



Social Security and Healthcare in Retirement

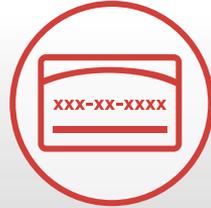




Three important retirement questions



**How will you
generate income?**



**When will you
claim Social Security?**



**How will you
pay for health care?**



Which will contribute to your retirement income plan?



Pension



Social
Security



IRA



Workplace
Savings
Plan



Health
Savings
Account



Employment
Income



Real
Estate



Other



Key topics



**Explore the
benefits of waiting to
claim Social Security**



**Discuss
strategies to create a
comprehensive plan**



**Take the
first step toward
creating your plan**



Estimating your Social Security benefit



Average of
your 35 highest-
earning years



Age when
your payments
begin



View statement
and estimate your
benefit at [SSA.gov](https://www.ssa.gov)



Social Security benefit statement and calculation

Your Earnings Record

Year You Worked	Your Total Social Security Earnings	Your Total Medicare Earnings
1990	654	654
1991	1,592	1,592
1992	2,854	2,854
1993	4,078	4,078
1994	6,367	6,367
1995	7,923	7,923
1996	9,985	9,985
1997	13,095	13,095
1998	16,320	16,320
1999	19,252	19,252
2000	22,340	22,340
2001	24,543	24,543
2002	26,341	26,341
2003	28,412	28,412
2004	30,979	30,979
2005	33,125	33,125
2006	35,799	35,799
2007	38,342	38,342
2008	40,657	40,657
2009	43,195	43,195
2010	45,790	45,790
2011	48,768	48,768
2012	45,718	45,718
2013	Not yet recorded	

You and your family may be eligible for valuable benefits. When you die, your family may be eligible to receive survivors benefits. Social Security may help you if you become disabled—even at a young age. A young person who has worked and paid Social Security taxes in as few as two years can be eligible for disability benefits. Social Security credits you earn move with you from job to job throughout your career.

Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:	Estimated taxes paid for Medicare:
You paid: \$31,322	You paid: \$7,744
Your employers paid: \$33,112	Your employers paid: \$7,744

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$117,000 of your earnings and a 1.45 percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employer and employee amounts, which is a 12.4 percent Social Security tax on up to \$117,000 of your net earnings and a 2.9 percent Medicare tax on your entire net earnings. *If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you begin working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct. (Some or all of your earnings from last year may not be shown on your Statement. It could be that we still were processing last year's earnings reports when your Statement was prepared. Your complete earnings for last year will be shown on next year's Statement. Note: If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.)

There's a limit on the amount of earnings on which you pay Social Security taxes each year. The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

Call us right away at 1-800-772-1233 (7 a.m.–7 p.m. your local time) if any earnings for years before last year are shown incorrectly. Please bring your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)

Year	Earnings
2006	\$71,500
2007	\$72,800
2008	\$73,600
2009	\$75,000
2010	\$76,500
2011	\$78,000
2012	\$79,300
2013	\$81,500
2014	\$82,900
2015	\$84,210
2016	\$88,760
2017	\$91,300

Year	Earnings
2006	\$15,000
2007	\$7,500
2008	\$13,500
2009	\$16,000
2010	\$8,600
2011	\$0
2012	\$34,680
2013	\$37,300
2014	\$22,000
2015	\$15,300
2016	\$45,000
2017	\$46,300



Social Security's Role in Your Retirement Strategy





Qualifying for Social Security

1.



You worked for a
“covered” employer

2.



You earned at
least 40 “credits”

3.



