



2017 Social Security Reference Guide

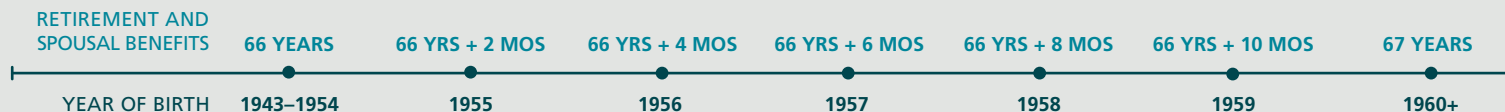


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FULL RETIREMENT AGE (FRA)



MILESTONE AGES

- 50** Catch-up contributions for IRA, 401(k), 403(b) and other employer sponsored retirement plans
- 55** Penalty-free withdrawals from 401(k) if separated from service
Additional contributions for Health Savings Accounts
- 59½** Penalty-free withdrawals from IRA
- 60** Minimum Social Security survivor benefits
- 62** Minimum Social Security retirement benefits
Minimum Social Security spousal benefits
- 65** Medicare begins
HSA penalty-free withdrawals for non-qualified medical expenses¹ (*qualified medical expenses are tax free*)
- 66** Full retirement age for retirees and spouses born 1943–1954
Maximum spousal benefits for spouses born 1943–1954
Maximum survivor benefits for survivors born 1945–1956
- 67** Full retirement age for retirees born 1960 or later
Maximum spousal benefits for spouses born 1960 or later
Maximum survivor benefits for survivors born 1962 or later
- 70** Maximum Social Security retirement benefit
- 70½** Required minimum distributions for traditional IRAs and some retirement plans

Sources: Social Security Administration, IRS.

¹ Please contact a tax advisor for information on qualified medical expenses.

