

2015 Social Security Guide

Delayed Retirement Credits

Benefits increase 2/3 of 1 % a month, or 8 percent a year, for a taxpayer born in 1942 or later.

Age of Client	Increase in Primary Insurance Amount (PIA)
66 Delay to 70	132%
67 Delay to 70	124%
68 Delay to 70	116%
69 Delay to 70	108%

Survivor Benefits*

Age of Survivor	Percentage of Benefit
60	71.5%
61	76.3%
62	81.0%
63	85.8%
64	90.5%
65	95.3%

*Based on an FRA of 66

Benefits for Divorced Spouses*

Ex-spouse must be at least age 62 before applying, but does not have to wait until the other spouse applies for benefits.

- must have been married at least ten years
- must have been divorced at least two years

*does not reduce primary ex-spouse's benefit

Spousal Benefits

The spousal benefit is based on 50% of the other spouse's PIA

Step 1: Take higher wage earner's PIA

Step 2: Multiply by 0.50

Step 3: This equals the "Spousal Base"

Step 4: Take the "Spousal Base" found in Step 3 and subtract the second spouses PIA

Step 5: The difference between 50% of Spouse A's benefits and Spouse B's PIA = The Spousal Benefit

Taxation of Social Security Benefits

Combined Income

	Adjusted gross income (AGI, line 37 on Form 1040)
+	Nontaxable interest
+	Half of Social Security benefits

= Combined Income →

Filing Status	Combined Income	Percent of Income Subject to Taxes
Single, Head of Household, Qualifying Widow	\$25,000 - \$34,000	Up to 50% of Social Security Benefits
Single, Head of Household, Qualifying Widow	More than \$34,000	Up to 85% of Social Security Benefits
Married Filing Joint	\$32,000 - \$44,000	Up to 50% of Social Security Benefits
Married Filing Joint	More than \$44,000	Up to 85% of Social Security Benefits

Common Claiming Strategies at FRA

File and Suspend

- One earner can file for benefits and immediately suspend pmt.
- Makes the husband/wife eligible to collect a spousal benefit
- Generally the higher earner files and suspends
- Allows own benefits to accrue delayed retirement credits

File a Restricted Application

- Also called "restricting the scope of the application"
- Means that only spousal benefits can be collected while own benefits accrue delayed retirement credits.



Empowering your dreams

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FICA/Social Security & Medicare

	Social Security Tax	Medicare Tax	FICA Tax (total)
Employee portion	6.2%	1.45%	7.65%
Employer portion	6.2%	1.45%	7.65%
Totals	12.4%	2.9%	15.3%
Self-employed	12.4%	2.9%	15.3%
Totals	12.4%	2.9%	15.3%

Earned Income Subject to Tax

Year	Max Earned Income Subject to Social Security Tax
2013	\$113,700
2014	117,000
2015	118,500

*Visit our website for upcoming
 Social Security Workshops.*



Full Retirement Age (FRA)

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

Early Retirement Reduction at 62

Year of Birth	Percent of Reduction
1943-1954	25.00%
1955	25.83%
1956	26.67%
1957	27.50%
1958	28.33%
1959	29.17%
1960 or later	30.00%

* 5/9 of 1%: Benefits are reduced by 5/9 of 1% per month, up to a maximum of 36 months, depending on how many months remain until the taxpayer reaches FRA.

* 5/12 of 1%: If a taxpayer is more than 36 months from FRA, the reduction above is applied and for the remaining months until retirement the benefits are reduced to 5/12 of 1%.

Earnings Cap

Retirement Profile	2014	2015
Under full retirement age*	\$15,480	\$15,720
Retires in year when reaches FRA	41,400	41,880
Full retirement age	No cap	No cap

* For workers under full retirement age, \$1 in benefits will be withheld for every \$2 in earnings above the cap.

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 custom Social Security analysis.
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