You are at least
62 years old

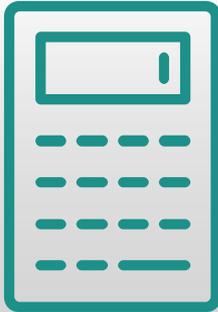


Full Retirement Age

If you were born in...	Your Full Retirement Age is...
1943–1954	66 years
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 or later	67 years



Why it's better to wait until Full Retirement Age



Your benefit is calculated based on your Full Retirement Age

62

Eligible to claim at age 62



Not waiting:
Permanently reduced benefit amount



Waiting:
Benefit increases each year until age 70



Reasons to wait



You are healthy



Have longevity in your family



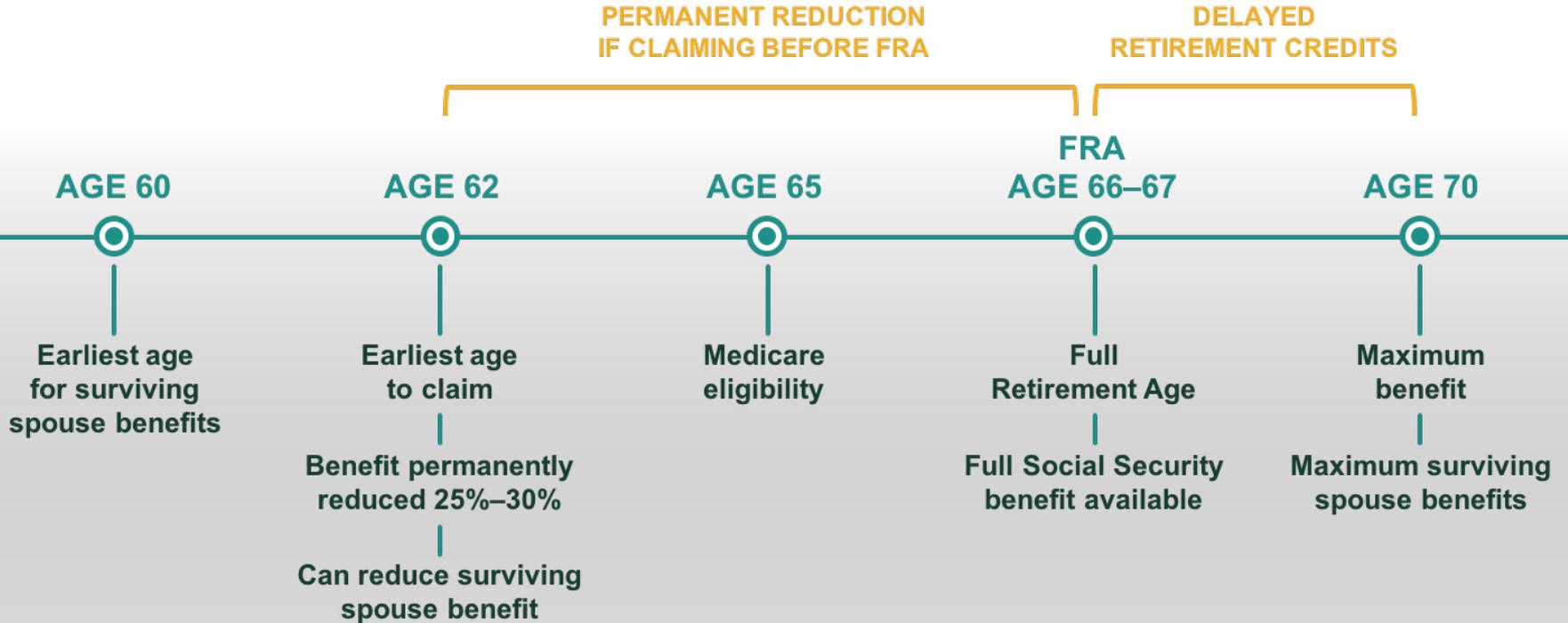
Have additional income sources