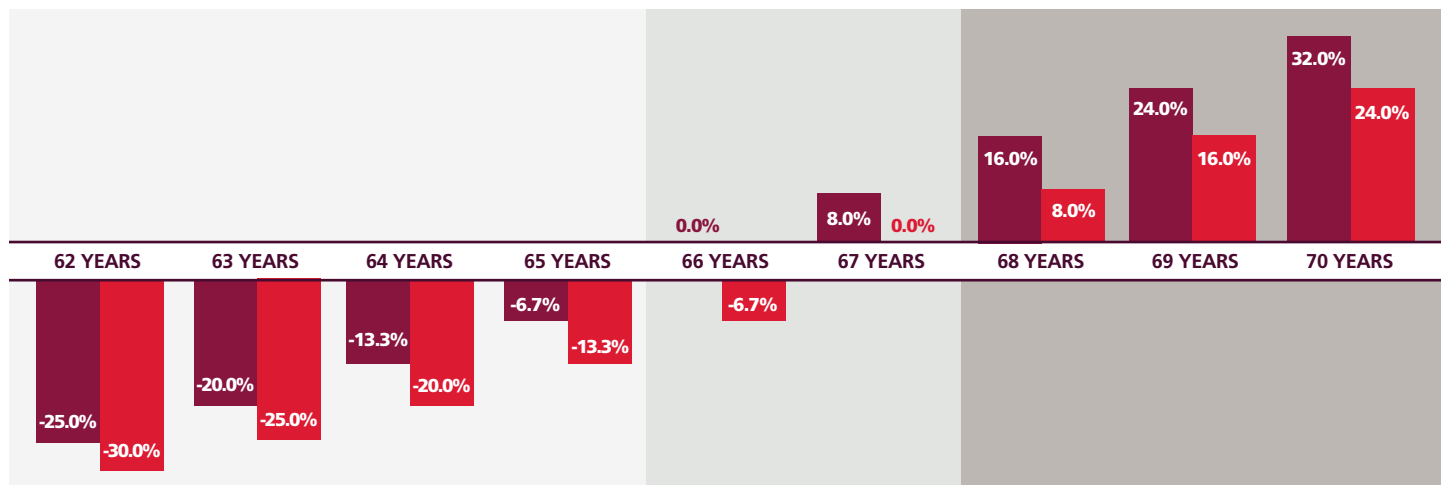
REQUIREMENTS TO QUALIFY FOR SOCIAL SECURITY RETIREMENT BENEFITS

40 You must work for at least 40 quarters to be eligible for Social Security retirement benefits

35 Your Social Security retirement benefits are averaged over your 35 highest-earning years

RETIREMENT BENEFIT INCREASES & DECREASES

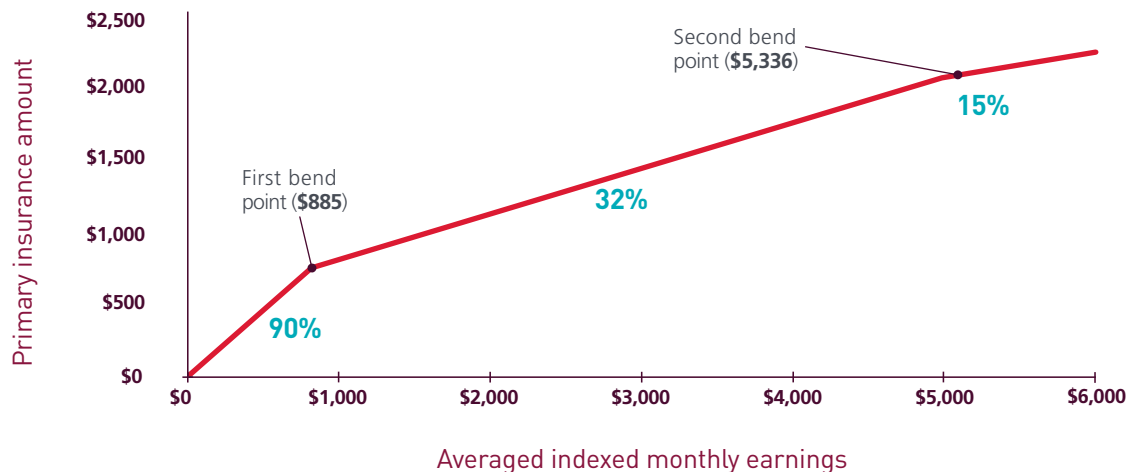
■ Full Retirement Age 66 ■ Full Retirement Age 67



Source: Social Security Administration.

PRIMARY INSURANCE AMOUNT (PIA)

PIA is the Social Security retirement benefit at full retirement age (FRA). It is the sum of three separate percentages of average indexed monthly earnings (AIME). For 2017, the percentages (bend points) are shown below.

► BEND POINT 1**90% OF THE FIRST \$885 OF AIME****► BEND POINT 2****32% OF AIME OVER \$885
AND THROUGH \$5,336****► BEND POINT 3****15% OF AIME OVER \$5,336**

Source: Social Security Administration.

COST OF LIVING NUMBERS FOR 2017

Earnings requirement to qualify
for Social Security credits

EMPLOYEE:

\$1,300

per quarter

SELF-EMPLOYED:

\$5,200

per calendar year

Maximum taxable earnings

SOCIAL SECURITY:

\$127,200

MEDICARE:

NO LIMIT

Work and Social Security (earnings test)*

AGE	2017 EARNINGS LIMITS	WITHHOLDING
THROUGH THE YEAR BEFORE TURNING FULL RETIREMENT AGE	\$16,920 (\$1,410 per month)**	Withheld by \$1 for every \$2 of earnings above the limit
IN YEAR OF TURNING FULL RETIREMENT AGE	\$44,880 (\$3,740 per month)**	Withheld by \$1 for every \$3 of earnings above the limit

Average and maximum monthly benefits (2017)

► **MAXIMUM MONTHLY
RETIREMENT BENEFIT
AT AGE 66**

\$2,687

► **AVERAGE MONTHLY
BENEFIT FOR RETIRED
WORKER**

\$1,360

► **AVERAGE MONTHLY
WIDOW(ER)
BENEFIT**

\$1,300

► **AVERAGE MONTHLY BENEFIT
FOR RETIRED COUPLE,
WHO BOTH WORKED**

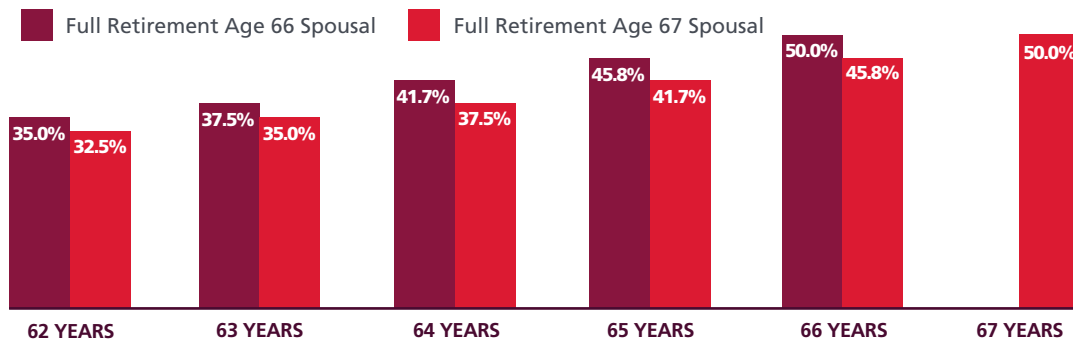
\$2,260

*Earnings test applies to any benefit (retirement, spousal, survivor, divorcee) received before full retirement age.

