CERTIFIED FINANCIAL PLANNER

Social Security Benefit Recommendations

Prepared especially for

Male and Female HighNetWorth

Contents

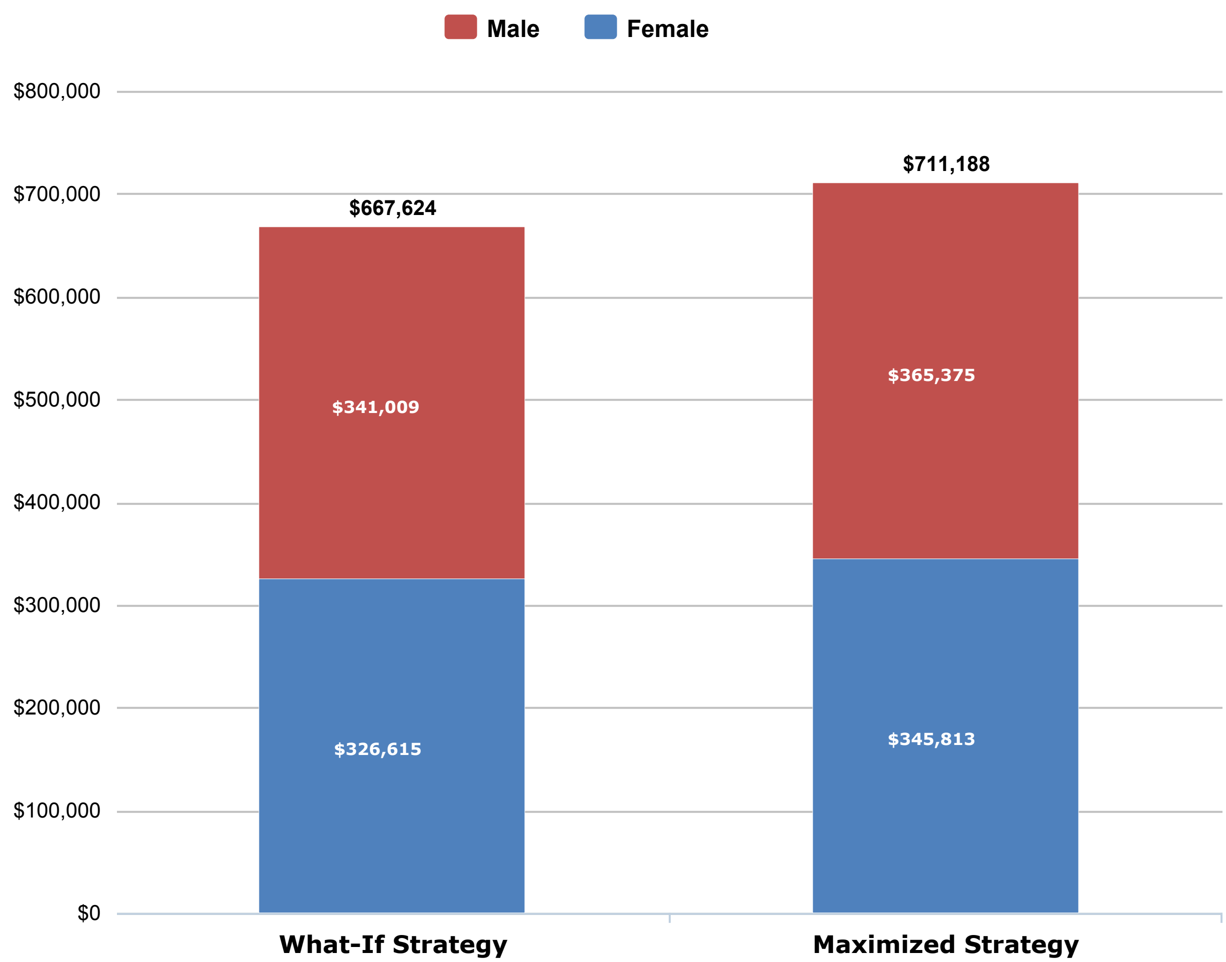
Disclaimer

This report is designed to give you input in mapping out your financial future, but should not be acted upon as a complete financial plan. This report is simply a tool for helping you think through your economic futures.

The "recommendations" should be viewed as informative inputs into your own decision-making. This report neither provides economic, financial nor tax advice, which can only be delivered to you by authorized professionals.

The Social Security benefit estimates produced ARE ONLY ESTIMATES. Only the Social Security Administration can tell you precisely the benefits to which you are or will be eligible and the amounts you will receive. The estimates provided here may differ from the correct amounts due to mistakes in our computer code of which we are unaware or because of legislated changes in Social Security provisions of which we are unaware or because of delays in our updating our computer code for changes in Social Security provisions.

Your Maximized Lifetime Benefits



We examined 27,819 collection strategies to find the one that maximizes your lifetime benefits.

Lifetime benefits using **Maximized** strategy:	$711,188
Lifetime benefits using **What-If** strategy:	$667,624
Using **Maximized** strategy, lifetime benefits increase by:	$43,564

Filing Dates for Maximized Benefits

- Male files for spousal benefits in Dec 2015, the year Male turns 65.
- Male files for retirement benefits in Dec 2019, the year Male turns 69.
- Female files for retirement benefits in Dec 2014, the year Female turns 63. *
- Female files for widow(er)'s benefits in Dec 2040, the year Female turns 89.

All amounts are in today's dollars. Lifetime benefits are calculated as the present value of all future benefits assuming you live through your maximum age of life. Discounting is non-actuarial and is based on the real rate of return implied by your assumed nominal rate of return and inflation rate.

* Our solution assumes you took this action at the most advantageous date, which is in the past. Taking this action now does not alter our results.