Plan to continue working



When to claim your benefit





Waiting to claim



JESSICA

\$1,120

AGE 62

\$1,600

**AGE 67
(Full Retirement Age)**

\$1,984

AGE 70

AGE

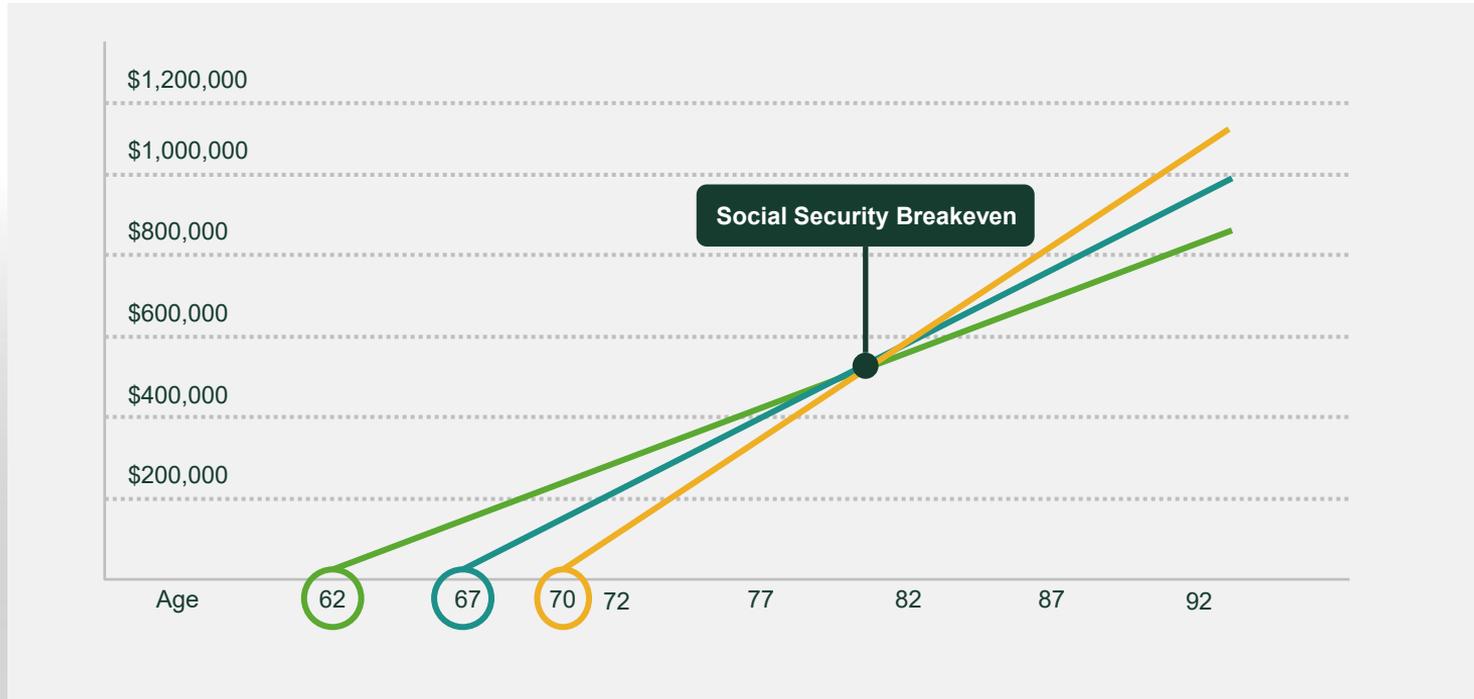
89

LIFETIME BENEFITS

\$89,000



Your break-even age



Example assumes an individual turning 62 in 2020 with earnings of \$137,700 which is the maximum taxable wage for social security in 2020. The hypothetical example is calculated by Fidelity Financial Solutions team, based on data and methodology published by Social Security Administration as of March 2020. Benefits are calculated in today dollar.