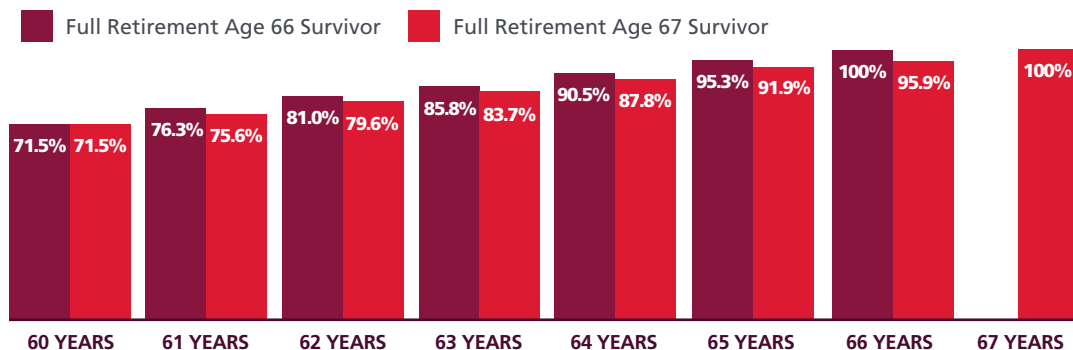
**Special earnings monthly limit may apply the first calendar year.

SPOUSAL & SURVIVOR PERCENTAGES

FRA for **spousal benefits** is age 66 for anyone born 1943–1954. It increases by two months for every year from 1955 to 1959. FRA is age 67 for anyone born 1960+.



FRA for **survivor benefits** is age 66 for anyone born 1945–1956. It increases by two months for every year from 1957 to 1961. FRA is age 67 for anyone born 1962+.



Source: Social Security Administration.

COMPARISON OF SPOUSAL & SURVIVOR BENEFITS

	SPOUSAL	SURVIVOR
MINIMUM BENEFIT	32.5%–35.0% at age 62	71.5% at age 60
MAXIMUM BENEFIT BASED ON:	Your spouse's retirement benefit at his or her full retirement age (FRA)	Age at which your spouse claims his or her retirement benefit (see page 9)
IF YOUR SPOUSE CLAIMS BEFORE FRA	<ul style="list-style-type: none"> Does not reduce spousal 	<ul style="list-style-type: none"> May reduce survivor
IF YOUR SPOUSE CLAIMS AFTER FRA	<ul style="list-style-type: none"> Does not increase spousal 	<ul style="list-style-type: none"> Increases survivor
IF YOU CLAIM YOUR RETIREMENT BENEFIT BEFORE FRA	<ul style="list-style-type: none"> Reduces maximum spousal 	<ul style="list-style-type: none"> Does not reduce maximum survivor
BENEFIT SWITCH-UP AVAILABLE BEFORE FRA?	No. You must be at FRA when first applying for any benefit to be eligible for spousal switch-up. Available if your date of birth is 1/1/1954 or earlier.	Yes. (see page 9)

Earnings test applies to any benefit received before full retirement age.

LENGTH-OF-MARRIAGE REQUIREMENTS

▶ SPOUSAL BENEFIT

1 continuous year just before filing for benefits

▶ SURVIVOR BENEFIT

At least the 9 months just before the worker dies

▶ DIVORCED BENEFIT

10 years

▶ CHILD-IN-CARE BENEFIT

No length-of-marriage requirements

REQUIREMENTS TO RECEIVE A SPOUSAL BENEFIT

▶ YOUR AGE

Minimum age is 62

▶ YOUR SPOUSE

Your spouse must be receiving a retirement or disability benefit (or filed and suspended before April 29, 2016)

▶ BASED ON

Your spouse's retirement benefit at their full retirement age and your age when you first apply for any Social Security benefit

▶ BOTH SPOUSES WORKED

Generally receive greater of your retirement or spousal benefit; only one spouse at a time can receive a spousal benefit

Source: Social Security Administration.

SPOUSAL STRATEGIES

	YOU APPLY BEFORE FULL RETIREMENT AGE	YOU APPLY AT OR AFTER FULL RETIREMENT AGE
SPOUSE HAS NOT APPLIED FOR RETIREMENT BENEFITS	<p>Start with reduced retirement benefit</p> <p>When spouse applies, you may receive excess spousal benefit = (your spousal benefit at full retirement age – your retirement benefit at full retirement age)</p>	<p>Start with full retirement benefit (plus credits, if available)</p> <p>When spouse applies for retirement benefit: eligible for full spousal benefit (if higher)</p>
SPOUSE HAS APPLIED FOR RETIREMENT BENEFITS	<p>Receive greater of reduced retirement or reduced spousal benefit</p>	<p>Receive greater of retirement or spousal benefit</p> <p>Additional option if DOB is 1/1/1954 or earlier: restricted application (start with spousal benefit, switch to retirement benefit at later date)</p>

ADVANCED SPOUSAL STRATEGIES

	AVAILABILITY	WHO RECEIVES SPOUSAL BENEFITS	QUALIFICATIONS
FILE & SUSPEND	Must have elected by April 29, 2016	Your spouse Because you filed, your spouse is eligible for a spousal benefit	Must be age 66 to file and suspend
RESTRICTED APPLICATION	Must be born before January 1, 1954*	You	<p>Must be age 66 when applying for any benefit</p> <p>Spouse must have applied for their retirement benefit (or filed and suspended before April 29, 2016)</p>
IN BOTH CASES, THE RETIREMENT BENEFIT WILL ACCRUE IN VALUE BY 8% PER YEAR FROM AGE 66 UNTIL AGE 70.			

