

INFORMATION UPDATE:
Maximizing your
Social Security Benefits

Maximizing your Social Security Benefits can be vital to a happy and financially secure retirement, yet many factors may have a major impact on the amount of benefits you stand to receive:

- **Taxes** - Provision in the tax code that allows for double taxation of up to 85% of your benefit
- **Timing** - When you choose to begin receiving payments AND your life circumstances could make all the difference
- **Earnings** - Certain types of income may substantially shrink the amount of your benefit

There are many factors to consider once you become eligible for Social Security Benefits and the government will NOT notify you which solution is best.

Receive a FREE copy by mail, "Three Things You Need To Know About Your Social Security Benefits", a guide to help ensure you are receiving all you are entitled.

Yes! I want a **FREE** copy mailed to me. Simply complete and return this postage-paid card today.
There is no cost or obligation to you.

Phone

Signature

Your Age

Spouse's Age

030000 000001 T1 P1
***** AUTO**5-DIGIT 75067

Mr John Doe
1234 Main St
Brillion, WI 54110-1408





Woodrow Wilson
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12/9/2009

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John Doe
1234 Main St
Billion, WI 54110-1408



Dear John:

Thank you for your interest in the **FREE** information, ***“Three Things You Need To Know About Your Social Security Benefits”***, which I have enclosed for your review. Social Security may seem confusing, but the more you know, the easier it will be to understand your options. And it is my job to help you.

Please allow me to introduce myself. My name is Woodrow Wilson, Broker.



I entered the insurance business as an agent selling both real estate and insurance in 1977. I am a strong believer in continuing education and self improvement and have received several professional designations including the CIC certification (1990), CPCU (1992) and CLU (2003). I am also involved in teaching continuing education classes in Washington DC and Delaware. As an active supporter of the Delaware Funeral Directors Association, I served on their board, developed their special safety group insurance program and taught educational classes for the membership. In being dedicated to my community, I have served on my church council, local chambers of commerce and youth sport organizations. I joined Insurance Agency in 1994 and manage the life, health and disability divisions of our business.

I will be following up with you soon to make sure you received this information and would be glad to answer any questions you may have.

Or, feel free to call me during my office hours (Monday - Friday, 8:00am through 5:00pm, CST) should you require additional information. I am dedicated to helping you plan for your future and meeting your unique needs.

Sincerely,

Woodrow Wilson
Broker

enc: Requested Information

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512-616-2737
Phone

Example
61 59
Your Age Spouse's Age

030000 000001 T1 P1
*****AUTO**5-DIGIT 75067
Mr John Doe
1234 Main St
Billion, WI 54110-1408

Not affiliated with Social Security or any government agency AN00037F

Three Things You Need To Know About Your Social Security Benefits

A relaxed retirement is every senior's hope; and now because most are living longer, healthier lives, they can expect to spend more time in retirement than their family before them.

Attaining a comfortable retirement is much easier when you have planned your finances. Part of that planning is preparing to apply for Social Security Benefits, if you are an eligible senior.

There are many things to consider when becoming eligible for Social Security Benefits:

- How will benefits affect my taxes?
- Should I begin taking my benefits at the earliest possible age, consider waiting, OR BOTH?
- Should I continue working after I begin receiving my benefits?
- How will working affect my benefits?
- When will my benefits be paid to me?
- How many credits will I need to qualify for disability or survivors benefits?

As with many things in life, you will want to pay particular attention to life situations and how they will be a factor in your decision making. The first step in planning for benefits is to contact the local Social Security Office; the next step may be to contact a qualified financial planner.

Working with experts in these areas will help ensure that your retirement years are better planned for your needs and can help, down the road, when adjustments in your original plan need to be made.

To obtain more information on this topic, consider a conversation with the professional that delivered this information to you; he or she will be happy to assist you with any of your questions and concerns.

WHEN TO START TAKING SOCIAL SECURITY BENEFITS

More than two-thirds of seniors, eligible for Social Security benefits, elect to begin benefits at the earliest possible disbursement option. Depending on the Birth Year, electing to delay receiving benefits would result in an increase of six to eight percent (6 – 8%) in the benefit amount for every year of delay.

In considering when to begin benefits, take into account personal finances, health and lifestyle, life expectancy, and spousal needs.

Available Options:

1. Begin benefits between age 62 and full retirement age.
2. Wait until full retirement age.
3. Delay benefits and take at anytime up until age 70.
4. Or a combination of the above options.