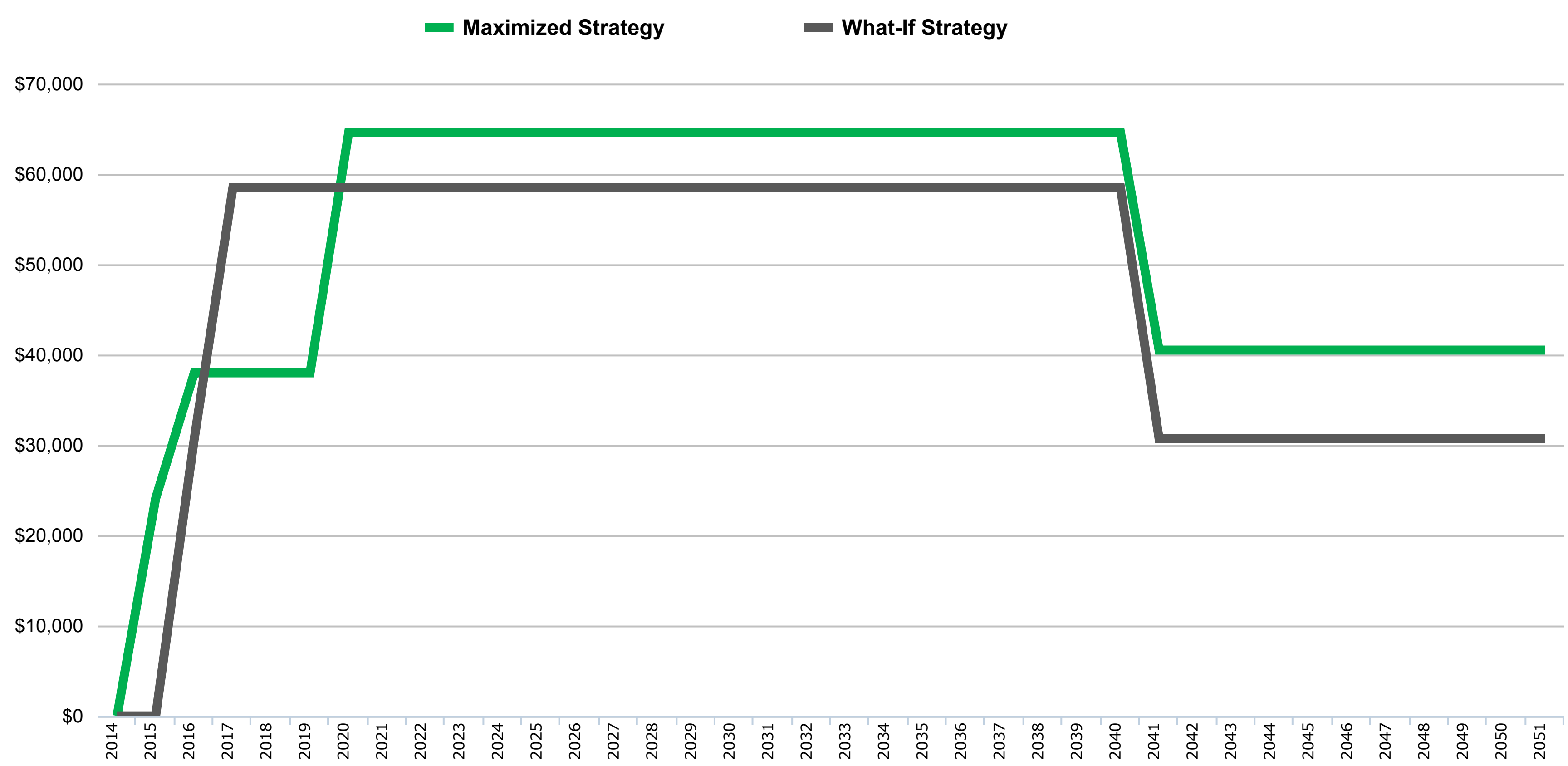
Maximized Strategy Dates

	Retirement Benefit	Spousal Benefit	Survivor Benefit	Present Value
Male's:	Dec 2019 (69)	Dec 2015 (65)	N/A	$365,375
Female's:	Dec 2014 (63)	N/A	Dec 2040 (89)	$345,813
Total:				$711,188

What-If Strategy Dates

	Retirement Benefit	Spousal Benefit	Survivor Benefit	Present Value
Male's:	Dec 2015 (65)	Dec 2016 (66)	Dec 2015 (65)	$341,009
Female's:	Dec 2016 (65)	Dec 2016 (65)	Dec 2040 (89)	$326,615
Total:				$667,624