* If born after January 1, 1954: receive greater of retirement or spousal benefit.

SURVIVOR BENEFITS

DECEASED CLAIMED BEFORE PASSING

Deceased claimed before full retirement age (FRA)
Widow(er) limit may apply

Deceased claimed at or after full retirement age (FRA)
Widow(er) benefit based on amount deceased was receiving at death

DECEASED DID NOT CLAIM BEFORE PASSING

Deceased passed away before full retirement age (FRA)
Widow(er) benefit based on deceased's retirement benefit at FRA

Deceased passed away at or after full retirement age (FRA)
Widow(er) benefit based on deceased's retirement benefit at FRA plus any credits

WIDOW(ER) LIMIT

Use this formula if the deceased claimed before Full Retirement Age

SURVIVING SPOUSE RECEIVES LESSER OF:

Widow(er)'s percent based off deceased's FRA benefit
See page 5 for widow(er)'s percent

Benefit deceased was receiving at death

GREATER OF:

82.5% of deceased's FRA benefit

WIDOW(ER) SWITCH-UP OPTIONS*

START WITH REDUCED WIDOW(ER) / SWITCH TO RETIREMENT

- ▶ Start with reduced widow(er) as early as age 60
- ▶ Switch to retirement benefit at any time between age 62 and 70

START WITH REDUCED RETIREMENT / SWITCH TO FULL WIDOW(ER)

- ▶ Start with reduced retirement benefit as early as age 62
- ▶ Switch to widow(er) benefit at any time
Maximum widow(er) benefit at full retirement age

* Earnings limit applies to any benefit received before full retirement age.

Source: Social Security Administration.

TYPES OF WIDOW(ER) BENEFITS

	AGED WIDOW(ER)	CHILD-IN-CARE WIDOW(ER)	DISABLED WIDOW(ER)
DEFINITION	Age 60 or older Worker died fully insured	Has a child in care under 16 or disabled Worker died fully or currently insured	Aged 50–59 and disabled Worker died fully insured
MARITAL STATUS	Unmarried or remarried after age 60 If divorced, marriage lasted 10+ years	Unmarried If divorced, marriage does not need to equal or exceed ten years	Unmarried Or remarried after age 50 and after onset of disability If divorced, marriage lasted 10+ years
MAXIMUM BENEFIT	100% of deceased's benefit	75% of deceased's benefit at FRA	71.5% of deceased's benefit at FRA
FACTORS THAT MAY AFFECT BENEFIT AMOUNT	Earnings test Reduced if widow(er) claims before FRA Widow(er) limit may apply if deceased claimed before FRA Increased if deceased claimed after FRA	Earnings test Family maximum (150%–187.5% of deceased's benefit at FRA)	Earnings test

Earnings limit applies to any benefit received before full retirement age.

REQUIREMENTS TO RECEIVE A DIVORCEE BENEFIT

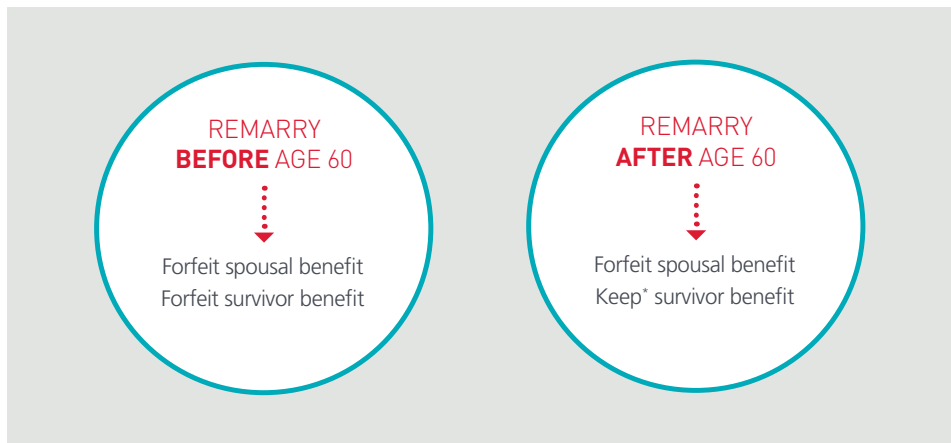
	SPOUSAL	SURVIVOR
AGE FOR BENEFIT	62 or older	60 or older
LENGTH OF MARRIAGE	10 years	10 years
YOUR CURRENT MARITAL STATUS	Unmarried	Unmarried or remarried after age 60
YOUR FORMER SPOUSE	Former spouse must be age 62 or disabled Former spouse does not need to apply for a retirement benefit*	Must qualify for retirement or disability benefits
IF BOTH SPOUSES WORKED	Generally receive greater of your retirement or spousal benefit	Receive greater of your retirement or deceased's retirement benefit
REQUIREMENTS FOR SWITCH-UP	Must be age 66 when first applying for any benefit and born on or before January 1, 1954	Start with reduced survivor, switch to retirement Or, start with reduced retirement, switch to full survivor