Full retirement age (FRA) is determined by year of birth. If a senior opts to begin benefits prior to his or her full retirement age, benefits will be reduced. After reaching full retirement age, The Social Security Administration will recalculate the benefit amount to allow for credits during any months in which benefits were not received due to earnings.

| Year of Birth | FRA | Retirement Benefit Reduction If Taken Early |
|----------------|------------------|---|
| 1942 | 65 and 10 months | 24.17% |
| 1943-1954 | 66 | 25.00% |
| 1955 | 66 and 2 months | 25.83% |
| 1956 | 66 and 4 months | 26.67% |
| 1957 | 66 and 6 months | 27.50% |
| 1958 | 66 and 8 months | 28.33% |
| 1959 | 66 and 10 months | 29.17% |
| 1960 and later | 67 | 30.00% |

If born on January 1st, refer to the previous year. If born on the 1st of the month, figure the benefit as if the birthday was in the previous month. One must be 62 the entire month to receive benefits. Percentages are approximate due to rounding.

WORKING AND YOUR SOCIAL SECURITY BENEFITS

Yes, seniors can elect to work while receiving Social Security (or survivor) benefits. This could result in a higher benefit in the future.

Work earnings* will reduce the benefits amount until full retirement age is reached. In any year the eligible senior is younger than full retirement age, for the entire year, he or she is entitled to \$800 a month or \$9,600 per year.

The example below demonstrates how to calculate benefits based on annual work earnings of \$20,960.

Example

Annual Earnings: \$20,960

Which is \$8000 over the \$12,960 annual limit.

Benefits will be reduced:

\$1 for every \$2 earned over the limit

\$8,000 divided by 2 = \$4,000

Net benefit results: \$5,600 for the year.

\$9,600 minus \$4,000 = \$5,600

The revised amount of benefits for a senior with annual work earnings of \$20,960 will be \$5,600 per year, rather than the current standard amount of \$9,600.

The month an eligible senior reaches full retirement age, benefits may be taken with no limits on earnings. Be sure to contact the local Social Security Office at the beginning of the year full retirement age is reached, if benefits are not already being dispersed.

A decision to delay benefit disbursement beyond full retirement age, will result in benefit increases up to age 70.

*Please note: bonuses, commissions and vacation pay will affect your benefit amount; however, pensions, annuities, investment income, interest, veterans and other government or military retirement will not.

| Year of Birth | Yearly Rate of Increase | Monthly Rate of Increase |
|----------------|-------------------------|--------------------------|
| 1941-1942 | 7.5% | 5/8 of 1% |
| 1943 and later | 8.0% | 2/3 of 1% |

TAXATION ON SOCIAL SECURITY BENEFITS

Under current law, up to eighty-five percent (85%) of your Social Security benefits, including disability or survivor benefits, could be taxed when provisional income exceeds the income limits shown below.

Provisional income includes: wages, self-employment, pension, mortgage income, treasury bills, CD's, money markets, savings, Credit Union savings, dividends, capital gains, annuity withdrawals, wages, IRA withdrawals, tax-exempt interest, and one-half (1/2) of Social Security benefits. Provisional income does not include undistributed money and interest in annuities.

Seniors may elect to avoid estimated tax payments and minimize the following year's tax bill by having federal income tax withheld from their benefits.

The Social Security Administration has no authority to withhold state or local taxes from benefits; seniors should contact their state or local taxing authority for more information.

A Social Security Benefit Statement is issued each January, showing the amount of benefits received in the previous year. This statement can be used to determine if Social Security benefits are subject to taxation.

| | Provisional Income Including 1/2 Social Security Benefits | Percentage of Social Security Benefits That Are Taxable |
|----------------------|---|---|
| Filing Single Return | \$25,000 up to \$34,000 | 50% of excess above \$25,000 (Maximum \$4500) |
| | Over \$34,000 | 85% of excess above \$34,000 (See Max. Below) |
| Filing Joint Return | \$32,000 up to \$44,000 | 50% of excess above \$32,000 (See Max. Below) |
| | Over \$44,000 | 85% of excess above \$44,000 (See Max. Below) |

Maximum: The IRS is limited in the amount it can tax Social Security benefits to no more than 85% of the amount received. I.R.C. Sec 89 et seq. (2002).