

Annuity

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Social Security and your retirement journey



Getting started

As you look to the future, it's important to work with your financial professional to create a retirement income strategy that supports your unique needs. Social Security may be a key part of that strategy and helping you create financial security for the journey ahead.

Here's a closer look at:

- The program
- Its role in retirement planning
- The different types of benefits available
- How benefits are calculated
- When and how to apply for benefits



Social Security basics

Social Security is a federal program that provides retirement benefits and disability income to qualified individuals and their families. Most workers pay into the program through a payroll withholding or when they file their federal tax returns. Throughout your working years, you fund the benefits for current recipients, and then when you retire or claim benefits, the next generation of workers will be responsible for funding your benefits.

Retirement benefits

Each year, a worker can earn up to 4 credits, where each credit represents a certain amount of earnings. In 2024, you will receive one credit when you earn \$1,730. Once you earn 40 credits, you can become fully insured for retirement benefits.

As average wages increase, the amount of earnings required to earn one credit may increase annually too. The good news is that no matter if you change jobs or stop working, all the credits you have earned will remain on record. When you become eligible for Social Security and choose to begin claiming your benefits, you will receive a benefit check each month. That guaranteed monthly income is also adjusted for inflation for the rest of your life.

Disability benefits

Along with providing benefits to retirees, people who are unable to work for a year or more due to a physical or mental disability may be eligible for Social Security Disability Insurance (SSDI).

Spousal benefits

If you're receiving Social Security retirement or disability benefits, your spouse, ex-spouse, or child may qualify to receive a monthly payment up to 50% of your benefit amount.

Survivor benefits

If you were to pass away, your family may be eligible for survivor benefits based on your earnings record. Survivor benefits may be payable to your spouse, children, and dependent parents.

Social Security benefits may be available to individuals who:

- Age and retire
- Are unable to work due to a disability
- Lose a spouse (or if a young child loses a parent)



The role of Social Security in retirement planning

Social Security plays a key role in providing retirement income for much of the aging population — around 97% of older adults ages 60 to 89 years old currently receive benefits. But since Social Security is meant to replace a portion of your income after leaving the workforce, it's important to remember that it will likely only be one part of a comprehensive retirement plan. The average Social Security benefit for retired workers as of September 2024 was around \$1,921 per month or about \$23,052 per year.*

**Source: SSA.gov*

Along with increasing lifespans and cost of living, the impact of inflation and rising healthcare costs can lead to a potentially lengthy and expensive retirement, especially without proper planning. A good place to start when creating a retirement plan is to explore:

- Estimated retirement age
- Short- and long-term financial goals
- Healthcare costs in retirement
- Desired retirement lifestyle
- Estimated monthly expenses in retirement
- Sources of retirement income
- When to claim Social Security benefits

Once a good overview of retirement expenses and income sources is mapped out, it can be easier to see where Social Security fits into your overall plan.

Choosing a retirement date

Deciding when to leave the workforce and claim Social Security is different for each person and can be influenced by their financial situation and retirement outlook. Here are important ages to keep in mind and how they can affect your monthly benefits.

Many people may have to enter retirement earlier than planned due to health problems. In this case, they may be eligible for Social Security disability benefits.

● Early retirement

Age 62: When you can begin receiving Social Security retirement benefits. Remember, claiming benefits early will lower your monthly amount.

● Full Retirement Age (FRA)

Age 66 or 67: When you become eligible for full benefits.

● Delayed retirement

Age 66 or 67 up to age 70: Social Security retirement benefits can increase from the time you reach your FRA until age 70. Typically, there is 8% added to your benefit for each full year you delay receiving Social Security benefits beyond full retirement age.

Year of birth	Full 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

Note: People born on January 1 of any year, refer to the previous year.

Social Security benefit amounts

After accumulating at least the minimum number of credits (40 total) based on your earnings history, you can be eligible for Social Security benefits. Social Security payments are calculated using a person's 35 highest-earning years and are adjusted for inflation.

By creating a Social Security Administration (SSA) account at ssa.gov, you can check eligibility, estimate your benefit amount, and explore factors that can affect your payout. Social Security benefit amounts are based on:

- Average income during your working years
- Spouse's average income
- Age when you begin claiming benefits

As you plan for retirement, you can estimate how much your benefit amount will be if you apply at different ages. You will begin receiving your monthly benefit check one month after the month you choose on your application. For example, if you select June on your application, your first check will arrive in July.