Earnings limit applies to any benefit received before full retirement age.
*Must be divorced for two consecutive years (if divorce was less than two years ago, former spouse needs to apply in order for you to receive a spousal).

Source: Social Security Administration.

REMARRIAGE

- ▶ **If your former spouse remarries**, it does not affect your divorcee benefits.
- ▶ **If you remarry and your second marriage ends** (either through divorce, annulment or death), you may become re-entitled to benefits off of the first marriage.



* Receive greater of spousal/survivor benefit of current spouse, your retirement benefit or survivor benefit of former spouse.

WINDFALL ELIMINATION PROVISION & GOVERNMENT PENSION OFFSET

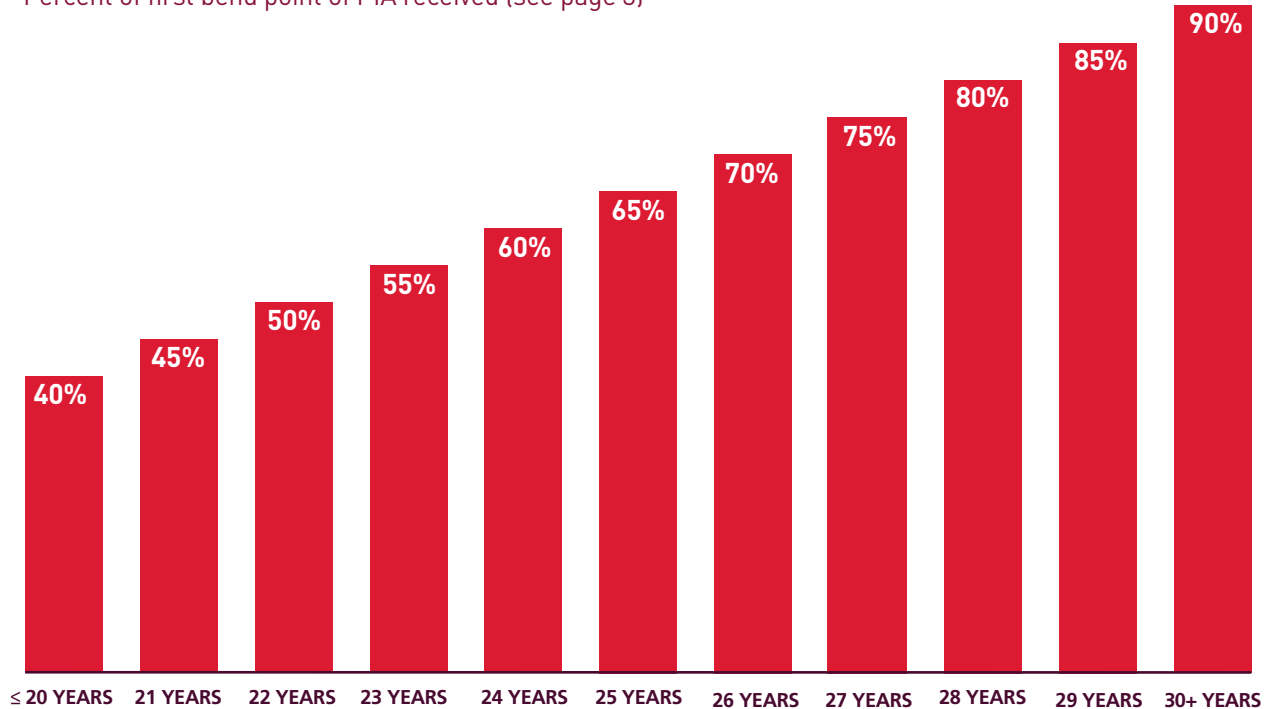
	WINDFALL ELIMINATION PROVISION (WEP)	GOVERNMENT PENSION OFFSET (GPO)
WHO IT AFFECTS	Work for an employer who does not withhold Social Security taxes (e.g., government agency or employer in another country)	Receive pension from a federal, state or local government based on work for which you didn't pay Social Security taxes
WHAT IT MAY REDUCE	Retirement benefit Spousal benefit based off of you Survivor benefit is not reduced	Spousal benefit Survivor benefit
CALCULATION	First bend point of PIA may be reduced from 90% to 40% (see page 3)	Reduce spousal/survivor benefits by two-thirds of government pension
MAXIMUM REDUCTION	\$442.50 per month if you applied in 2017 Reduction cannot exceed 50 percent of the amount of the pension received from noncovered employment.	May fully or partially eliminate spousal and survivor benefit

WEP does not apply to benefits from foreign Social Security systems that are based on a "totalization" agreement with the United States.