Household Annual Benefits Details

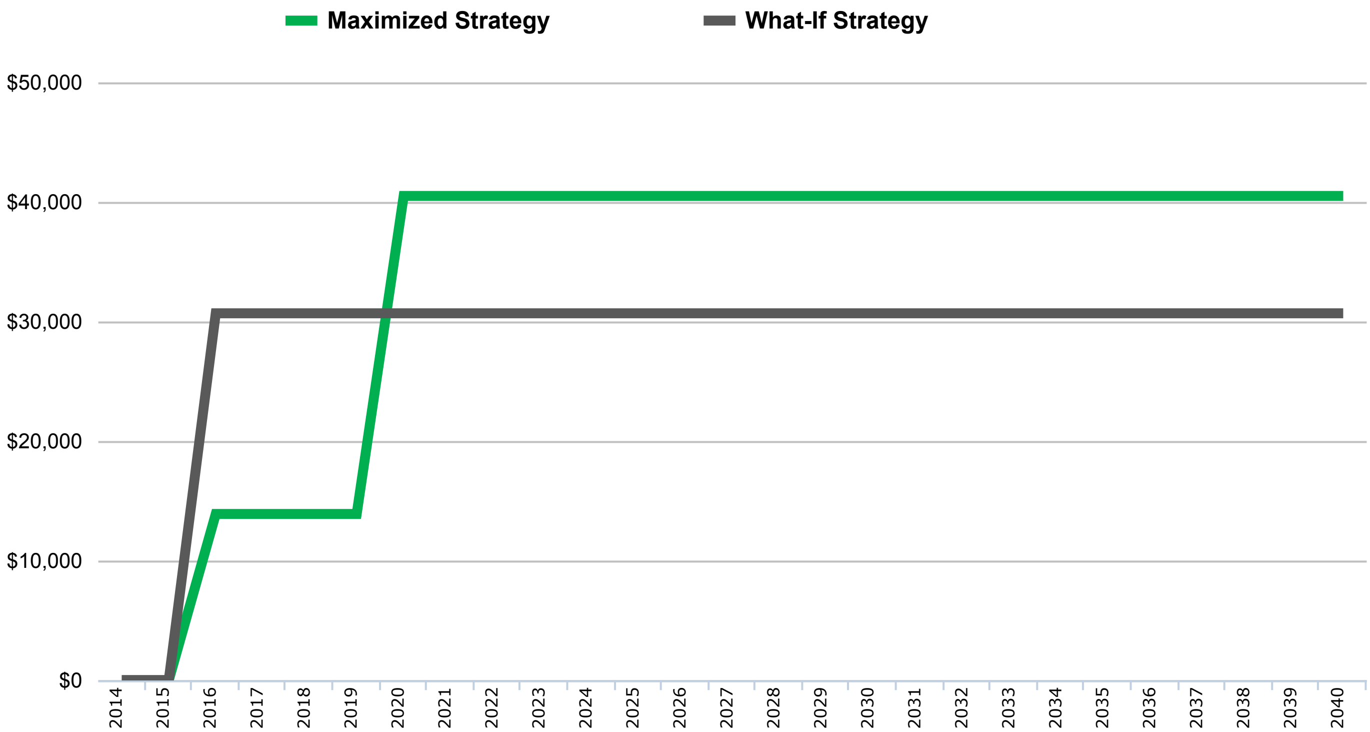


Comparison of What-If and Maximized Annual Household Benefits

Year	Ages		Male		Female		Total	
	Male	Female	What-If	Maximized	What-If	Maximized	What-If	Maximized
2014	64	63	$0	$0	$0	$0	$0	$0
2015	65	64	$0	$0	$0	$24,088	$0	$24,088
2016	66	65	$30,679	$13,897	$0	$24,088	$30,679	$37,985
2017	67	66	$30,679	$13,897	$27,793	$24,088	$58,472	$37,985
2018	68	67	$30,679	$13,897	$27,793	$24,088	$58,472	$37,985
2019	69	68	$30,679	$13,897	$27,793	$24,088	$58,472	$37,985
2020	70	69	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2021	71	70	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2022	72	71	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2023	73	72	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2024	74	73	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2025	75	74	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2026	76	75	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2027	77	76	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2028	78	77	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2029	79	78	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2030	80	79	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2031	81	80	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2032	82	81	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2033	83	82	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2034	84	83	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2035	85	84	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2036	86	85	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2037	87	86	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584

Year	Ages		Male		Female		Total	
	Male	Female	What-If	Maximized	What-If	Maximized	What-If	Maximized
2038	88	87	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2039	89	88	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2040	90	89	$30,679	$40,496	$27,793	$24,088	$58,472	$64,584
2041		90			$30,679	$40,496	$30,679	$40,496
2042		91			$30,679	$40,496	$30,679	$40,496
2043		92			$30,679	$40,496	$30,679	$40,496
2044		93			$30,679	$40,496	$30,679	$40,496
2045		94			$30,679	$40,496	$30,679	$40,496
2046		95			$30,679	$40,496	$30,679	$40,496
2047		96			$30,679	$40,496	$30,679	$40,496
2048		97			$30,679	$40,496	$30,679	$40,496
2049		98			$30,679	$40,496	$30,679	$40,496
2050		99			$30,679	$40,496	$30,679	$40,496
2051		100			$30,679	$40,496	$30,679	$40,496

Male's Annual Benefit Details



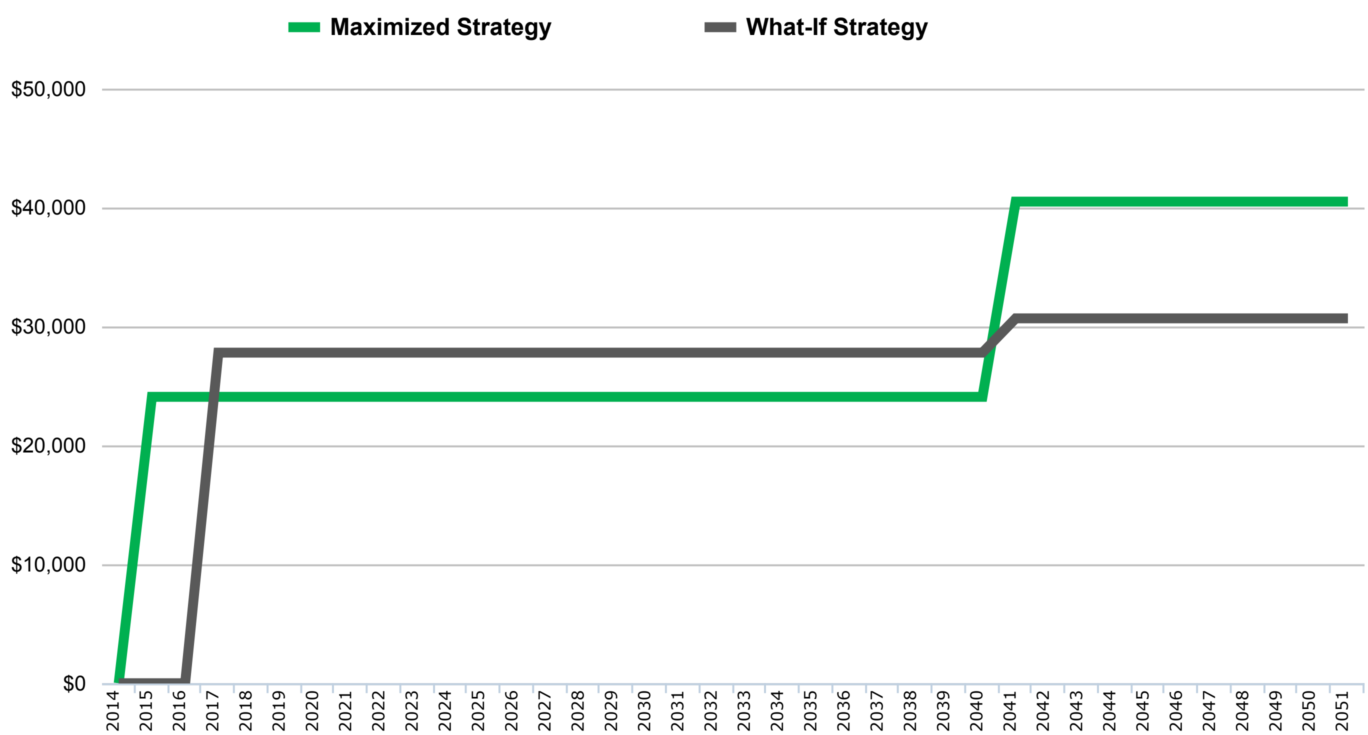
Male's Details - Annual Maximized Benefits

