

# Social Security (Lifetime Planner)

Here is a list of common questions about how the Lifetime Planner handles Social Security.

- **How does retirement age relate to when I start Social Security?**

Changing your retirement age does not affect the Social Security benefits that you will receive. Similarly, changing the year when you expect to begin receiving benefits does not affect your retirement age. In the Planner, the two are independent.

- **How does the Lifetime Planner use Social Security benefits information?**

The Lifetime Planner uses Social Security benefit information (along with other factors) to estimate retirement expense coverage.

- **How are Social Security benefits affected by inflation?**

Three strategies help you calculate how Social Security benefits will increase over time:

- The Lifetime Planner increases your Social Security benefit by the inflation rate (also known as the price inflation factor) that you set in the Average Tax Rate dialog. By using the price inflation factor, the Lifetime Planner is being more conservative than the Social Security Administration.
- The Social Security Administration increases benefits each year by the average wage increase factor up to the year of attainment (age 62), and by price inflation thereafter.

The average wage increase factor is usually about one percentage point greater than the price inflation factor.

- Some people believe that the Social Security Administration may eliminate the cost of living adjustments altogether. If this is what you think will happen, you might want to enter a \$0 per year benefit to be conservative.

- **Under what conditions does the Lifetime Planner reduce my Social Security benefits?**

The Lifetime Planner reduces your Social Security benefits in the following situations:

- **If you tell it to reduce benefits (for a more conservative plan)**

Financial planning experts believe that Social Security benefits may be reduced in the future. To plan conservatively, consider adjusting your estimated benefits to reflect possible future reductions.

To completely remove Social Security benefits from your plan, reduce the estimated benefit by 100 percent.

- **If you have a government pension**

When you enter a government pension in the Retirement Benefits dialog, the Lifetime Planner automatically reduces all nonworker Social Security Benefits by two-thirds of the pension amount. (This applies only if the earnings from government employment are not subject to Social Security taxes.)

- **If you start receiving Social Security benefits on a day other than your birthday**

The Lifetime Planner prorates your Social Security benefits for the first year you receive them, based on your birthday.

- **If you start receiving Social Security benefits before you are 65**

If you or your spouse starts receiving benefits early (before age 65), the Spousal benefits are reduced accordingly.

- **If you work after you start receiving Social Security benefits**

Based on Social Security regulations as of 2001, the Lifetime Planner reduces your Social Security benefits if you work after retirement. The amount your benefits are reduced by depends on your age at the time of your employment.

- If you have not reached your full retirement age, your benefits are reduced by one-half of the income you receive above \$10,680.
- If you are older than your full retirement age, your benefits are not reduced.
- If you are at your full retirement age, your benefits are reduced as follows:
  - In the year 2001, your benefits are reduced by one-third of the income you receive above \$25,000.
  - In the year 2002, your benefits are reduced by one-third of the income you receive above \$30,000.
  - For the years 2003 and for all subsequent years, the threshold amount increases with inflation.

## Notes

For specific Social Security information regarding benefits and eligibility, consult a financial advisor or the [Social Security website](#).

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