

The Right Time To Begin Social Security Benefits



MetLife[®]



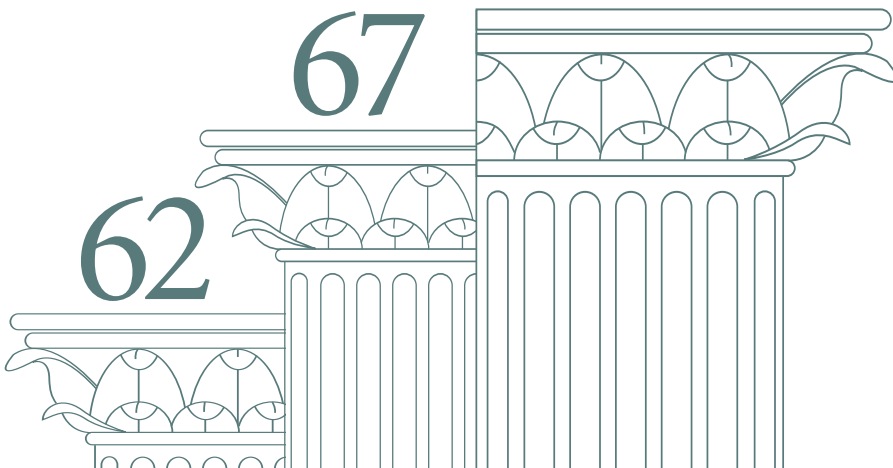
if

YOU COULD
CREATE THE
RETIREMENT OF
A LIFETIME

70

67

62



When should you apply for Social Security benefits?

How can you maximize the monthly Social Security benefits to which you're entitled?

Social Security benefits are a major component of retirement income for most Americans. You can begin receiving your benefits at age 62, but if you wait until age 67 or even age 70, you can receive considerably higher payments.

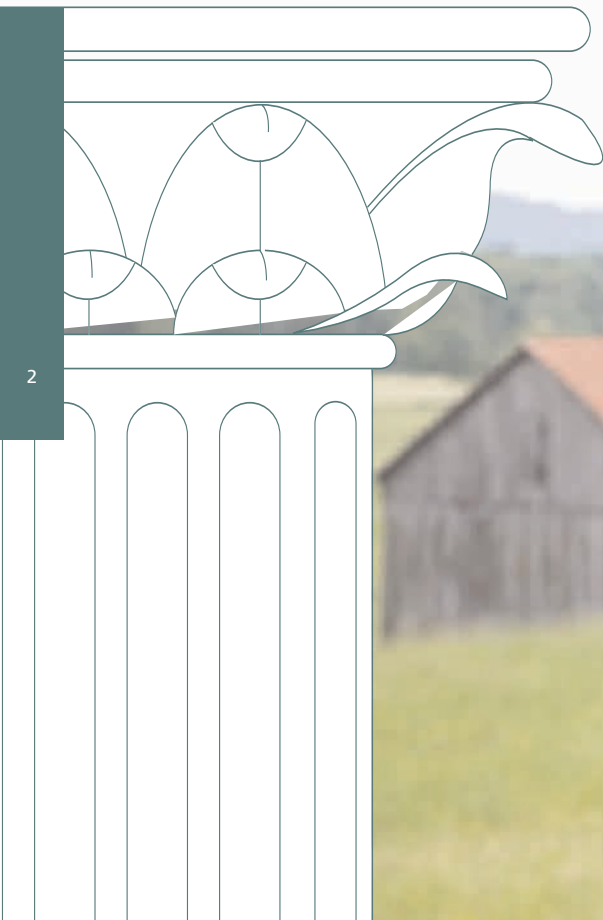
So why do almost 70% of Americans apply for benefits as soon as they're eligible to receive them and miss the opportunity to take full advantage of the income to which they are entitled?¹

Some retirees feel like they don't have a choice. They may have been forced to retire earlier than anticipated because of health issues or employer downsizings. Others, however, can't resist the prospect of receiving ongoing income and retiring as early as possible.

Unfortunately, many of these individuals don't realize that by taking their Social Security benefits early, they are impacting not only their financial security but the security of their spouse and their dependents.

