

**Social Security:
Unlock Its
Potential**



Mr. Ernest Ackerman

First recipient of Social Security
retirement benefits

Received \$0.17

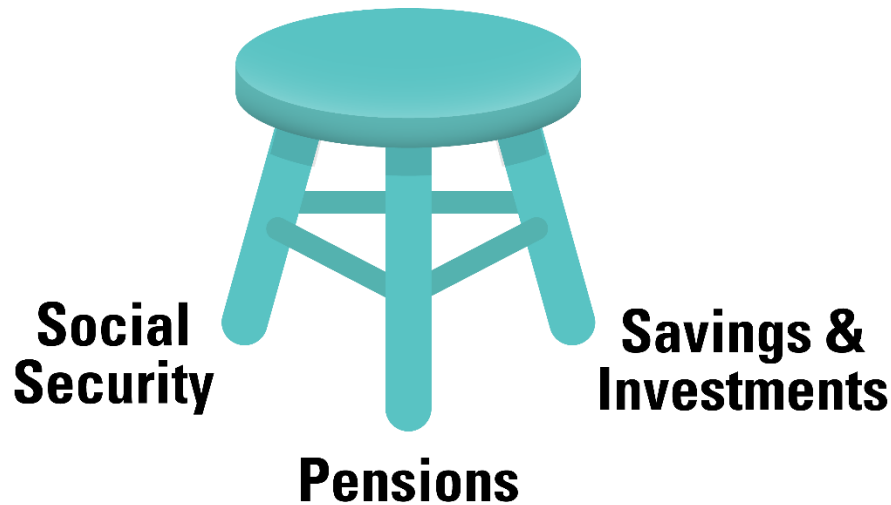


Miss Ida May Fuller

Contributed \$24.75 to
Social Security

Received \$22,888.92

The Three-Legged Stool of Retirement



2023 Estimated Average Monthly Social Security Payments¹

Retired worker: **\$1,827**

Retired couple: **\$2,972**

¹Fact Sheet, 2023 Social Security Changes, ssa.gov/news/press/factsheets/colafacts2023.pdf, 12/22
Reflects average monthly payment at full retirement age.