Your earnings and when you choose to start benefits will determine the amount of average wages that Social Security retirement benefits will replace.

Calculating Social Security benefits

You can apply for Social Security benefits any time between ages 62 and 70, giving you flexibility to choose what works best for you based on your personal goals and retirement plan. If you choose to start receiving benefits before your full retirement age (FRA), which is between ages 66 and 67 depending on your birthday, your benefit amount will be reduced. If you wait until your FRA or later, up to age 70, to claim benefits, you can receive delayed retirement credits and your monthly benefit amount can be higher. You will not receive a higher amount by waiting to claim benefits after age 70.



How to maximize Social Security benefits

While there can be some educated guesswork when trying to plan for the future, taking time to consider your lifestyle and current health can help you estimate the most appropriate retirement age for your situation. Understanding how your benefit is calculated and what can affect that monthly amount can be useful as you develop a retirement budget and determine if any income gaps exist.

If you're using Social Security to supplement your retirement income plan and wish to ensure the highest benefit amount, there are several ways to help maximize your payout while still meeting your personal goals and retirement timeline.

Stay in the workforce for at least 35 years

Since Social Security benefits are based on your earnings from the 35 highest income years, staying in the workforce for at least that timeframe can help boost your monthly amount. If you fall short of the 35-year mark, benefits can be reduced for every year that you weren't employed.

Delay claiming Social Security until your Full Retirement Age

Remember that claiming Social Security benefits before your full retirement age (FRA), or ages 66 or 67 depending on the year you were born, can reduce your benefit amount by as much as 30%. Pushing out retirement and delaying claiming benefits can help increase the monthly Social Security payout since delayed retirement credits can be earned each year. Typically, a person can receive the largest benefit amount by retiring at age 70.

Consider a spousal benefits strategy

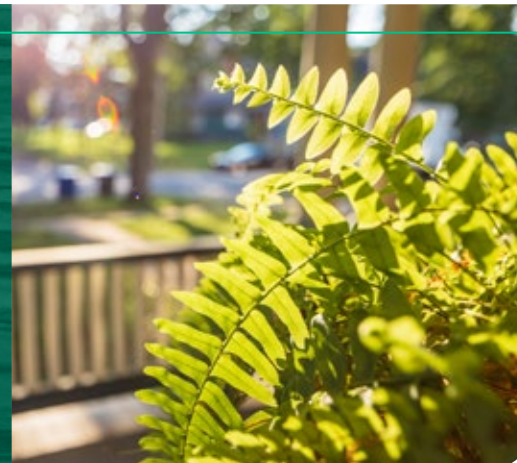
Married couples may benefit from claiming spousal benefits, where they can receive up to 50% of their spouse's benefit amount. If your spousal benefit is higher than your own benefit amount, you can get a combination of benefits that equals the higher spouse's benefit. For example, if a person is eligible for a \$1,100 benefit amount and a spousal benefit of \$1,500, then at their FRA, they can receive their \$1,100 payout, along with an additional \$400 for a total of \$1,500.

Suspend Social Security benefits temporarily

Some people reach FRA and begin claiming Social Security, but life circumstances change, and they want to hold off on receiving further benefit payments until a later date. If it's been less than a year, you can suspend your benefit and pay back any payments you have received. Perhaps you decided to get a new job or have adequate savings for early retirement. Whatever the reason, you can suspend Social Security and file again later, helping to increase that benefit amount when you do begin receiving payments again.

How to apply for Social Security benefits

When you're ready to apply for Social Security benefits, you can make an appointment to visit a Social Security office, call toll free, or apply online. If you're planning to apply for retirement benefits, you will need to choose the month you wish benefits to begin. You can [visit ssa.gov](https://www.ssa.gov) for more information on how to apply for benefits.



Beyond retirement: Understanding disability, spousal, and survivor benefits

Disability benefits

When a person has a condition where it can affect their ability to work for a year or more, or an older adult or child has little or no income or resources, they may be eligible for Social Security disability benefits.

- **Social Security Disability Insurance (SSDI):** Social Security can pay disability benefits if the unexpected happens. If a person has worked long enough and paid Social Security taxes on earnings, the SSDI program pays benefits to an individual and certain family members.
- **Supplemental Security Income (SSI):** For adults and children who have a qualifying disability or limited income and resources, the SSI program pays monthly benefits. Eligibility depends on factors such as an individual's income, living situation, and support from the state. For those on SSI, they may also be able to receive additional support such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

Spousal benefits

If you're receiving Social Security retirement benefits, your spouse, ex-spouse, or child may qualify to receive a monthly payment up to 50% of your retirement benefit amount. These payments will not lower the amount of benefits you receive as an individual. In general, the total amount you and your family members can receive is about 150% to 180% of your full retirement benefit.