Year	Male's Age	Retirement Benefits	Spousal Benefits	Survivor Benefits	Children's Benefits	Earnings Deduction	Net Benefit
2014	64	$0	$0	$0	$0	$0	$0
thru							
2016	66	$0	$13,897	$0	$0	$0	$13,897
thru							
2020	70	$40,496	$0	$0	$0	$0	$40,496
thru							
2040	90	$40,496	$0	$0	$0	$0	$40,496

Male's Details - Annual What-If Benefits

Year	Male's Age	Retirement Benefits	Spousal Benefits	Survivor Benefits	Children's Benefits	Earnings Deduction	Net Benefit
2014	64	$0	$0	$0	$0	$0	$0
thru							
2016	66	$30,679	$0	$0	$0	$0	$30,679
thru							
2040	90	$30,679	$0	$0	$0	$0	$30,679

Female's Annual Benefit Details



Female's Details - Annual Maximized Benefits

Year	Female's Age	Retirement Benefits	Spousal Benefits	Survivor Benefits	Children's Benefits	Earnings Deduction	Net Benefit
2014	63	$0	$0	$0	$0	$0	$0
2015	64	$24,088	$0	$0	$0	$0	$24,088
thru							
2041	90	$24,088	$0	$16,408	$0	$0	$40,496
thru							
2051	100	$24,088	$0	$16,408	$0	$0	$40,496

Female's Details - Annual What-If Benefits

Year	Female's Age	Retirement Benefits	Spousal Benefits	Survivor Benefits	Children's Benefits	Earnings Deduction	Net Benefit
2014	63	$0	$0	$0	$0	$0	$0
thru							
2017	66	$27,793	$0	$0	$0	$0	$27,793
thru							
2041	90	$27,793	$0	$2,885	$0	$0	$30,679
thru							
2051	100	$27,793	$0	$2,885	$0	$0	$30,679

Understanding Your Options and Our Calculations

Deciding When to Take Social Security Is Critically Important

No one can count on dying on time, i.e., at his/her current life expectancy. If you are married or partnered, the chances that both you and your spouse/partner will die on time are even smaller. For 65 year-old married couples, there is a better than even chance that at least one member will live to his or her early nineties.

You need to plan to live to your maximum age of life, not your expected (average) age of life, for the simple reason that you might. For most of us, our maximum age of life is quite old. Planning for the worst case scenario (living as long as possible) is no different from planning for the worst case scenario with respect to your house burning down. Most likely it won't happen. But if it does, you want to be insured. Having a high level of income that's protected against inflation and continues as long as you live is the way to insure yourself against excessive longevity.

Buying Longevity Insurance from Social Security

Social Security lets us, in effect; buy longevity insurance by waiting to collect our benefits. The longer we wait (up to some limits discussed below), the higher will be our benefits once we start collecting. But the price we pay for waiting comes in the form of giving up benefits while we wait.

How long should we wait to start collecting? The answer varies for different people who are eligible for different types of benefits. The right answer is not always to wait to take all benefits. It may be optimal to take one type of benefit (e.g., a spousal benefit) earlier than another type of benefit (e.g., a retirement benefit).

Calculating the Present Value of Future Benefits

This report shows you the present value (the value in the present) of the sum of all your future benefits based on the collections ages you select. It also shows you the combination of collection ages for the different benefits that will provide the highest present value of benefits.

In forming the present value of all your future benefits for different collection date choices, simple discounting for real interest is calculated. Actuarial discounting is not used. Actuarial discounting takes into consideration the chances or probabilities of collecting particular benefits in future years. Actuarial discounting, while appropriate for insurance companies, is not appropriate for individual households who can't count on dying at particular ages with the frequencies observed in large samples.

If your maximum age of life isn't very high, taking benefits earlier will likely produce the highest present value. The same is true if you use a higher interest rate to calculate the present value. The real rate of return (the return after inflation) you can earn on your savings is used. Using a higher interest rate will produce a recommendation to take benefits earlier since you are telling the program that you can do better getting lower benefits, starting right away and investing them yourself.

Cash Constraints and Future Benefit Cuts

There are two other reasons that it might be better to take benefits early. You may be cash constrained (also called liquidity or borrowing constrained) and need the Social Security income to live off right away. I.e., you may not have the luxury of waiting to collect. A second reason is that Social Security may reduce benefits in the future.