Timing

Work

Taxes

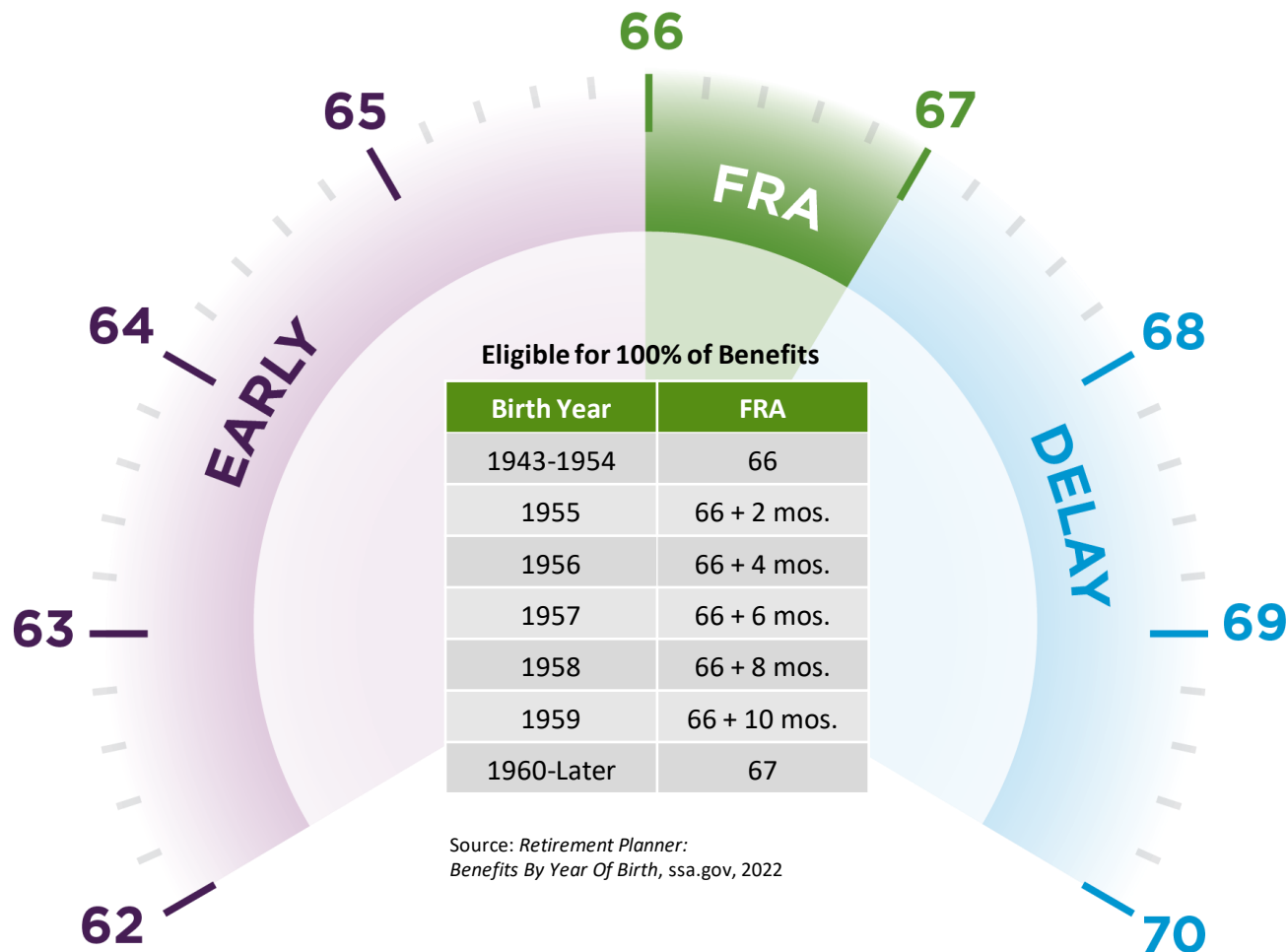
Awareness





Timing

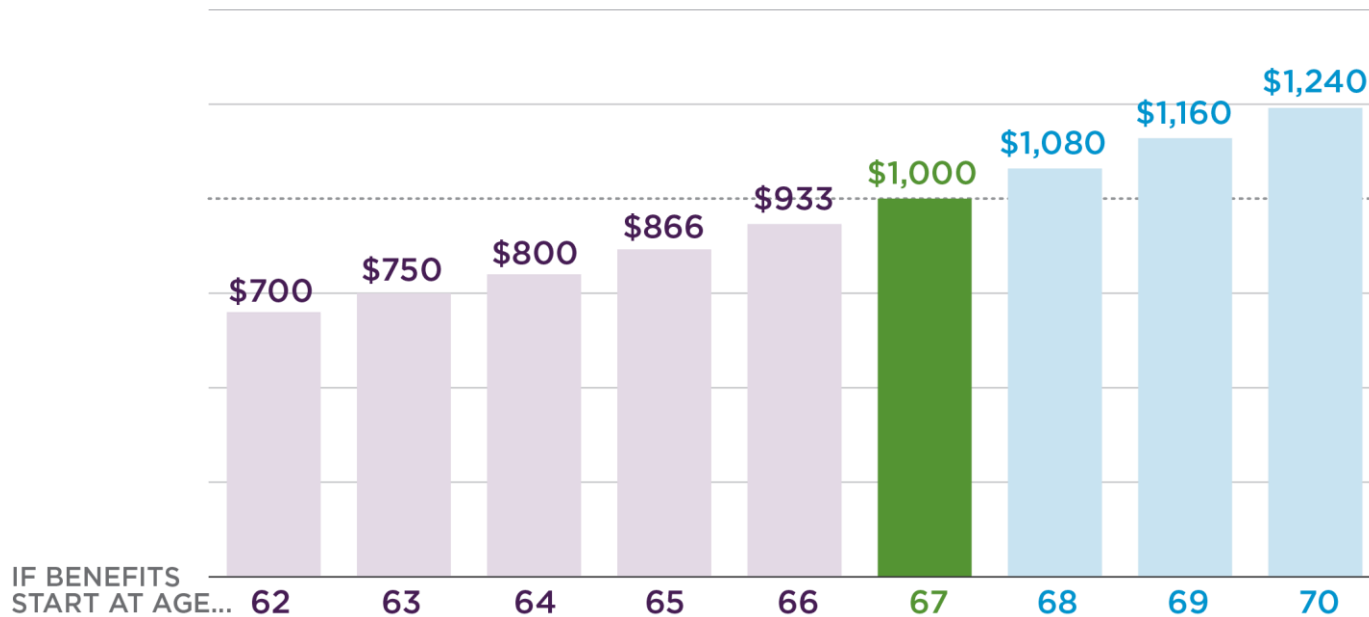
What's Your Full Retirement Age (FRA)?



