M RNINGSTAR®

Social Security Optimization Talking Points



What is Social Security Optimization?

- Enhancement to the Social Security recommendation within the Morningstar Retirement Manager tool.
- Social Security recommendation now provides a breakdown of a participant's estimated Social Security benefit by age of withdrawal (62-70).

How is the Social Security estimate made?

Morningstar Investment Management uses the Social Security Administration's calculation, which is based on a participant's earnings over the course of their working lifetime, to estimate each year's benefit.

Why should my clients care?

- By showing a breakdown of what a participant's benefit would be each year over a nine-year period, participants will now be able to better understand the impact of taking Social Security at different ages, as well as the benefit of being more patient.
- With this additional information, participants can now make a more educated decision when deciding when to take Social Security.

Who is this available for?

- This is available to all participants under the age of 71.
- Participants 50 and older will most likely show the most interest in this enhancement, as they are closer to making the decision of when to take Social Security.

What else should I know?

- If a participant selects to compare all ages for taking Social Security (this is on the advice dashboard), they will open a modal that consists of three columns:
 - Start age: Age at which a participant can start taking Social Security
 - Penalty: The estimated amount the participant would lose if they choose to take Social Security before their full benefit age (<67)
 - Estimated benefit: The estimated benefit a participant would receive if they choose to take Social Security at or above their full benefit age (\geq 67)
- Within the modal, participants have four options:
 - Move forward with Morningstar's initial recommendation for when to take Social Security by exiting out of the modal and returning to the advice dashboard.
 - Select one of the nine available ages to take Social Security.
 - Choose to enter their own estimates for Social Security.
 - Opt to not rely on Social Security as part of their retirement strategy.

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