If you are cash-constrained, the present value of your benefits, while important, is not the only thing to consider. You will also want to compare the annual benefits you'll get if you collect immediately or at the earliest possible date and the higher benefits you can collect by waiting. In showing you these annual benefit amounts, you can decide if the immediate sacrifice is worth the long-term gain. The long-term gain can be substantial. Taking your full retirement benefits at age 70, rather than age 62, can result in a benefit that's more than 70 percent higher once you start collecting at 70.

Choosing When to Collect Particular Benefits

This report considers all of the OASI (Old Age Survivors Insurance) benefits to which you may be eligible, including retirement benefits, spousal benefits, survivor benefits, divorcee benefits, children benefits, and parent benefits. The report does not include disability benefits. Social Security lets you choose, within some limits, when to start collecting your OASI benefits. This report imposes the same limitations.

Married Couples

If you are married, you or your spouse, but not both, at least not simultaneously, can potentially collect a spousal benefit based on your partner's work history. If you apply for your retirement benefit early (before Full Retirement Age) you will be deemed to be applying for your spousal benefit as well, provided your spouse is either collecting his/her retirement benefit or has filed for his/her retirement and suspended its collection.

If you are married and apply for your spousal benefit early and are eligible to receive it because your spouse is either collecting a retirement benefit or has filed for his/her retirement benefit and suspended its collection, you will be deemed to be also applying for your retirement benefit early as well. In this case, both benefits will be subject to separate reduction factors.

The deeming provisions only apply at the time of initial application. Hence, if you apply for an early retirement benefit and want to wait to full retirement to take your spousal benefit, you can do so if, as mentioned above, your spouse is not collecting a retirement benefit at the time you apply for your retirement benefit. Furthermore, if your spouse starts collecting his/her retirement benefit before you reach Full Retirement Age, you still won't be deemed to be applying for a spousal benefit. I.e., you are free to wait to retirement age to collect an unreduced spousal benefit.

Once you reach Full Retirement Age, if you have not yet applied for a spousal benefit and your spouse is at or beyond Full Retirement Age, you can apply for your unreduced spousal benefit and defer collecting your retirement benefit until age 70. To collect your spousal benefit, your partner must either be collecting his/her retirement benefit or have filed to collect his/her retirement benefit, but suspended its collection. By filing and suspending his/her retirement benefit collection, your partner can defer taking his retirement benefit until age 70 and receive a higher benefit when he/she does begin collecting thanks to the delayed retirement credit.

The ability to file and suspend and, thereby, let one spouse receive a "free" spousal benefit and let both spouses delay taking their retirement benefits and take advantage of the Delayed Retirement Credit, can make a significant difference to the total present value of benefits received by the household.

The total benefit you'll collect as a spouse is your own retirement benefit plus your excess spousal benefit. Your excess spousal benefit is the difference between one half of your spouse's full retirement benefit and your full retirement benefit if you filed for or were forced (via deeming) to apply for your retirement benefit. Otherwise, the excess spousal benefit is simply equal to half of your spouse's full retirement benefit. The full retirement benefit is called the Primary Insurance Amount (PIA). The formula for the excess spousal benefit (before any reduction for taking spousal benefits early) is one half your spouse's PIA less your PIA. If you have never filed for (or been forced via deeming to file for) your retirement benefit, Social Security views you as not having a PIA for purposes of computing the excess spousal benefit. The bottom line is that to get your largest possible spousal benefit, you need to wait until full retirement.

Which Spouse Should File and Suspend?

Is it always best for the low earning spouse to be the one to collect spousal benefits and have the higher earning spouse always file and suspend? No, not if the higher earning spouse is younger. Then it may be better for the higher earning spouse to collect the free spousal benefits because he/she will be collecting for more years than would be the case if the other spouse went for the free spousal benefits.

Having both spouses wait to collect retirement benefits may not be optimal. It might be optimal for one spouse (say the wife) to collect retirement benefits early, say at 62, and then wait until full retirement to collect unreduced spousal benefits from that point forward. This is feasible if the other spouse (the husband) doesn't start collecting his retirement benefit before the wife reaches Full Retirement Age.

As indicated above, if he starts collecting his retirement benefit when she is collecting her retirement early, she will be automatically deemed to have applied for her spousal benefit and will then be forced to take it on a permanently reduced basis.

If you file earlier than necessary *you may lose "free" widow(er)'s benefits*. If your spouse (or ex-spouse) dies on or after your full retirement age but before you would otherwise file and suspend, then you will not be eligible for full "free" widow(er)'s benefits. Since you will have already filed by the time of their death, your widow(er)'s benefit will be reduced by your full retirement age retirement benefit. In fact, if your retirement benefit is higher than your spouse's benefit, you will not get any widow(er)'s benefit. In sum, you can file and suspend earlier than necessary, but there is a risk that you may lose "free" widow(er)'s benefits. And if you were married for 10 or more years, there is a risk your ex will die and you will lose "free" divorced widow(er)'s benefits.

Single, Never Married

If you are single and were never married, your choice is simple. You need to decide when to take your retirement benefit. You can collect starting at any time between age 62 and 70. If you start collecting before your Full Retirement Age, your benefit will be reduced. If you wait to collect after your Full Retirement Age, your benefit will be increased. After age 70, there is no further increase, known as the Delayed Retirement Credit, so there is no reason to delay benefit collection.

Single and Divorced

If you are single and divorced (after having been married for 10 years), you can elect to collect a spousal benefit based on your ex-spouse's work history once your ex-spouse reaches age 62. If you apply for your spousal benefit prior to your Full Retirement Age and can collect it because your spouse is 62 or over, you will be deemed to be applying for early retirement benefits as well. If you apply for early retirement benefits, you will be deemed to also be applying for your reduced spousal benefit as well if your ex-spouse is 62 or over. If you ex-spouse is under 62 at the time you apply for your reduced retirement benefit, you will be free to wait up to Full Retirement Age to apply for your spousal benefit regardless of when your ex-spouse reaches age 62. Social Security reduces both retirement and Spousal benefits based on separate retirement and spousal benefit reduction schedules.

