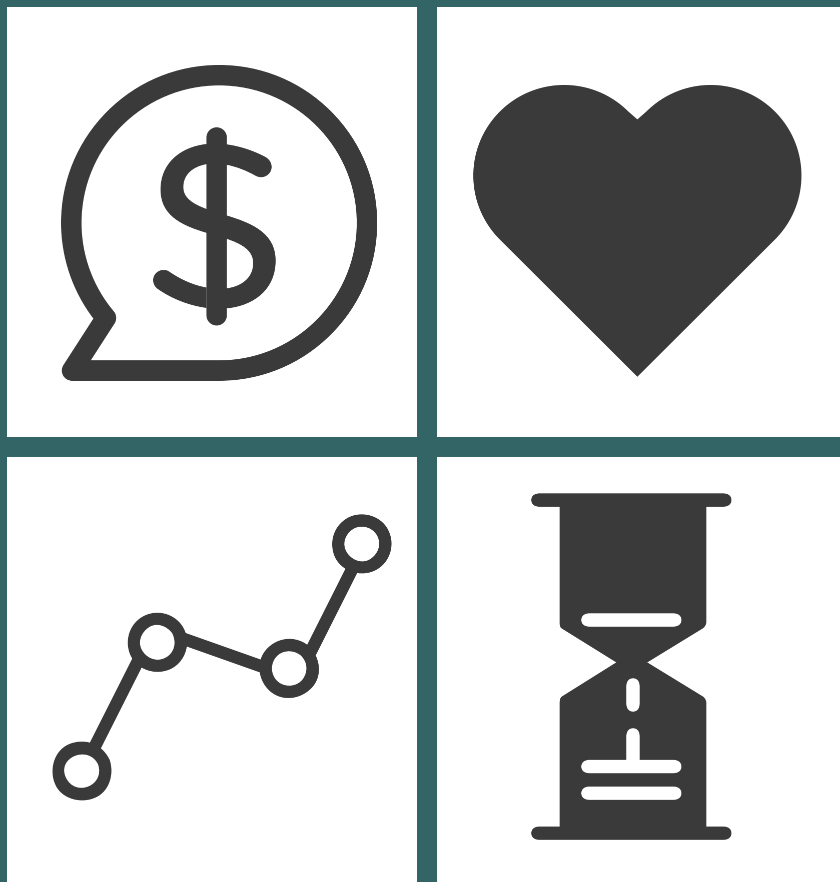

The Conversation MAXIMIZER

Four Key Points That Persuade Retirees To Delay Social Security

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HOW TO USE THE CONVERSATION MAXIMIZER

In today's retirement marketplace, there is a huge demand for great advice on Social Security, and it's going almost completely unsatisfied. I believe that financial professionals who meet this demand will reap the benefits in the form of better prospects and leads, an increase in referrals and more business.

The problem is most financial advisors don't know how to start the Social Security conversation or they ask the wrong question, ending the conversation before it even gets started. The other issue is, once the conversation is started, they don't know what to talk about or they talk about the wrong things.

Here, I will tell you what to say and what to avoid saying in order to get the Social Security conversation started on the right foot. You're also provided with an outline, including charts and graphs, of the four things you should make your clients and prospects aware of before they claim their benefits. **The Conversation Maximizer will make you look like an authority in your client's eyes.**

Deciding when to claim Social Security is one of the most important financial decisions that your clients will make in their lifetime. The right choice can generate hundreds of thousands of additional dollars in retirement, creating greater financial security and peace of mind. It can form a solid foundation for the entire retirement income plan.

The wrong decision can have the complete opposite effect. It can cost your clients hundreds of thousands of dollars and lead to some very angry retirees. It can require them to tap into their savings and drain their resources at a much faster rate. Worse, it could lead to real financial hardship or leave a widowed spouse in a bad situation.

Regardless of whether or not they have a pension, 401(k) or savings, more and more retirees are realizing the benefits of delaying their Social Security in return for a higher, guaranteed monthly benefit for the rest of their life. In fact, the number of people delaying to at least their full retirement age is at nearly a 30 year high.

However, it’s still up to you to give them compelling reasons to delay and help them make the most of it. Even though people know waiting is often in their best interest, it's still hard to delay. There are four key points in this report that provide compelling reasons to delay Social Security and you should address all of them in your retirement planning conversations.

To start the conversation, **DO NOT ASK**, “When were you thinking of claiming your Social Security?” They may have a particular age in mind and once they tell you that age, they may be reluctant to change it. Instead ask them this question:

"Have you claimed your Social Security yet?" If they answer, "No," respond:

"Good, I want to show you a few very important things that you should be aware of before you claim your benefits."