Source: Social Security Administration.

YEARS OF SUBSTANTIAL EARNINGS FOR WINDFALL ELIMINATION PROVISION

Percent of first bend point of PIA received (see page 3)



FEDERAL RETIREMENT PLANS

	CIVIL SERVICE RETIREMENT SYSTEM (CSRS)	CIVIL SERVICE RETIREMENT SYSTEM (CSRS) OFFSET	FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS)
DATE OF HIRE	Hired prior to 01/01/1984 Or rehired after a break in service of less than one year from CSRS	Rehired after a break in service of more than one year and with at least five years of creditable civilian service by 01/01/1987	Hired on or after 01/01/1984 Or rehired after a break in service greater than one year but with less than five years of creditable CSRS civilian service Or transferred to FERS from CSRS
SUBJECT TO WEP OR GPO	WEP and GPO	Neither	Neither*
SOCIAL SECURITY COVERAGE	No	Yes. CSRS annuity computed under same rules as other CSRS retirees. When eligible for Social Security benefits (usually at age 62), CSRS annuity is offset by value of Social Security benefit earned during CSRS Offset service.	Yes. For certain FERS employees who retire and are entitled to immediate annuity before age 62, OPM pays "retiree annuity supplement" that substitutes for Social Security part of FERS. It is paid only until age 62, regardless of when retiree applies for Social Security.

* WEP: If an annuity based on CSRS service was transferred to FERS, WEP rules may apply to that portion. GPO: Must have elected to transfer to the FERS before 01/01/1988, or during belated transfer period ending 06/30/1988. Employees covered by CSRS and who elected FERS coverage after 06/30/1988 must have five years of federal employment covered by Social Security to be exempt from the offset.

Source: Office of Personnel Management.

MILITARY & RAILROAD RETIREMENT PLANS

SOCIAL SECURITY
COVERAGE

MILITARY

Since 1957, active duty (including active duty for training) covered under Social Security.

Since 1988, inactive duty covered under Social Security.

From 1957 through 2001, special earnings credits granted for periods of active duty or active duty for training.

RAILROAD

RETIREMENT

Tier 1: Based on earnings an employee acquired under both railroad and Social Security covered employment. Uses Social Security formula but with railroad age and service requirements.*

Tier 2: Based on railroad earnings. Similar in concept to defined benefit plan.

SPOUSAL

Tier 1: Spouse receives up to 50% of retiree's Tier 1 basic benefit.**

Tier 2: Spouse receives up to 45% of employee's Tier 2 basic benefit.

SURVIVOR

Tier 1: Survivor receives up to 100% of deceased's Tier 1 benefit.**

Tier 2: Survivor may receive percent of deceased's Tier 2 amount.

* Tier 1 benefits reduced by amount of any Social Security benefit paid on the basis of non-railroad employment. Tier 1 benefits also reduced for any Social Security benefit an employee receives that is based on earnings of their spouse.

** Tier 1 portion of spouse or survivor annuity is reduced for any Social Security benefit, even if Social Security benefit is based on the spouse's or survivor's own earnings. Tier 1 portion of spouse or survivor annuity may also be reduced for receipt of Federal, State or local government pension based on the spouse's or survivor's earnings.

DISABILITY BENEFITS

RECENT WORK TEST

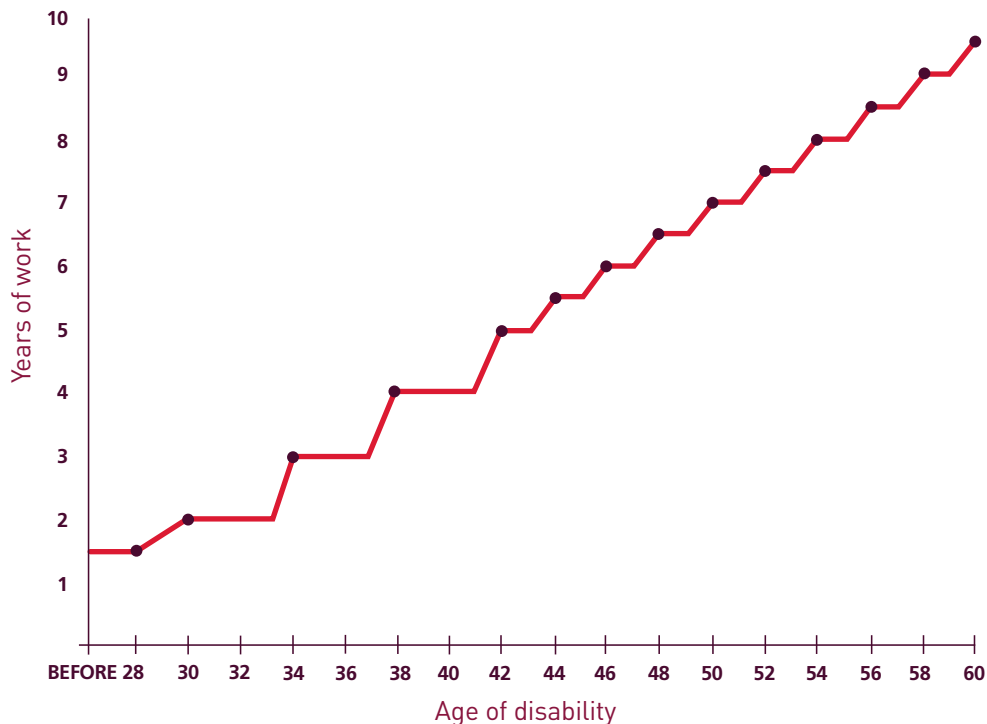
A recent work test is a test to show if you worked within a certain timeframe before becoming disabled