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¹ Updegrave, Walter, Money Magazine, December 20, 2004

Why should you wait?

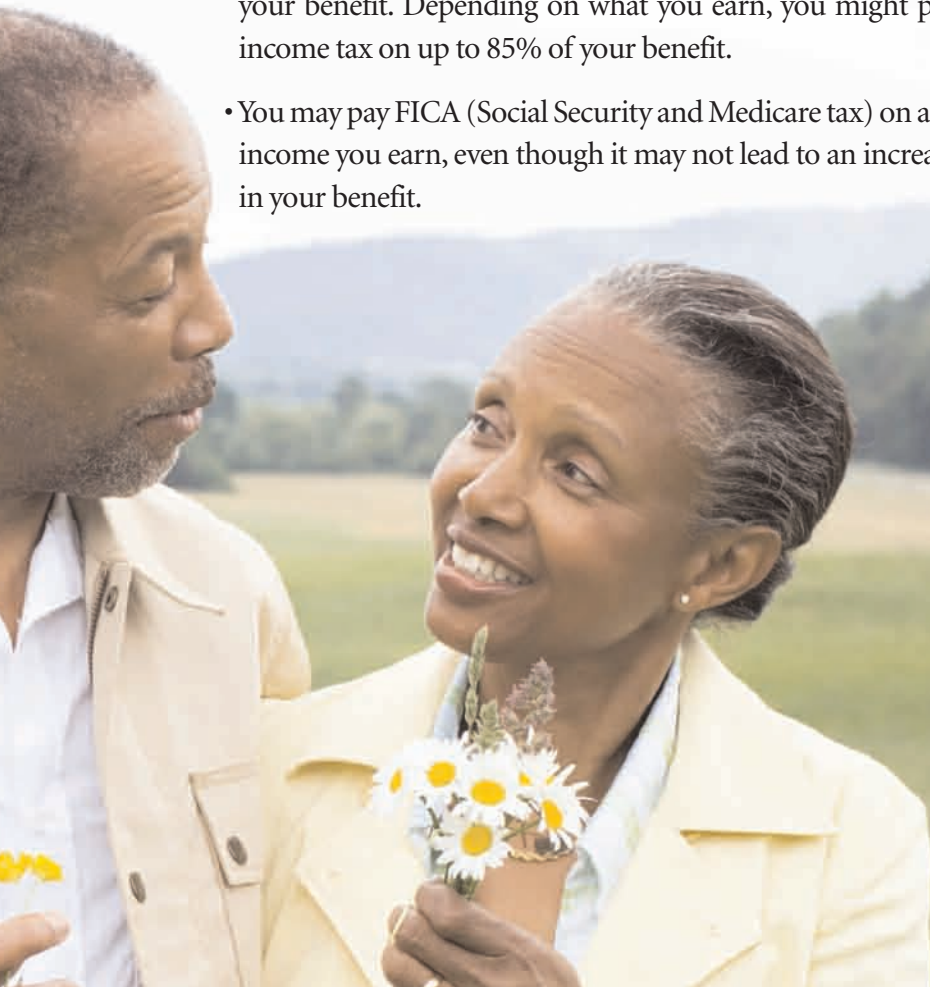
Taking Social Security benefits at age 62 may be unavoidable, if you need income immediately and don't have assets with which you can generate income.

You should realize, however, that adopting this strategy involves consequences:

- You can't change your mind. The monthly payments you receive will be adjusted for inflation each year but will never be as high as the monthly payments you would have received if you had waited.
- You may find that continuing to work or going back to work becomes a less desirable option for the following reasons:
 - If your income exceeds a certain amount, you will suffer a reduction of your Social Security benefits. In 2007, you could lose up to \$1 in Social Security benefit for every \$2 you earn above \$12,960.
 - Your increased income may result in increased taxation of your benefit. Depending on what you earn, you might pay income tax on up to 85% of your benefit.
 - You may pay FICA (Social Security and Medicare tax) on any income you earn, even though it may not lead to an increase in your benefit.

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What is your Normal Retirement Age?