Source: Retirement Planner:
Benefits By Year Of Birth, ssa.gov, 2022

Early vs. Delayed Filing: How It Affects Your Social Security Benefit

Assumes a Benefit of \$1,000 at a Full Retirement Age (FRA) of 67¹



¹When to Start Receiving Retirement Benefits, ssa.gov/pubs/EN-05-10147.pdf, 2022

When vs. What

How much income will you actually need?



This chart is hypothetical and for illustrative purposes only.

Work



How Will Working Impact My Benefit?¹

**Before
FRA**

BENEFIT
REDUCED

\$1

FOR
EVERY

\$2

ABOVE
\$21,240
IN EARNED
INCOME

**At
FRA**

BENEFIT
REDUCED

\$1

FOR
EVERY

\$3

ABOVE
\$56,520
IN EARNED
INCOME

**After
FRA**

- NO LIMIT ON EARNINGS
- WITHHELD EARNINGS ARE RETURNED



¹Fact Sheet, 2023 Social Security Changes, ssa.gov/news/press/factsheets/colafacts2023.pdf, 12/22

How Will Working Impact My Benefit?

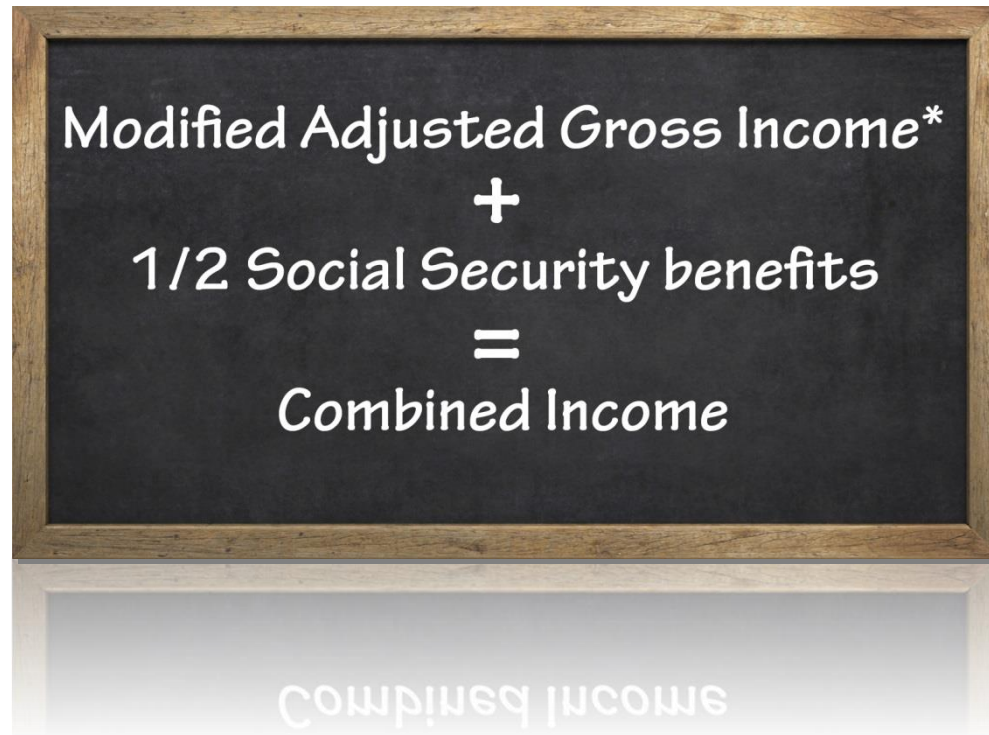
Work Earnings		Annual Limit		Over Limit By
\$ 45,000	-	\$ 21,240	=	\$ 23,760
Social Security Benefits		1/2 of Amount Over Limit		Amount of Benefits You'll Receive
\$ 15,600	-	\$ 11,880	=	\$ 3,720
(\$ 1,300 monthly)				(\$ 310 monthly)

Taxes



How Will My Social Security Benefits Be Taxed?