Your total benefit as a divorcee will equal your retirement benefit, reduced, if you've taken it prior to Full Retirement Age (or were deemed to be taking it), plus your excess spousal benefit, which will also be reduced if you are taking spousal benefits early (because you want to or are being deemed to be applying for them). Your excess spousal benefit is the difference between one half of your ex-spouse's full retirement benefit and your full retirement benefit if you filed for or were forced (via deeming) to apply for your retirement benefit. Otherwise, the excess spousal benefit is simply equal to one half of your ex-spouse's full retirement benefit.

The full retirement benefit is called the Primary Insurance Amount (PIA). The formula for the excess spousal benefit (before any reduction for taking spousal benefits early) is one half your ex-spouse's PIA less your PIA, unless you have never filed for (or been forced via deeming) to file for your retirement benefit. Social Security views you as not having a PIA for purposes of computing the excess spousal benefit. As one of the chief actuaries put it, "Your PIA doesn't exist until you apply for it (your retirement benefit)."

If you are collecting your retirement benefit, then your PIA exists and the excess spousal benefit formula is one half your ex-spouse's PIA less your PIA. If this amount is negative, your excess spousal benefit is zero, so all you get is your own retirement benefit. If you take your retirement benefit and your spousal benefit at the same time, your retirement benefit (your PIA, which would exist) may wipe out your spousal benefit.

To completely avoid wiping out or reducing your excess spousal benefit you need to NOT apply for either benefit until Full Retirement Age and then apply only for your spousal benefit. Since you will never have applied for your retirement benefit, your PIA will not exist and the excess spousal benefit formula will equal simply one half of your ex-spouse's PIA. If you wait until age 70 to collect your own retirement benefit, you'll receive half of your spouse's excess spousal benefit between Full Retirement Age and age 70. By waiting until 70, you'll get the highest possible retirement benefit. If your retirement benefit, when you take wipes out your excess spousal benefit (makes it zero), you will have received "free" spousal benefits for several years without sacrificing getting the maximum possible retirement benefit.

Note: Both you and your ex-spouse can both collect free spousal benefits on the other's work record. Married couples aren't able to do this. Only one can collect a free spousal benefit.

Single and Widowed

If you are single and widowed, you can take your survivor (also called widow's) benefit at any time between age 60 and your Full Retirement Age. If you take your widow's benefit early, it will be reduced. Your widow's benefit will not be increased if you delay taking it past your Full Retirement Age, so there is no reason to defer collecting it beyond that point.

If your former spouse was collecting reduced retirement benefits before he/she passed away, your survivor benefit will equal the benefit he was receiving multiplied by a reduction factor if you take your survivor benefit early (before Full Retirement Age). If both these things occur, your former spouse took his/ her retirement benefit early and you take your survivor benefit early, your survivor benefit will be hit by two reductions; the one applied to his retirement benefit plus the survivor benefit reduction. This is a severe reduction in benefits. It is a compelling reason for spouses not to take retirement benefits early. If your deceased spouse didn't take retirement benefits early and dies before reaching full retirement, your spousal benefit will equal 100 percent of your deceased spouse's full retirement benefit (his/her PIA).

If your deceased spouse waited beyond Full Retirement Age to take retirement benefits your survivor benefit will equal his full retirement benefit augmented by the delayed retirement credit. I.e., you'll get the same check as he/she was receiving.

If your deceased spouse was over Full Retirement Age when he/she passed away and had never collected his/her retirement benefit or had file for his/her retirement benefit and suspended its collection, your survivor benefit will equal your deceased spouse's PIA (full retirement benefit) augmented by the delayed retirement credits that he/she would have earned had he/she started receiving retirement benefits at his/her date of death.

Unlike spousal benefits, you can apply for your widow's benefit early without being deemed to be also applying for your retirement benefit. Hence, one strategy for widows is to start taking their survivor benefit at age 60 and defer until age 70 taking their retirement benefit. An alternative strategy is to take the retirement benefit early, e.g., at age 62, and to wait until full retirement to take the survivor benefit. This may make sense if the retirement benefit is smaller than the survivor benefit. If your retirement benefit exceeds the survivor benefit and you have applied to collect both, you will receive only your retirement benefit.

If your survivor benefit exceeds your retirement benefit, you will receive your retirement benefit and a redefined survivor benefit which is limited to the amount by which your survivor benefit exceeds your retirement benefit. This is similar to the excess spousal benefit formula.

What you receive as a survivor is really your own retirement benefit (potentially reduced if you took it early) plus an excess survivor benefit. The excess survivor benefit is defined as your survivor benefit less your own retirement benefit, including any reduction for early retirement or any increment due to taking it after Full Retirement Age. By taking your survivor benefit when you aren't taking your retirement benefit, you can receive your full survivor benefit, rather than your excess survivor benefit. The only way to do this is to take your survivor benefit before you take your retirement benefit or is deemed to be taking your retirement benefit.

Start, Stop, Start Benefit Collection Strategies

Once you start collecting your retirement benefit you can suspend it provided you are at or beyond Full Retirement Age. You can then restart your retirement benefit at a later date up through age 70 and received delayed retirement credits for each month during which your benefit has been suspended. No delayed retirement credits are provided for delaying your retirement benefit beyond age 70, so there is no reason to wait beyond 70 to restart your benefit. If you do start and then suspend your retirement benefit, MAKE SURE YOU SEND A CHECK EACH MONTH TO SOCIAL SECURITY FOR YOUR MEDICARE PART B PREMIUM IF YOU ARE ENROLLED IN MEDICARE PART B. If you suspend and don't send in this monthly check, Social Security will deduct the premium payments from the retirement benefit you aren't actually receiving and it will NOT provide you delayed retirement credits once you restart your retirement benefits. Write the checks and keep them in a safe place when they are returned to you as paid so you can document you've paid the premium out of pocket. Otherwise, Social Security will give you nothing extra for foregoing benefits for what is now up to four years.