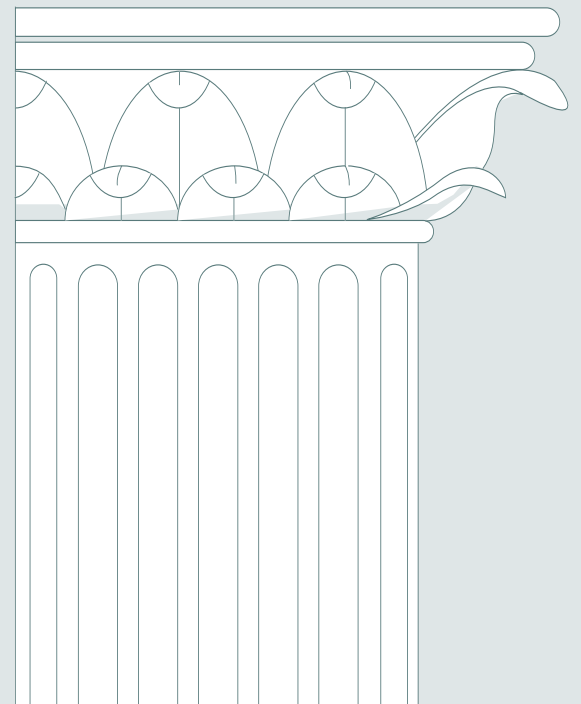
Finally, your decision to take early Social Security benefits may affect the future security of your spouse and dependent children. If your spouse doesn't have the work history to qualify for Social Security benefits that exceed yours, he or she can receive a benefit that is based on yours. While you and your spouse are both alive, the spousal benefit is 50% of your benefit. After your death, your spouse would receive 100% of your benefit. If you elect to begin receiving Social Security monthly benefits at age 62, your benefit is permanently reduced and that reduced benefit is what your spouse's benefit is based on. In addition, if your spouse elects benefits prior to their Normal Retirement Age the benefit would be reduced further to account for his/her early start

By waiting until you reach Normal Retirement Age (see table) or higher to receive your Social Security benefits, however, you stand to gain the following advantages:

- Your spouse stands to receive benefits that can be considerably higher than they would be if you had opted for early payments
- You may receive more income from Social Security over your lifetime than you would have if you had begun taking lower payments at age 62, provided you live to more than the average life expectancy.
- You may receive the higher benefits and continue to work without adversely affecting those benefits. In fact, working can increase your benefit since it increases the lifetime earnings used to calculate Social Security payments.

There are some tradeoffs to delaying your benefits to receive a higher income. You are giving up income you could be receiving today. However, you can make up these payments over the course of your retirement by maximizing what you are entitled to receive over your lifetime.

Year of Birth	Normal Retirement Age
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67



Making up for lost income

Let's imagine that at age 62, based on your earnings history, you qualify for \$12,000 in annual Social Security payments, but by waiting until you reach Normal Retirement Age (in this example age 67), you stand to receive \$17,280 a year and by waiting until age 70 you could receive \$21,120. (Please note: If you are age 62 today, your Normal Retirement Age is age 66. Beginning with those born in 1955, Normal Retirement Age begins to climb, reaching age 67 for those born in 1960 and later. In the above example, if you are age 62 in 2007, you would actually get a monthly benefit that is more than you would get at Normal Retirement Age by waiting one more year.)

Example:

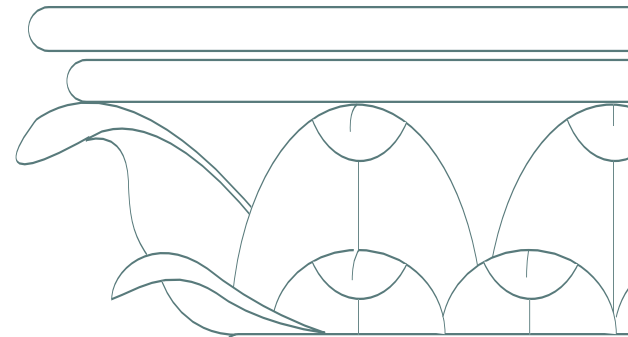
- Over the period between age 62 and 67, you can receive \$60,000 in income ($\$12,000 \times 5$).
- By waiting until you reach age 67, you can receive an additional \$5,280 per year, so it will take you 12 years to make up the early payments you didn't receive ($\$5,280 \times 12 = \$63,360$).