Ways to claim Social Security



1.
Your own
work history



2.
A spouse's work
history (current or
ex-spouse)



3.
A deceased spouse's
work history (including
ex-spouse)



Claiming spousal benefits



Current or former spouse of worker



Worker must be taking Social Security first



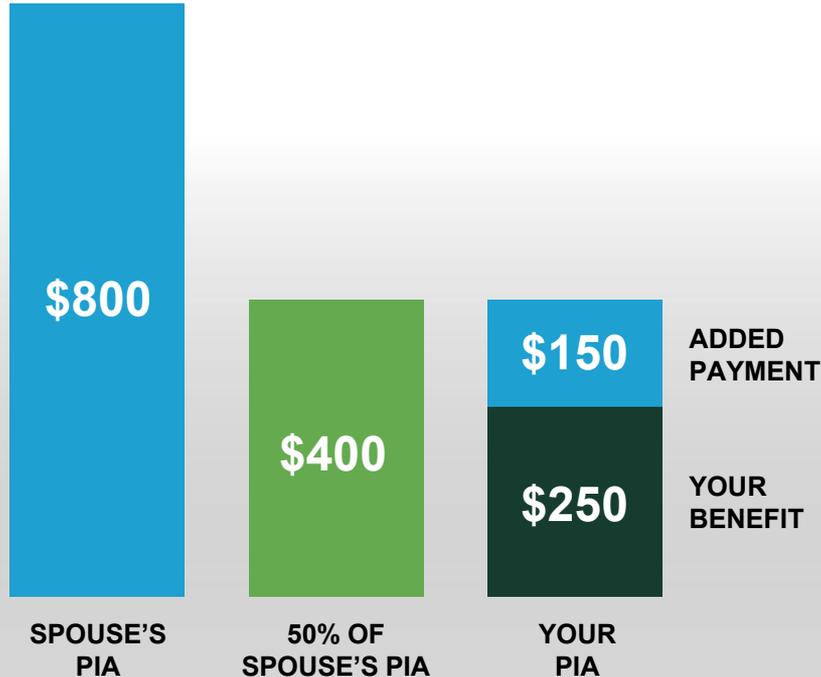
At Full Retirement Age, spouse qualifies for 50% of the benefit



Social Security Administration's website



You have a work history and a current spouse



total benefit cannot exceed

50%

of your spouse's primary insurance amount (PIA)



Claiming on an ex-spouse's work history



**Marriage for
10 years**



**You have not
remarried**



**Both eligible for
Social Security**

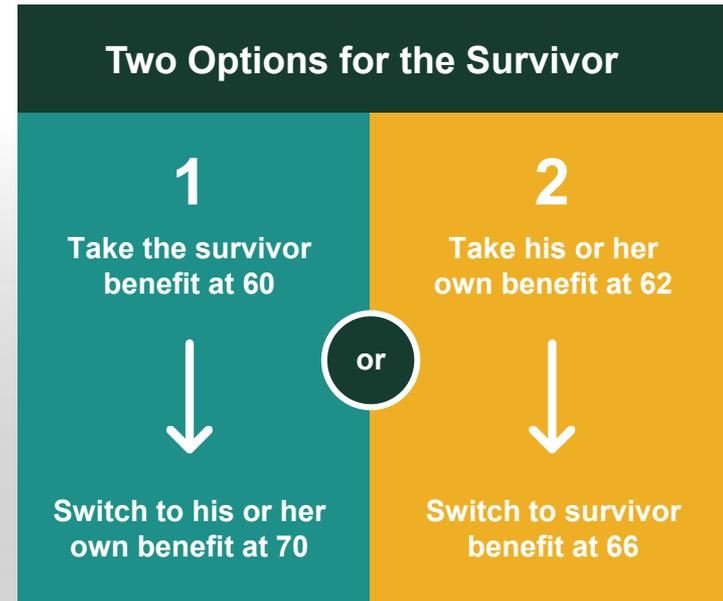


**Divorced two or
more years**



Survivor benefit

Widow(er) Claims Survivor Benefit At:	% of Deceased Spouse's Benefit:
Age 50–59 (only if disabled)	71.5%
60	71.5%
61	76.25%
62	81%
63	85.75%
64	90.5%
65	92.25%
66+	100%





Impact of claiming at different ages

FULL RETIREMENT AGE





Advantages of working in retirement



Keep building retirement savings



Contribute to a workplace savings plan



Make catch-up contributions



May increase Social Security benefit



How working affects your benefit

Age	Benefit reduced
Younger than FRA	\$1 for every \$2 over income limit
Reach FRA during year	\$1 for every \$3 over income limit
Reach the month of FRA	No reduction