Why would using the retirement benefit Start Stop Start strategy potentially be worth using? Consider a high earner, Sandy, who is 62 and married to Daryl, who has reached Full Retirement Age. If Sandy applies for her retirement benefit at 62, Daryl can immediately begin to collect a spousal benefit based on Sandy's earnings record. He can also postpone his own retirement benefit through age 70. When Sandy reaches Full Retirement Age, she can suspend her benefit and wait until age 70, to collect a permanently higher benefit. The permanently higher benefit is the reduced benefit she was collecting, augmented by the delayed retirement credits she earns during the months her benefit is suspended. This might generate higher benefits in present value than, for example, having Sandy wait until full retirement to file and suspend for his retirement benefit at which point Daryl can start collecting a spousal benefit. Daryl would wait until 70 to collect his retirement benefits and then Sandy would begin collecting her retirement benefit at 70.

Comparing our Benefit Calculations with Social Security's Benefit Statement

Social Security provides a quick retirement benefit estimator at www.ssa.gov. The ssa.gov calculator does not take into account the spousal, divorcee, survivor, and child benefits to which you and your children may be eligible based on the work histories of your current or former spouse.

In addition, Social Security's quick retirement benefit estimator forms its benefit estimates assuming zero future economy-wide real wage growth and zero future inflation. Neither of these assumptions is realistic. Both differ from the assumptions made by the Social Security Trustees in their Annual Report.

Social Security makes these assumptions to be conservative in telling people what they will be receiving. This report, in contrast, uses the Social Security Trustees' assumptions about future real wage growth and future inflation.

Social Security provides another, more detailed calculator, called AnyPIA, which lets you specify your own estimate of your future covered earnings as well as tell the tool to assume positive future real wage growth and inflation in forming its estimates. But like its quick retirement benefit calculator, AnyPIA does not give you the ability to optimize over your own retirement benefit and benefits you can receive based on your current or former spouse's work history.

Frequently Used Terms

Automatic cost-of-living benefit increase - The annual increase in benefits, effective for December, reflecting the increase, if any, in the cost of living. A benefit increase is applicable only after a beneficiary becomes eligible for benefits. In general, the benefit increase equals the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI

W) measured from the third quarter of the previous year to the third quarter of the current year. If there is no increase in the CPI-W, there is no cost-of-living benefit increase.

Auxiliary benefits - Monthly benefits payable to a spouse or child of a retired or disabled worker, or to a survivor of a deceased worker.

Average indexed monthly earnings - AIME - The measure of lifetime earnings used in determining the primary insurance amount (PIA) for most workers who attain age 62, become disabled, or die after 1978. A worker's actual past earnings are adjusted by changes in the average wage index, in order to bring them up to their approximately equivalent value at the time of retirement or other eligibility for benefits.

Award - An administrative determination that an individual is entitled to receive a specified type of OASDI benefit. Awards can represent not only new entrants to the benefit rolls but also persons already on the rolls who become entitled to a different type of benefit. Awards usually result in the immediate payment of benefits, although payments may be deferred or withheld depending on the individual's particular circumstances.

Baby boom - The period from the end of World War II (1946) through 1965 marked by unusually high birth rates.

Bend points - The dollar amounts defining the AIME or PIA brackets in the benefit formulas.

Beneficiary - A person who has been awarded benefits on the basis of his or her own or another's earnings record. The benefits may be either in current-payment status or withheld.

Benefit payments - The amounts disbursed for OASI and DI benefits by the Department of the Treasury.

Consumer Price Index - CPI - An official measure of inflation in consumer prices. In this report, CPI refers to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The Bureau of Labor Statistics, Department of Labor, publishes historical values for the CPI-W.
Contribution and benefit base - Annual dollar amount above which earnings in employment covered under the OASDI program are neither taxable nor creditable for benefit-computation purposes.

Covered earnings - Earnings in employment covered by the OASDI program.

Covered employment - All employment for which earnings are creditable for Social Security purposes. The program covers almost all employment. Some exceptions are:
a) Self-employed workers earning less than $400 in a calendar year.
b) State and local government employees whose employer has not elected to be covered under Social Security and who are participating in an employer-provided pension plans.
c) Current Federal civilian workers hired before 1984 who have not elected to be covered.

Covered worker - A person who has earnings creditable for Social Security purposes based on services for wages in covered employment or income from covered self-employment.

CPI-indexed dollars - Amounts adjusted by the CPI to the value of the dollar in a particular year.

Creditable earnings - Wage or self-employment earnings posted to a worker's earnings record. Such earnings determine eligibility for benefits and the amount of benefits on that worker's record. The contribution and benefit base is the maximum amount of creditable earnings for each worker in a calendar year.

Current dollars - Amounts expressed in nominal dollars with no adjustment for inflationary changes in the value of the dollar over time.

Currently insured status - A worker acquires currently insured status when he or she has accumulated six quarters of coverage during the 13-quarter period ending with the current quarter.

Current-payment status - Status of a beneficiary to whom a benefit is being paid for a given month (with or without deductions, provided the deductions add to less than a full month's benefit).

Delayed retirement credits - Increases in the benefit amount for certain individuals who did not receive benefits for months after attaining normal retirement age but before age 70. Delayed retirement credits apply to benefits for January of the year following the year they are earned or for the month of attainment of age 70, whichever comes first.

Earnings - Unless otherwise qualified, all wages from employment and net earnings from self-employment, whether or not they are taxable or covered.

Earnings test - The provision requiring the withholding of benefits if beneficiaries under normal retirement age have earnings in excess of certain exempt amounts.