Benefits may be taxable based on “Combined Income”


$$\begin{array}{c} \text{Modified Adjusted Gross Income}^* \\ + \\ 1/2 \text{ Social Security benefits} \\ = \\ \text{Combined Income} \end{array}$$

*Modified Adjusted Gross Income is also referred to as “MAGI.”

How Will My Social Security Benefits Be Taxed?¹

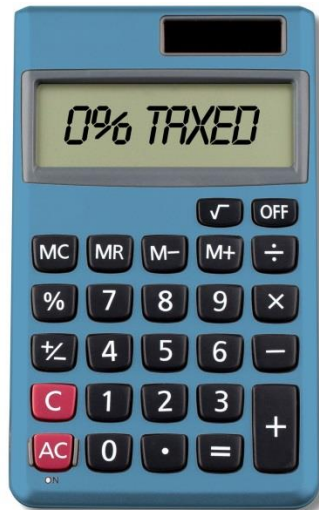
**If Combined
Income is...**

Less than or equal to
\$25,000 if you file as an
individual (\$32,000 if
married, filing jointly)

\$25,001 - \$34,000
(\$32,001 - \$44,000
if married, filing jointly)

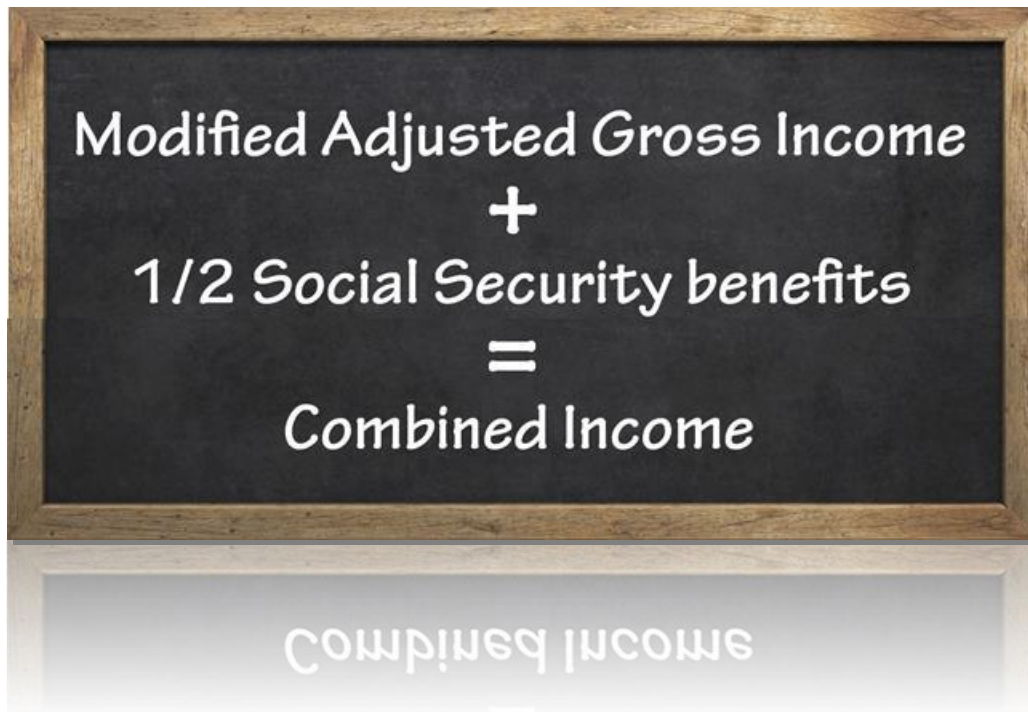
\$34,001+
(\$44,001 if married,
filing jointly)

**% of Social
Security
that's taxable**



¹Benefits Planner: Income Taxes And Your Social Security Benefits, ssa.gov, 12/22

Possible Ways to Reduce Combined Income



Modified Adjusted Gross Income
+
1/2 Social Security benefits
=
Combined Income

Tax-free
retirement income

Roth IRAs &
Roth 401(k)s

Awareness

What Am I Entitled To?

