if your circumstances change, you can always change your mind and claim benefits sooner (provided you're eligible). You generally can't unwind your claiming decision once you file, though.

Importantly, if you're not on track to meet your retirement goals even when delaying Social Security benefits, you'll need to take additional steps to strengthen your retirement strategy, such as increasing retirement contributions, delaying retirement and/or reducing retirement spending.



The long-term sustainability of Social Security

Concerns over the U.S. debt along with growing numbers of Baby Boomers retiring are causing many to ask whether Social Security will still be around when they need it. While difficult decisions will need to be made, we believe the answer is yes.

If no changes are made to the program, Social Security would need to reduce benefits in 2033, paying out about 79 cents for each dollar of projected benefits, according to the 2024 Board of Trustees Report issued by the Social Security and Medicare trust funds. Proposals, such as raising the age of eligibility or FRA, increasing the payroll tax, adjusting how benefits are increased for inflation or even doing means testing for high-income retirees, could keep the program on solid footing over the long term.

While we cannot predict what, if any, changes may be made, we do believe the program can remain a viable part of a retiree's income by implementing some of the above changes. However, Social Security was never intended to provide for everything. Consequently, it's important to have a well-rounded strategy to provide your income in retirement.

A starting point

Our guidance is intended to serve as a starting point and does not cover all situations. You should obtain a current Social Security statement at ssa.gov and work with your financial advisor to run your specific numbers to understand the impact of claiming at different ages. Additionally, these strategies can get complex. It's important to work with the Social Security Administration for a full discussion of your benefits and options before finalizing your claiming decision.