Excess wages - Wages in excess of the contribution and benefit base on which a worker initially makes payroll tax contributions, usually as a result of working for more than one employer during a year. Employee payroll taxes on excess wages are refundable to affected employees, while the employer taxes are not refundable.

Federal Insurance Contributions Act - FICA - Provision authorizing payroll taxes on the wages of employed persons to provide for Old-Age, Survivors, and Disability Insurance, and for Hospital Insurance. Workers and their employers generally pay the tax in equal amounts.

Fully insured status - A worker acquires fully insured status when his or her total number of quarters of coverage is greater than or equal to the number of years elapsed after the year of attainment of age 21 (but not less than six). Once a worker has accumulated 40 quarters of coverage, he or she remains permanently fully insured.

Inflation - An increase in the general price level of goods and services.

Insured status - The state or condition of having sufficient quarters of coverage to meet the eligibility requirements for retired-worker or disabled-worker benefits, or to permit the worker's spouse and children or survivors to establish eligibility for benefits in the event of his or her disability, retirement, or death.

Interest - A payment in exchange for the use of money during a specified period.

Life expectancy - Average remaining number of years expected prior to death.

Lump-sum death benefit - A lump sum, generally $255, payable on the death of a fully or currently insured worker. The lump sum is payable to the surviving spouse of the worker, under most circumstances, or to the worker's children.

Maximum family benefit - The maximum monthly amount that can be paid on a worker's earnings record. Whenever the total of the individual monthly benefits payable to all the beneficiaries entitled on one earnings record exceeds the maximum, each dependent's or survivor's benefit is proportionately reduced. Benefits payable to divorced spouses or surviving divorced spouses are not reduced under the family maximum provision.

Medicare - A nationwide, Federally administered health insurance program authorized in 1965 to cover the cost of hospitalization, medical care, and some related services for most people age 65 and over. In 1972, coverage was extended to people receiving Social Security Disability Insurance payments for 2 years and people with End-Stage Renal Disease. In 2006, prescription drug coverage was added. Medicare consists of two separate but coordinated programs - Hospital Insurance (HI, Part A) and Supplementary Medical Insurance (SMI). The SMI program is composed of three separate accounts - the Part B Account, the Part D Account, and the Transitional Assistance Account. Almost all persons who are aged 65 and over or disabled and who are entitled to HI are eligible to enroll in Part B and Part D on a voluntary basis by paying monthly premiums. Health insurance protection is available to Medicare beneficiaries without regard to income.

Normal retirement age - NRA - The age at which a person may first become entitled to retirement benefits without reduction based on age. For persons reaching age 62 before 2000, the normal retirement age is 65. It will increase gradually to 67 for persons reaching that age in 2027 or later, beginning with an increase to 65 years and 2 months for persons reaching age 65 in 2003.

Old-law base - Amount the contribution and benefit base would have been if the 1977 amendments had not provided for ad hoc increases. The Social Security Amendments of 1972 provided for automatic annual indexing of the contribution and benefit base. The Social Security Amendments of 1977 provided for ad hoc increases to the bases for 1979 81, with subsequent bases updated in accordance with the normal indexing procedure.

Present value - The equivalent value, at the present time, of a future stream of payments (either income or cost). The present value of a future stream of payments may be thought of as the lump-sum amount that, if invested today, together with interest earnings would be just enough to meet each of the payments as they fell due. Present values are used widely in calculations involving financial transactions over long periods of time to account for the time value of money (interest). Present-value calculations for this report use the effective yield on trust fund assets.

Primary insurance amount - PIA - The monthly amount payable to a retired worker who begins to receive benefits at normal retirement age or (generally) to a disabled worker. This amount, which is related to the worker's average monthly wage or average indexed monthly earnings, is also used as a base for computing all types of benefits payable on an individual's earnings record.

Quarters of coverage - Basic unit of measurement for determining insured status. In 2012, a worker receives one quarter of coverage (up to a total of four) for each $1,130 of annual covered earnings. For years after 1978, the amount of earnings required for a quarter of coverage is subject to annual automatic increases in proportion to increases in average wages.

Retirement eligibility age - The age, currently age 62, at which a fully insured individual first becomes eligible to receive retired-worker benefits.

Survivor benefit - Benefit payable to a survivor of a deceased worker.

Taxable earnings - Wages or self-employment income, in employment covered by the OASDI or HI programs, that are under the applicable annual maximum taxable limit. For 1994 and later, no maximum taxable limit applies to the HI program.

Taxable self-employment income - The maximum amount of net earnings from self-employment by an earner which, when added to any taxable wages, does not exceed the contribution and benefit base. For HI beginning in 1994, all net earnings from self-employment.

Taxation of benefits - Beginning in 1984, Federal law subjected up to 50 percent of an individual's or a couple's OASDI benefits to Federal income taxation under certain circumstances. Treasury allocates the revenue derived from this provision to the OASI and DI Trust Funds on the basis of the income taxes paid on the benefits from each fund. Beginning in 1994, the law increased the maximum percentage from 50 percent to 85 percent. The HI Trust Fund receives the additional tax revenue resulting from the increase to 85 percent.

Termination - Cessation of payment because the beneficiary is no longer entitled to receive a specific type of benefit.

Inputs

Demographics

- Marital Status: Married
- Male's Date of birth: 01-Jan-1950
- Female's Date of birth: 01-Jan-1951

Demographic Assumptions

- Male's maximum age: 90
- Female's maximum age: 100

Economic Assumptions

- Inflation Rate: 3.00%
- Nominal rate of return: 10.00%

Benefit Collection Options

File and Suspend: Neither

Inferred Earnings

Male's earnings were inferred based on benefit information

Benefit Estimate/Amount

$2,600

Earnings Amount

$150,000

Female's earnings were inferred based on benefit information

Benefit Estimate/Amount

$2,400

Earnings Amount

$150,000