The greater of:

- Your individual benefit
- Your spousal benefit
- If your spouse dies, the survivor benefit



Spousal Benefits: Eligibility & Calculation

Married Individuals Can Claim Benefits Based On:

- Their own earnings record
- Their spouse's earnings record

If Claiming On A Spouse's Earnings Record:

- The maximum spousal benefit is 50% of the higher-earning spouse's Social Security benefit
- The spousal benefit cannot be claimed until the higher-earning spouse files for benefits
- Spousal benefits will be reduced if the lower-earning spouse files before their own FRA*

*Lower-earning spouse must be at least age 62 to claim spousal benefits.
Source: *Benefits for Spouses*, ssa.gov, retrieved 11/21

Individual Benefit vs. Spousal Benefit

Benefits at FRA:

John
\$2,800

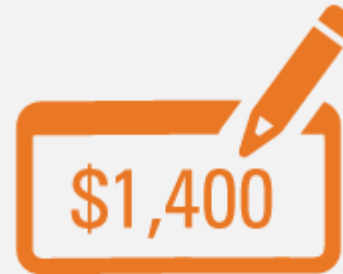


Angela
\$900



Angela is entitled to the greater of:

Up to 50% of
John's benefit



Her own
benefit



Source: Benefits for Spouses, ssa.gov, 12/22

Survivor Benefit

Benefit five years later:

John
\$3,489

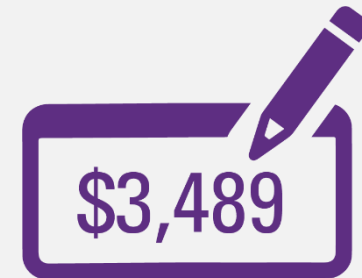


Angela
\$1,121



If John passes away five years later, Angela is entitled to the survivor benefit:

100% of
John's benefit



Note: The benefits amounts shown on this slide are higher than those on the previous slide. This is because they each assume a COLA increases based on historical values.

Source: If You Are The Survivor/Widow Or Widower, ssa.gov, 12/22

IRMAA

Income-Related Monthly Adjusted Amount

What it is:

- Medicare may increase the cost of Part B and Part D coverage based on your Modified Adjusted Gross Income (MAGI) from TWO years prior

How it's determined:

- SSA determines who pays IRMAA and at what level based on your Medicare-specific MAGI
 - Medicare-specific MAGI is your MAGI two years prior plus additional income inclusions

What it means:

- If your MAGI is above a set threshold, you'll be required to pay a monthly surcharge in addition to monthly Medicare premiums

Source: 2023 IRMAA Brackets: What Are They + How to Avoid IRMAA, [youstaywealthy.com](https://www.youstaywealthy.com), 12/22

2023 IRMAA Brackets: Medicare Part B and Part D

If your filing status and MAGI in the tax year 2021 was:

File Individual Tax Return	File Joint Tax Return	Married Filing Separate	Part B (Monthly Premium)	Part D (Monthly Premium)
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90	Your Premium (No Surcharge)
Above \$97,000 – \$123,000	Above \$194,000 – \$246,000	N/A	\$230.80	Plan Premium + \$12.20
Above \$123,000 – \$153,000	Above \$246,000 – \$306,000	N/A	\$329.70	Plan Premium + \$31.50
Above \$153,000 – \$183,000	Above \$306,000 – \$366,000	N/A	\$428.60	Plan Premium + \$50.70
Above \$183,000 – \$500,000	Above \$366,000 – \$750,000	Above \$97,000 and <u>less than</u> \$403,000	\$527.50	Plan Premium + \$70.00
Greater than \$500,000	Greater than \$750,000	\$403,000 or more	\$560.50	Plan Premium + \$76.40





Source: 2023 IRMAA Brackets: What Are They + How to Avoid IRMAA, youstaywealthy.com, 12/22

Can You Minimize IRMAA?

- Certain Charitable Strategies
- Tax-Deductible Retirement Contributions
- Tax-Free Income
- Tax-Efficient Investing and Withdrawal Strategies
- Other Tax Minimization Techniques

Source: 2023 IRMAA Brackets: What Are They + How to Avoid IRMAA, [youstaywealthy.com](https://www.youstaywealthy.com), 12/22

Questions to ask *before* taking benefits:

-  When do I plan to stop working?
-  Do I need this extra income?
-  Will I have to pay taxes on my income?
-  How long will I live?







Timing

Work

Taxes

Awareness

Next Steps

- 1** Download your Social Security statement by logging on to ssa.gov/myaccount
- 2** Estimate what your monthly income needs will be in retirement.
- 3** Meet with your financial professional & tax professional to evaluate your overall portfolio and create an income plan.

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