VIEW IRS.GOV FOR ANNUAL LIMITS



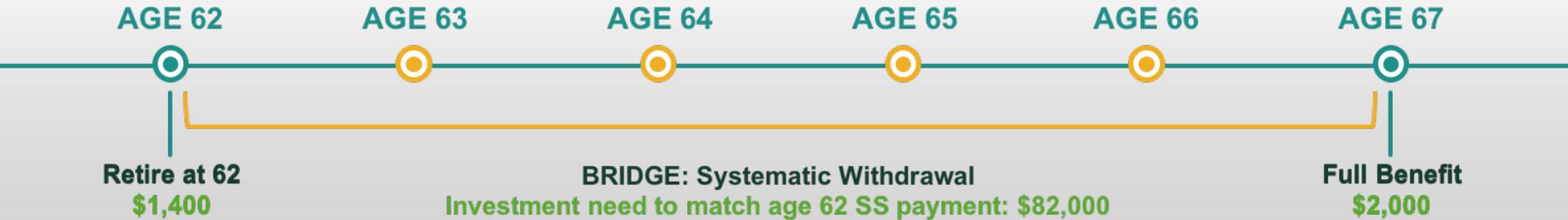
Tax considerations

- Regardless of your income level, no more than 85% of your Social Security benefit will ever be subject to federal taxation.
- There are 13 states where you may have to pay state income taxes on your Social Security benefit.
- The rules and exemptions vary widely, so it's wise to research your state's rules or consult a tax professional to clarify what rules apply to you.

[VIEW IRS.GOV FOR ANNUAL LIMITS](https://www.irs.gov)

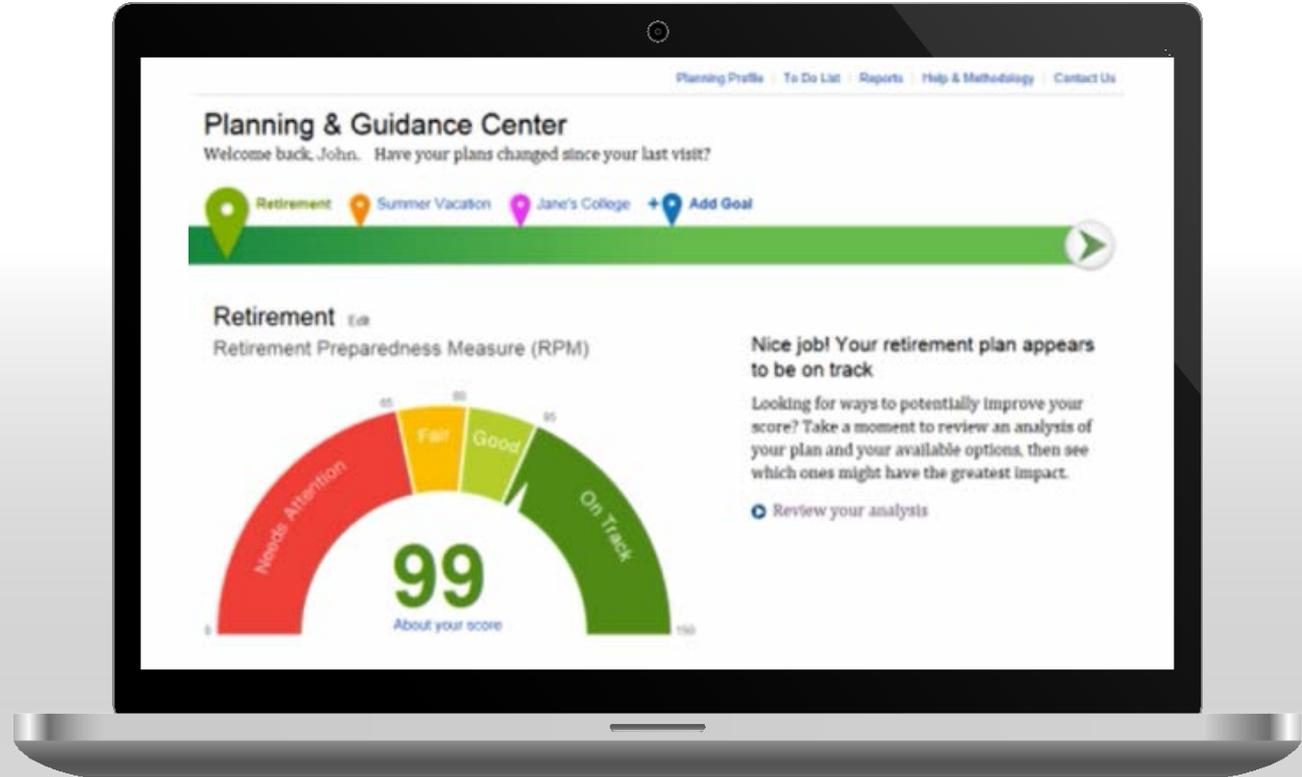


Bridge strategy implemented





Take the first step



Screenshot is for illustrative purposes only.