How a spouse can qualify

Your spouse can be eligible for benefits even if he or she has never been employed. In general, requirements for spousal benefits include:

- You are currently receiving retirement or disability benefits
- Spouse is at least 62 years old
- You have been married for at least 10 years

If a spouse is eligible for their own Social Security benefit and it is larger than the spousal benefit, they will be paid their own retirement benefit amount. However, if the spousal benefit is greater, they will receive the higher benefit payment. Just like you, choosing to receive benefits before FRA can result in a reduced benefit amount. There is an exception to this rule, where benefits will not be reduced if a spouse is caring for a qualifying child.

Survivor benefits

Social Security survivor benefits are available for widows, widowers, and dependents of eligible workers. As an employee, some of the taxes paid into Social Security are for survivor benefits. If you were to pass away, your family members could be eligible for benefits either in a one-time lump sum or monthly payments, where the amount is based upon your earnings.

Family members may be eligible to receive survivor benefits if:

- The surviving spouse is age 60 or older (50 or older if they have a disability)
- Any age and caring for the deceased's child who is under age 16 or has a disability and is receiving Social Security benefits
- An unmarried child who is younger than age 18 (or up to age 19 if they're a full-time student in an elementary or secondary school)
- A stepchild, grandchild, step-grandchild, or adopted child under certain circumstances
- Parents, age 62 or older, who were dependent on the deceased for at least half of their financial support
- A surviving divorced spouse, under certain circumstances

Looking ahead

Developing a retirement plan that provides the income needed for a comfortable and secure future is now more important than ever. With increasing life spans, the years spent in retirement could be lengthy, and this may include increased healthcare costs, a more expensive cost of living, and the need for long-term care.

Retirees will need adequate savings, and while Social Security can provide a key source of income, creating a diversified financial plan can help close any income gaps and provide different options to support individual financial goals.

Working with a financial professional can take the guesswork out of retirement planning and help you explore the different solutions available. As you gain a better understanding of the role Social Security, retirement savings accounts, investments, and annuities can play in a retirement plan, you can work together to determine the best approach to help you achieve your financial goals.

When it's time to apply for Social Security retirement benefits, you can use the Social Security Administration (SSA) online retirement application at ssa.gov for a quick and convenient way to get started.



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Source: SSA.gov

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History of Social Security

- 1935** President Franklin D. Roosevelt signs the Social Security Act.
- 1937** First Social Security taxes are collected and first benefits are paid out in lump sum payments.
- 1939** Program expands to include benefits for survivors and dependents.
- 1940** Ida M. Fuller receives the first monthly benefit check.
- 1950** Congress authorizes the first cost-of-living adjustment (COLA).
- 1956** Benefits are made available for disabled workers ages 50-64 and disabled adult children.
- 1961** Workers are allowed to take early retirement at age 62 with a reduced benefit amount.
- 1972** Congress establishes Supplemental Security Income (SSI) to provide monthly benefits to older, blind, and disabled people with low incomes.
- 1975** First annual automatic COLA goes into effect.
- 1983** President Reagan signs legislation providing for taxation of benefits and gradual increase in FRA to 67.
- 1994** Social Security Administration (SSA) official website launches.
- 1999** Annual Social Security statements are mailed to workers.
- 2012** Social Security statements can be accessed online.
- 2020** Field offices close due to COVID-19 pandemic.
- 2022** Field offices reopen after two years of pandemic restrictions.





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With so much change happening in the world, people are looking for companies that can stand the test of time. They need a partner that can weather life's storms. That's us. For over a century, we have been here for our customers and honoring our commitments. We are proud of our impact on the financial futures we help secure, and the legacies we help establish.

We believe that we aren't here to serve just today's customers, but customers for generations to come. As we look ahead to our next hundred years, that fundamental principle remains rich in its vision. No matter how much change happens in the world around us, we strive to find new ways to create value for our customers.

Just like always.



North American has continued to earn high ratings, based on our financial strength, operating performance, and ability to meet obligations to our policyholders and contract holders. North American currently holds the following ratings:

“A+”

A.M. Best^{AB} (Superior) (Second category of 15)

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Ratings are subject to change.