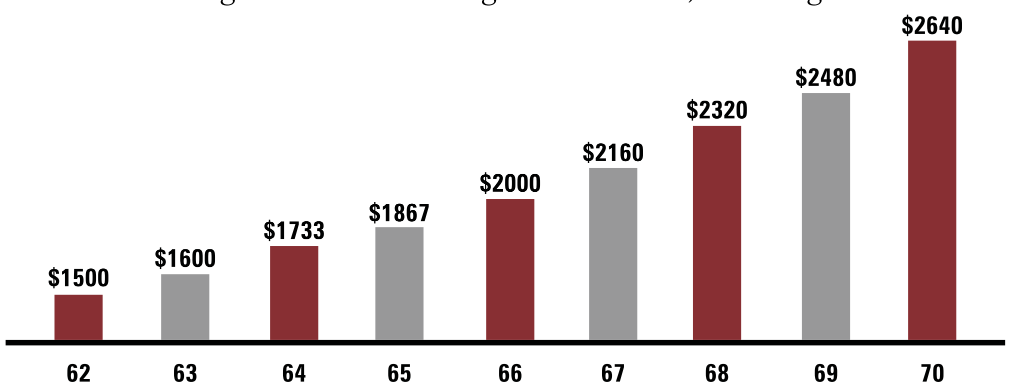
Then, discuss these four points or share this report with them.

#1 THE BENEFIT INCREASE

You can claim your Social Security benefits as early as age 62, as late as age 70 or any age in-between. Why would anybody wait until age 70 to claim their benefits if they could claim them eight years earlier at age 62? The benefit amount at age 70 is 76% bigger than the amount you would receive if claimed at age 62.

HOW CLAIMING AGE IMPACTS SOCIAL SECURITY BENEFITS

Assuming Full Retirement Age Benefit of $2,000 at Age 66



Most people understand they will receive a larger benefit if they delay but are not aware of the actual annual percentage increase.

In fact, for every year you delay claiming your benefits after age 62, the amount of your benefit is guaranteed to increase by approximately 6% - 8% per year and you are guaranteed to receive this larger amount for the rest of your life. In today's market, where can someone receive risk free, guaranteed growth of 6% - 8%? Consider these alternatives.

COMPARING GUARANTEED INTEREST RATES*

1-year CD	1-year treasury	10-year CD	10-year treasury	Social Security
1.17%	1.86%	2.4%	2.40%	7.31%**

*Sample numbers obtained from BankRate.com. January 2017.
**Average annual rate of return over the 8 year period from ages 62 - 70.

The closest risk free guaranteed investment product is the 10 Year Treasury Bond at 2.40%. If you tripled that rate of return (2.40% x 3 = 7.20%), it still would not equal the average annual rate of increase for delaying Social Security of 7.31%.

#1 THE BENEFIT INCREASE

CONTINUED

The table below shows how much money is required to be invested in a 10 Year Treasury Bond to generate the same amount of Social Security income if benefits were claimed at age 62 or age 70.

INVESTMENT AMOUNT REQUIRED TO MATCH INCOME FROM SOCIAL SECURITY

Claiming Age	Benefit Amount	Investment Amount
62	$1,500	$750,000
70	$2,640	$1,320,000

$570,000
Difference in Investment Amounts

Monthly income of $1,500 (Social Security claimed at age 62) would require a $750,000 investment in the 10 Year Treasury Bond. Monthly income of $2,640 (Social Security claimed at age 70) would require a $1,320,000 investment.

Matching the increase in monthly income from $1,500 (Social Security claimed at age 62) to $2,640 (Social Security claimed at age 70) would require an additional investment of $570,000 ($1,320,000 - $750,000) in the 10 Year Treasury Bond.

With today's low interest rate environment, this is something you should consider before claiming your benefits.

Bottom Line: You need to consider today's low interest rate environment before claiming Social Security benefits.

#2 THE SURVIVOR BENEFIT

All married couples should consider how to maximize the size of the Survivor Benefit because it could play a critically important role in helping to maintain the surviving spouse's standard of living after the first spouse dies. Before claiming their benefits every married couple should ask themselves an unpleasant question: "What happens after one of us dies?"

Which leads to the next question: "What will life be like financially for the surviving spouse?" After the first spouse dies, the negative impact on the amount of the Social Security income the surviving spouse receives could be dramatic.