IMPORTANT: The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.



Review



Important part of retirement income



Basic eligibility



Spousal benefits



Estimate your benefit



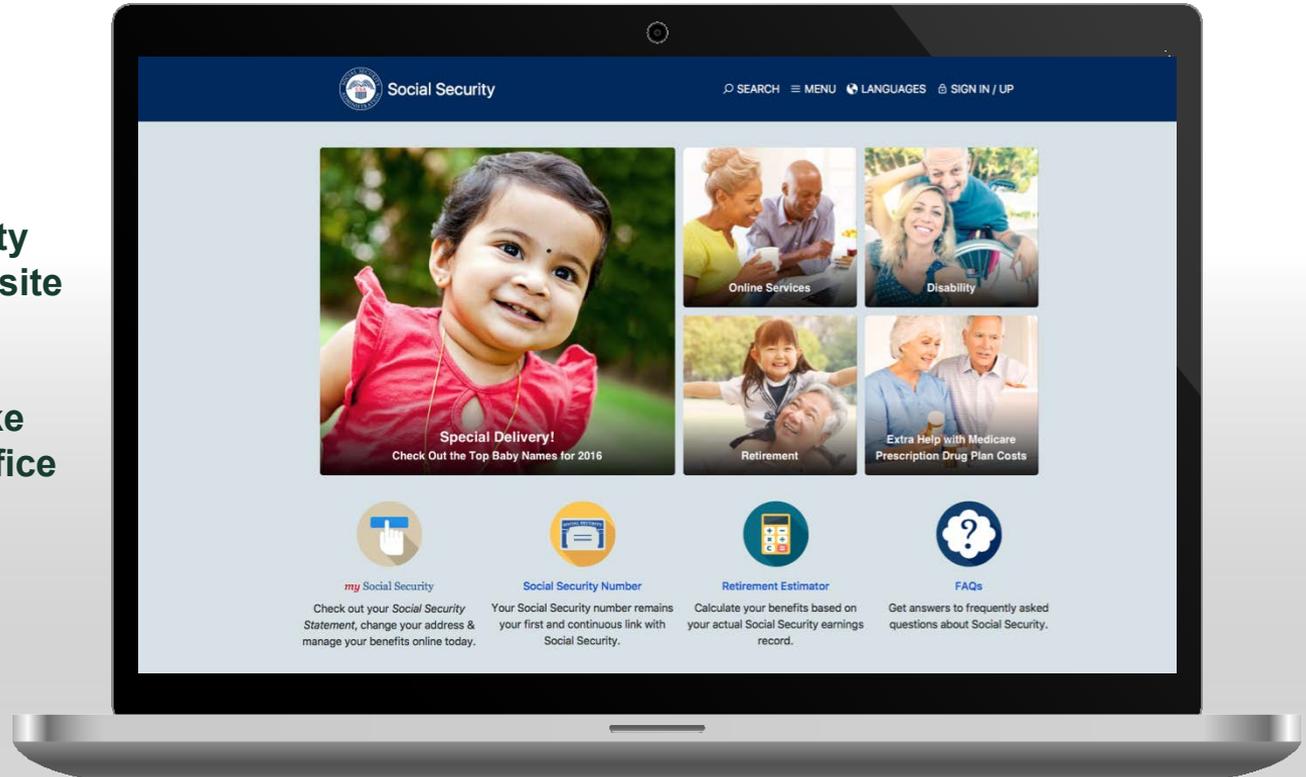
Decide when to claim



Social Security Resources

Visit the the Social Security Administration (SSA) website at [SSA.gov](https://www.ssa.gov).

Call (800) 772-1213 to make an appointment at SSA office nearest you.