- ▶ **DISABLED BEFORE AGE 24**
1.5 years of work required during three-year period ending with the quarter that disability began
- ▶ **DISABLED BETWEEN AGES 24 AND 31**
Work required during half the time for period beginning with quarter after turning 21 and ending with quarter that disability began
- ▶ **DISABLED AT AGE 31 OR AFTER**
Work 5-out of 10-year period ending with the quarter that disability began

Source: Social Security Administration.

REQUIRED WORK CREDITS FOR DISABILITY BENEFITS

Test that you worked a certain duration before you became disabled



SOCIAL SECURITY DISABILITY INSURANCE (SSDI) VERSUS SUPPLEMENTAL SOCIAL INSURANCE (SSI)

	SOCIAL SECURITY DISABILITY INSURANCE (SSDI)	SUPPLEMENTAL SOCIAL INSURANCE (SSI)
QUALIFICATIONS	Based on recent work history	Must have limited income and resources
FULL RETIREMENT AGE (FRA)	At FRA, amount does not change Funding switches from disability trust funds to retirement trust funds	Assuming assets, income and life circumstances do not change, dollar amount will not change
DEPENDENTS' ELIGIBILITY	May entitle children and spouse to Social Security benefits	Does not entitle children and spouse to Social Security benefits
HEALTH INSURANCE	Medicare after two years of disability	Medicaid

Source: Social Security Administration.

ELIGIBILITY FOR FAMILY BENEFITS

QUALIFYING EVENT

- ▶ Disablement
- ▶ Retirement
- ▶ Death

CHILDREN QUALIFICATION

- ▶ Unmarried
- ▶ Younger than age 18
- ▶ Or 18–19 years old and a full-time student (no higher than grade 12)
- ▶ Or 18 or older and disabled (disability must have started before age 22)

CHILD-IN-CARE SPOUSE / WIDOW(ER) QUALIFICATIONS

- ▶ Caring for child who is under age 16 or disabled
- ▶ Benefits end if child-in-care spouse/widow(er) remarries

MAXIMUM FAMILY BENEFITS

	CHILDREN'S BENEFIT	CHILD-IN-CARE SPOUSAL / WIDOW(ER) BENEFIT	FAMILY MAXIMUM
IF PARENT IS DISABLED	Up to 50% of disability benefit	Up to 50% of disability benefit	100–150% of worker's PIA
IF PARENT IS RETIRED	Up to 50% of full retirement benefit	Up to 50% of full retirement benefit	150–188% of worker's PIA
IF PARENT IS DECEASED	Up to 75% of deceased parent's basic Social Security benefit	Up to 75% of deceased parent's basic Social Security benefit	150–188% of worker's PIA

IF TOTAL AMOUNT PAYABLE TO ALL FAMILY MEMBERS EXCEEDS FAMILY MAXIMUM LIMIT, EACH PERSON'S BENEFIT IS REDUCED PROPORTIONATELY (EXCEPT RETIRED/DISABLED PARENT'S BENEFIT) UNTIL TOTAL EQUALS FAMILY MAXIMUM.

Sources: Social Security Bulletin, Social Security Handbook, Social Security Administration.

NON-QUALIFIED DEFERRED COMPENSATION & EXECUTIVE COMPENSATION

The chart below describes whether wages are credited to the Social Security earnings record. Contact IRS for information on taxation.

	WAGES CREDITED TO SOCIAL SECURITY EARNINGS RECORD
NQ DEFERRED COMP: NO RISK OF FORFEITURE	Payments to plan are wages for Social Security purposes when services are performed and amount deferred.
NQ DEFERRED COMP: RISK OF FORFEITURE LAPSES AT RETIREMENT	All past contributions to plan (or value of the plan), including any accumulated interest, are wages in year of retirement.
NQ DEFERRED COMP: RISK OF FORFEITURE LAPSES BEFORE RETIREMENT	All past contributions to plan (or the value of plan), including any accumulated interest, are wages in the year the point is reached. If employee continues working, future employer contributions are wages as they are paid to plan.
STOCK BONUS PLAN	Count the fair market value of the stock if not tax exempt.
STOCK OPTION PLAN	Count as wages the difference between the fair market value of stock at the time the option is exercised and option price. Count in the period the option was granted.
NET UNREALIZED APPRECIATION (NUA)	The portion that represents NUA and is attributable to employee contributions is viewed as a resource (not as wages).