HOW DOES THE SURVIVOR BENEFIT WORK?

When both spouses are alive and collecting Social Security benefits, they receive two checks, one made payable to the wife and the other made payable to the husband. Currently, in 75% of the cases the husband receives the bigger Social Security benefit.

When the first spouse dies, the surviving spouse can only receive one of those checks, fortunately they can continue to receive the bigger of the two checks.

If the husband has the bigger check and he dies first, the surviving wife can switch to her husband's bigger check, which is considered the Survivor Benefit. Once she switches to her husband's bigger benefit she stops receiving her smaller benefit check.

#2 THE SURVIVOR BENEFIT

CONTINUED

DELAYING CLAIMING TO MAXIMIZE THE SURVIVOR BENEFIT

Wife's Full Retirement Age Benefit is $1,900 and the Husband's is $2,500

Husband's Claiming Age	Husband's Monthly Check at Age 82	** Wife's Monthly Check at Age 82	Husband and Wife's Total Combined Income	Monthly Survivor Benefit (Husband Dies at 82 years)	Yearly Survivor Benefit (Husband Dies at 82 years)
62	$3,386	$2,573	$5,959	***$3,725	$44,700
66	$4,515	$2,573	$7,088	$4,515	$54,180
70	$5,959	$2,573	$8,532	$5,959	$71,508

* Assumed annual COLA increase of 3%.

** The wife's smaller check will stop after the husband dies. Her benefit amounts are all the same because the wife claimed her benefit at age 62 in all three scenarios.

*** Minimum Survivor Benefit if husband originally claimed Social Security benefits at age 62.

Much easier for the wife to live on this income after the husband dies.

In this table, the wife had a Full Retirement Age benefit of $1,900 per month and the husband's was $2,500. The husband has the bigger benefit, which will also eventually become the Survivor Benefit.

The last two columns show the size of the Survivor Benefit if the husband claimed his benefit at age 62, 66 or 70 and died at age 82. In the last column (Yearly Survivor Benefit), you see that if the husband claimed at age 62, he would have left his wife with annual Social Security income from the Survivor Benefit of $44,700, but if he claimed at age 70, her annual income would total $71,508.

Bottom Line: Every married couple should realize that between the two checks they receive, the bigger of the two will eventually become the Survivor Benefit. By maximizing the size of the bigger benefit, they can also maximize the Survivor Benefit. This is one of the greatest gifts one spouse can leave to the other.

#3 THE IMPACT OF COLA

The Cost of Living Adjustment feature or COLA was added to our Social Security system in 1975 to help retirees keep up with inflation or the increase in the prices paid for goods and services. For many retirees the COLA feature provides the only increase in their retirement income. Another way to look at this would be to think of it as a pay raise. You should consider how to make that pay raise as big as possible so you can receive the largest dollar increases in your benefits every year for the rest of your life.

HOW TO GET THE MOST OUT OF COLA

Everybody gets the same COLA percentage increase but if you apply the same percentage to a bigger number it will result in bigger dollar increases in your benefit amount every year. The table below shows you how this works.

A	B	C
	Monthly Difference	20 Yrs Later (Assumed Annual COLA of 3%)
Age	**Monthly Income**	**Monthly Income**
62	$1,125	$2,031
70	$1,980	$3,576
Difference	$855	$1,545

Column A in the table shows the two different claiming ages of 62 and 70. Column B shows the monthly benefit amounts received at those two ages, $1,125 at age 62 and $1,980 at age 70. At the bottom of Column B you can see that the difference between those two amounts is $855. Column C shows how those amounts grow over 20 years with a 3% annual COLA increase.

The monthly benefit claimed at age 62 has grown to $2,031, the benefit claimed at age 70 has grown to $3,576 and the monthly difference between the two has increased to $1,545. The same 3% annual COLA increase was applied to both numbers but because the benefit claimed at age 70 was larger, it received bigger dollar increases every year. The monthly difference between those two amounts would grow even larger if we extended the time period out to 25 or 30 years.