The possibility that you'll live an additional 12 years beyond age 67 or to age 79 is more likely than ever before. According to recent life expectancy tables:²

- A male age 62 today has a 72% chance of living past age 79.
- A female age 62 today has an 82% chance of living past age 79.

If you wait until age 70 to receive benefits in this example, your income would be \$21,120. Therefore, it would take you until age 81 to make up the benefits you would have received between ages 62 and 70.

Of course, there are no guarantees, but by waiting until you reach normal retirement age or to age 70 to maximize your monthly Social Security benefits, you can provide yourself and your spouse with higher payments during the years when you may no longer have the option or desire to work.



Your Options:

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Let's assume that you decide you want to wait to begin receiving your Social Security benefits. If you wait you have several options to generate a current income.

Keep working: As simplistic as this may sound, continuing to work may be a viable alternative if you're not willing to use your savings to generate income between the time you retire and the day you reach Normal Retirement Age. In addition as mentioned above, you may actually increase your lifetime earnings amount which could further increase your Social Security Income Payment.

2

Build a bridge to higher Social Security benefits: You can always retire now, but you'll need income to replace your salary or the Social Security benefits you would have received by applying at age 62. To generate this income, you may have to use savings or investments, but eventually, you will benefit from higher payments. Choosing which assets to use to build your income bridge can be a challenge, but fortunately, MetLife can help.

Talk to your MetLife Financial Services Representative about income strategies

Your MetLife Financial Services Representative can help you determine which strategy works best for you: applying for early Social Security benefits or waiting to receive benefits until a later date. He or she can also suggest strategies to bridge your income gap, should you decide to retire now but wait to apply for Social Security benefits. MetLife offers immediate annuities and other solutions to help you create your own personal safety net for protection against income shortfalls.

The next step

Your Social Security benefits are the foundation of your overall retirement strategy. Learn how to make the most of them and generate the additional income you need to retire with confidence. Your MetLife Financial Services Representative can help you navigate the complexities of retirement planning and address the ifs that stand between you and your objectives. Contact him or her today.

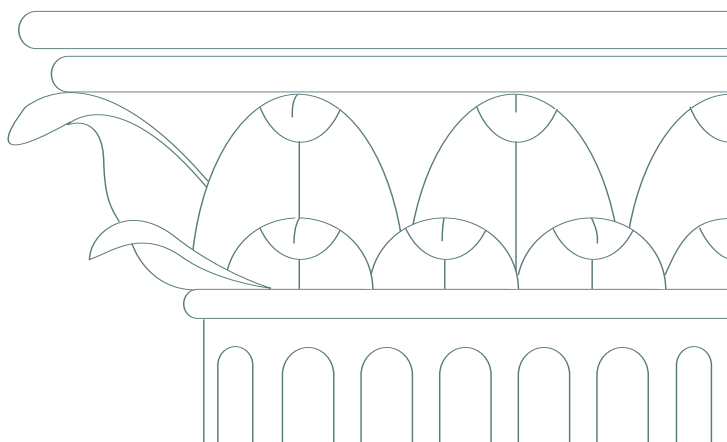


—| Meet Joe

Utilizing The Social Security Benefit Bridge

Joe has a salary of \$70,000; his monthly Social Security income at age 62 would be \$1,236/month. However, if Joe waited past full retirement age until age 67 his monthly Social Security benefit would be at least \$1,780. But Joe still needs to generate income from age 62 to 67. By utilizing the **Social Security Bridge** concept using a 5-year term certain annuity for approximately \$70,148 he would generate that \$1,236 that Social Security would have paid him at 62.³

Beginning Social Security payments early may mean giving up already earned income for the rest of your life.



³ Annuity cost based on a hypothetical Single Premium Term Certain Annuity using the Annuity 2000 Mortality Table with a 4% interest assumption. This does not represent any MetLife product. Payments cease at end of term. Does not take into consideration impact of taxes.

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