Sources: Social Security Bulletin, Social Security Handbook, Social Security Administration.

DETERMINING THE TAXABLE PORTION OF SOCIAL SECURITY

	SINGLE	MARRIED FILING JOINTLY
SOCIAL SECURITY BENEFITS NOT INCLUDED IN INCOME	< \$25,000 of combined income	< \$32,000 of combined income
UP TO 50% OF SOCIAL SECURITY BENEFITS INCLUDED IN INCOME & TAXED	\$25,000–\$34,000 of combined income	\$32,000–\$44,000 of combined income
50%–85% OF SOCIAL SECURITY BENEFITS INCLUDED IN INCOME & TAXED	> \$34,000 of combined income	> \$44,000 of combined income

Sources: IRS.gov, Social Security Administration.

COMBINED INCOME



WHAT COMBINED INCOME DOES NOT INCLUDE

- ▶ Roth IRA and Roth 401(k)
- ▶ Life insurance proceeds
- ▶ Qualified charitable distributions
- ▶ Inheritance & Gifts
- ▶ Nontaxable portion of pensions & annuities
- ▶ HSA withdrawals for qualified medical expenses

FICA TAXES

	EMPLOYEE	EMPLOYER	TOTAL
SOCIAL SECURITY	6.20%	6.20%	12.40%
MEDICARE	1.45%*	1.45%*	2.90%*
TOTAL	7.65%*	7.65%*	15.30%*

† Examples may include municipal bond income, income from savings bonds to pay for higher education and deductions for qualified educational loans. This is not an all-encompassing list.

* Does not include Additional Medicare Tax of .9% on earnings over \$200,000 (\$250,000 for married couples filing jointly).

Sources: IRS.gov, Social Security Administration.

MEDICARE TAXES ON EARNINGS

EARNINGS THRESHOLDS	EMPLOYEE	EMPLOYER	TOTAL
SINGLE < \$200,000 MARRIED FILING JOINTLY < \$250,000 MARRIED FILING SEPARATELY < \$125,000	1.45% on earnings < threshold	1.45% on earnings < threshold	2.9% on earnings < threshold
SINGLE > \$200,000 MARRIED FILING JOINTLY > \$250,000 MARRIED FILING SEPARATELY > \$125,000	2.35% on earnings > threshold	1.45% on earnings > threshold	3.8% on earnings > threshold

MEDICARE, SOCIAL SECURITY & HSA NUANCES

Medicare & Social Security

Cannot refuse Medicare Part A if age 65 and receiving Social Security

Medicare & HSA

Cannot make contributions to HSA if receiving Medicare

Medicare & Hold Harmless

Social Security payments not reduced if Part B premium increases

EXCEPTIONS:

- ▶ New enrollees to Medicare Part B
- ▶ Modified Adjusted Gross Income (MAGI) > \$85,000 single (\$170,000 married filing jointly)
- ▶ Not receiving Social Security benefits
- ▶ Part D premiums may increase regardless of income

Sources: Medicare, IRS.gov, Social Security Administration.

MEDICARE PART B & D PREMIUMS FOR 2017

INDIVIDUAL TAX RETURN IN 2015	JOINT TAX RETURN IN 2015	PART B PREMIUM PER PERSON	PART D PREMIUM PER PERSON
< \$85,000	< \$170,000	\$134.00	Plan premium
\$85,000–\$107,000	\$170,001–\$214,000	\$187.50	\$13.30 + plan premium
\$107,001–\$160,000	\$214,001–\$320,000	\$267.90	\$34.20 + plan premium
\$161,000–\$214,000	\$321,001–\$428,000	\$348.30	\$55.20 + plan premium
\$214,001+	\$428,001+	\$428.60	\$76.20 + plan premium

IF YOU PAY YOUR PART B PREMIUM THROUGH YOUR MONTHLY SOCIAL SECURITY BENEFIT, YOU MAY PAY LESS (\$109 ON AVERAGE). IF NOT COVERED UNDER HOLD HARMLESS, MAY PAY HIGHER 2017 PREMIUMS. PREMIUMS BASED ON MAGI FROM TWO YEARS AGO.

Source: Medicare.gov.



This is not meant to be a comprehensive guide. For informational use only. MFS does not provide tax, legal, accounting or Social Security advice. Contact the Social Security Administration at 1-800-772-1213 or www.ssa.gov to determine the benefits that may be available to you and your spouse.

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