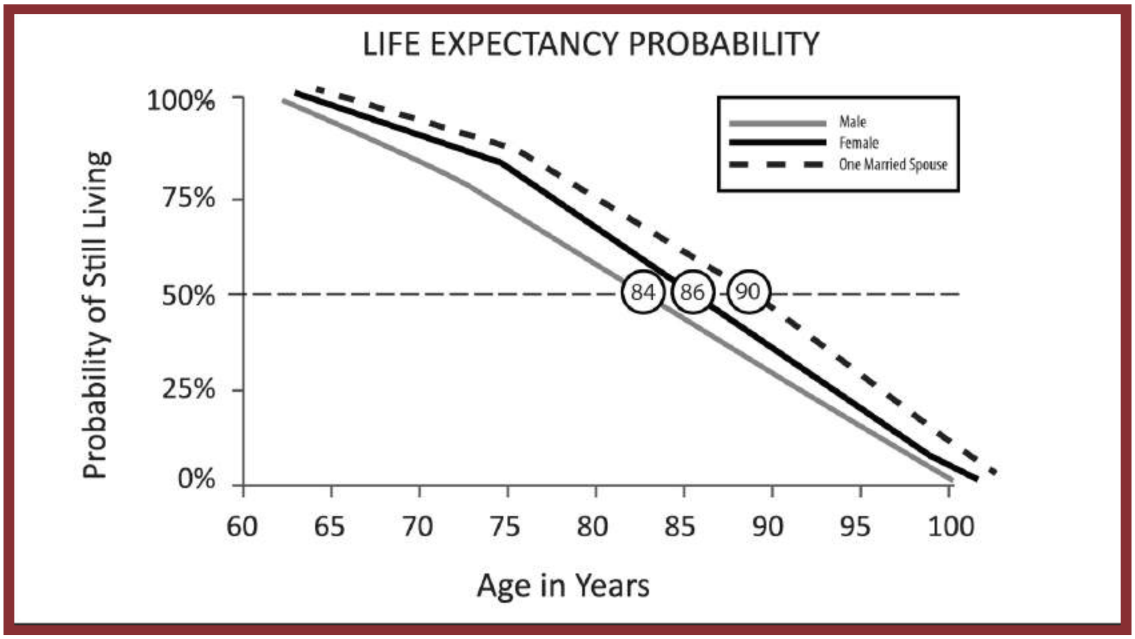
Bottom Line: If you want to get the biggest pay raises every year in your Social Security, you should consider delaying the claiming of your benefits as long as possible so you can apply the annual COLA percentage increase to a much bigger number.

#4 LONGEVITY

You have probably heard the term "life expectancy" many times but people are usually surprised when they learn its true definition. Life expectancy in the United States is around 78 years of age. Many interpret this to mean that most people die by that age, but that is not the case.

Life expectancy is simply a mean average with 50% of the outcomes, or people dying, before that age and 50% of the outcomes, or people living, beyond that age. In other words, 50% of all people born in the United States are going to live up to and beyond their life expectancy of 78 years old.

There is a second part to the definition of life expectancy that is even more surprising. The longer you live the farther out you push your life expectancy. You can clearly see how this works in the graph below.



The horizontal axis has the age in years and the vertical axis has the probability of living to a particular age. By definition, life expectancy is the 50% probability of living to a certain age. The graph starts with the assumption that a man and a woman both live until age 62.

By living to age 62 the man pushes his life expectancy (50% probability) out to age 84, the woman's life expectancy is pushed out to 86 and there is a 50% chance that at least one of them will live until age 90. When making your Social Security claiming decision it is important that you understand the definition of life expectancy and that there is a 50% chance of living into your mid-eighties.

Maintaining your standard of living and quality of life is one of the biggest challenges that comes with living a long time.

Bottom Line: Delaying the claiming of your Social Security in order to receive a bigger benefit could put you in a better financial position to maintain your standard of living, even if you live longer than you think.

SUMMARY

1) Every year you delay claiming your benefits past age 62, the amount of your benefit will be permanently increased by approximately 6% - 8%.

2) Married couples should consider how to maximize the Survivor Benefit. This is important because the surviving spouse may be dependent on the Survivor Benefit to maintain their standard of living after the first spouse dies.

3) Social Security's COLA may provide your only annual pay raise in retirement. Everybody gets the same COLA percentage increase, but if you apply that same percentage to a larger benefit number you will receive bigger dollar increases.

4) The longer you live, the farther out you push your life expectancy. Living until age 62 pushes your life expectancy into your mid-eighties.

CREATED BY BRIAN DOHERTY

Brian Doherty is the author of the award-winning book, *Getting Paid to Wait,* the creator of the Paid to Wait Social Security Calculator and a national speaker on the topic of Social Security. Formerly he was President and CEO of Key Investments and also National Sales Manager for New York Life's Retirement Income Security Division. With over 30 years experience in the Financial Services Industry, Brian has trained thousands of financial professionals on Social Security claiming strategies and advised hundreds of retirees