Next steps



**Visit
NetBenefits.com**



**Estimate your benefit
Fidelity.com/
whentoclaimSS**



**Visit
SSA.gov and make an
appointment with your
local SSA office**



**Call for support
800-603-4015**

15 MINUTE BREAK



Health Care in Retirement





Considerations for calculating your retirement health care costs



Health care can be one of your largest retirement expenses



When will you retire?



How long will you live?*



Does your plan account for rising health care costs?



Can you keep your current doctors after you retire?



How much will health care cost you during retirement?



The average couple retiring at the age of 65 will need

\$315,000 OR **\$1,092**

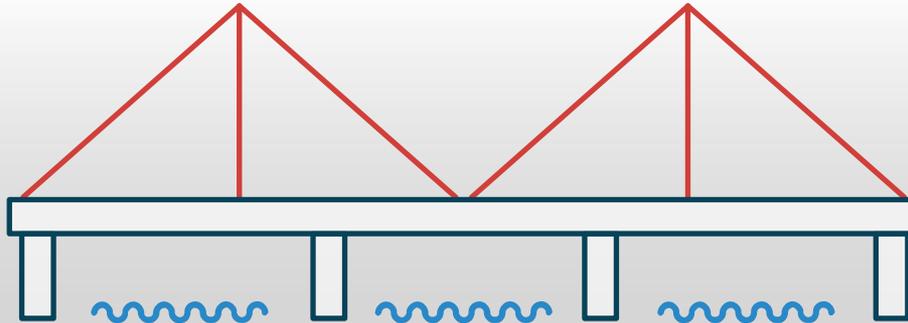
total

per month

to cover their health care expenses in retirement¹



Retiring before you're eligible for Medicare





Options for bridging the gap to Medicare

	COBRA Continuation 	Spouse's Health Plan 	Public Marketplace 	Private Insurance 
Target Audience 	Former employees	Eligible spouses/partners of covered employees	Anyone	Anyone
Considerations 	Few employers subsidize COBRA; you may pay the full cost of the coverage	Not all employers offer this benefit; special rules or surcharges may apply	You may qualify for federal assistance based on your income	Your former employer might provide a reimbursement account that can be used to help you afford the cost of these plans



What is
Medicare?





The differences between Medicare and Medicaid



Medicare

- Federal program
- Provides coverage if you're 65 or older, regardless of income
- Paid for through two trust fund accounts

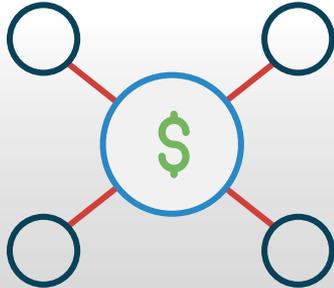


Medicaid

- State and federal program
- Provides coverage to people with low income, regardless of age
- Jointly funded by federal and state governments



What does Medicare cover?



Different parts of Medicare cover different services



PART A:

Your hospital insurance

- Generally no premiums, but an annual deductible
- May need to pay a portion of extended hospital or nursing home stays



PART B:

Your medical insurance

- Monthly premium, based on income
- Annual deductible, and some copayments
- If collecting Social Security, Part B coverage cost is deducted



Part D: Prescription drug coverage



PART D:

Prescription drug coverage

- Prescription drugs are not covered in Parts A and B, or Medigap
- May be covered elsewhere, or by Medicare Advantage
- Consider enrolling when eligible, even if healthy



Medicare Advantage Plans (aka “Part C”)



PART C:

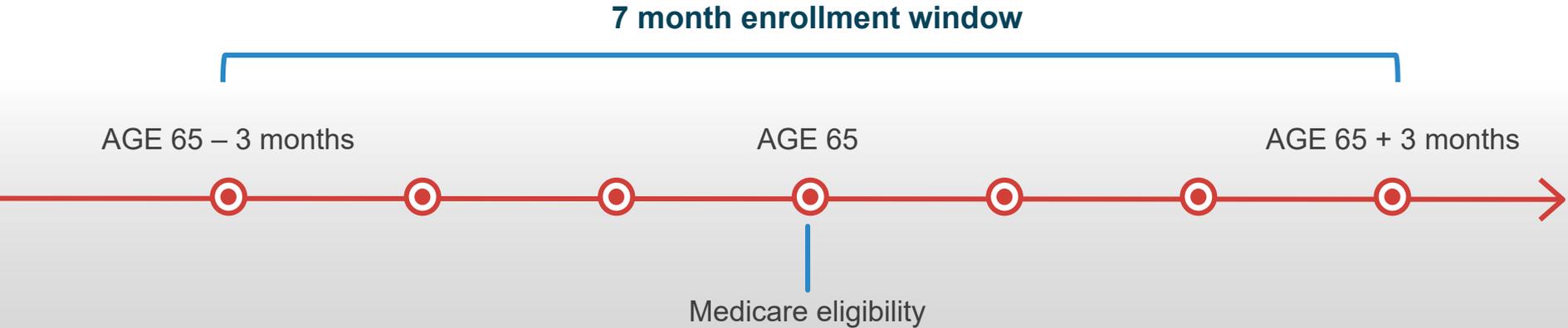
Medicare Advantage Plans

Available through private insurance companies approved by Medicare

- Includes Part A and Part B coverage
- Many plans provide vision, hearing, and/or dental coverage
- Some plans offer prescription drug coverage



Medicare enrollment considerations



It's important to enroll in Medicare on time, to avoid coverage delays and potentially higher monthly premiums

For more information, please visit [Medicare.gov](https://www.Medicare.gov)



What is Medigap?



MEDIGAP:

Supplemental coverage
for traditional Medicare

- Private insurance
- Covers out-of-pocket Medicare expenses
- Premium costs vary widely between insurers



Adding insurance to traditional Medicare

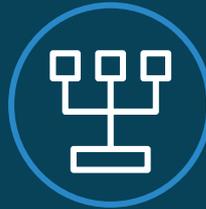
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Main options for purchasing additional insurance



Unbundled:

- Supplemental insurance, covers gaps of Part A and Part B
- Additional coverage available through Medigap



Bundled:

- All-in-one approach, joins Part A and Part B coverage under a single policy
- Available by purchasing a Medicare Advantage (Part C) plan



Factoring long-term care into your plans



Long-term care insurance



Helps pay for needs not covered by health insurance, Medicare, and Medicaid

- Home care, assisted living, adult daycare, and respite care
- Hospice, nursing home, and Alzheimer's facilities



Paid on a continual basis

- If unused, no premiums are returned
- Higher premiums if you wait until retirement age to purchase



Different types of elder care have different costs

Home Care

Provider costs:

\$169
daily

\$61,776
annually

Assisted Living

Facility costs:

\$148
daily

\$54,000
annually

Nursing Home Care

Private room costs:

\$297
daily

\$108,408
annually



Planning for Health Care Costs and Coverage in Retirement





Planning for health care expenses



**Pay attention
to your health**



**Save, Save,
Save**



**Plan on
longevity**



**Maximize your
Social Security**



**Review your
spending**



Next steps



Visit the Planning &
Guidance Center



Review your options for Social
Security and healthcare in
retirement



Call for help
800-603-4015

Investing involves risk, including risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

All screenshots are for illustrative purposes.

1. Estimate based on a hypothetical opposite-sex couple retiring in 2022, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

The information provided herein is general in nature. It is not intended, nor should it be construed, as legal or tax advice. Because the administration of an HSA is a taxpayer responsibility, you are strongly encouraged to consult your tax advisor before opening an HSA. You are also encouraged to review information available from the Internal Revenue Service (IRS) for taxpayers, which can be found on the IRS website at [IRS.gov](https://www.irs.gov). You can find IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans, and IRS Publication 502, Medical and Dental Expenses, online, or you can call the IRS to request a copy of each at 800.829.3676.

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Note: Anyone born in 1929 or later needs 10 years of work (40 credits) to be eligible for Social Security retirement benefits. People born before 1929 need fewer years of work. Contact the Social Security Administration for more details.

The PDF of today's presentation available for download should not be circulated any further and this content is only current for the next 30 days.

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