

# 4 key steps to make Social Security planning more effective

One of the services clients value from financial professionals (FPs) is advice on how to integrate Social Security in their retirement plans and when to claim Social Security benefits. The advice FPs provide has the potential to impact their clients' feeling of financial security in retirement. As our research indicates, Social Security planning often leads to clients:

- Saving more
- Seeking more advice from FPs
- Seeking out other sources of income in retirement
- Having more discussions about retirement income with family members

Knowing how to integrate Social Security into retirement and when to claim benefits can lead to increased financial security in retirement. But when is the most effective time to start discussions about Social Security? What are the key considerations to help guide clients on when to claim benefits? In this time of heightened attention to the future of Social Security, Protective worked with independent research firm, Greenwald Research, to help answer these questions. Greenwald surveyed 1,000 consumers and 500 FPs about how they address the decision of when to claim benefits.

This research has identified 4 key steps FPs should consider to provide the most effective guidance to their clients:

1

**Discuss Social Security and claiming strategies with clients well before they plan to retire.**

3

**Communicate strategies effectively.**

2

**Form a strategy for when clients should claim benefits.**

4

**Develop a “bridge” income plan to clients who delay claiming Social Security benefits.**

## Methodology

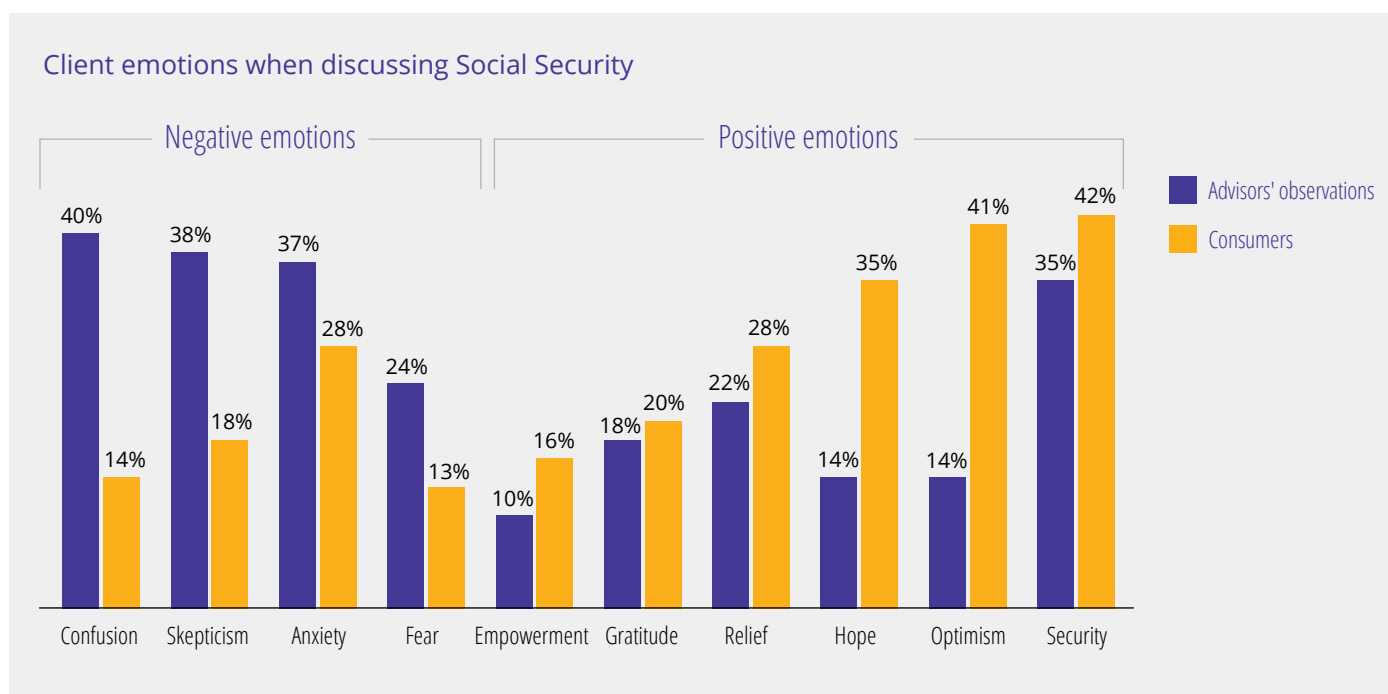
1,000 consumers ages 50-70 participated in an online survey in September 2024. All have investable assets of at least \$200,000 and are eligible for Social Security benefits.

500 FPs participated in an online survey in October 2024. All are full-time financial advisors in client-facing roles with at least 3 years of experience. All earn at least half their income from providing investment and financial planning advice to retail clients and get at least 40% of their income from clients ages 50-70.

## Background: Emotions around Social Security planning — a revealing disconnect

One of the most revealing findings from the surveys is the misalignment of consumer emotions when planning for Social Security benefits and FP perceptions of client emotions when they discuss Social Security.

The top 3 emotions consumers feel when planning for Social Security are “security,” “optimism” and “hope.” However, the top 3 emotions FPs sense from their clients during Social Security discussions are “confusion,” “skepticism” and “anxiety.”



Consumers: Which 3 emotions do/did you feel most when planning for Social Security benefits? Please select up to 3. (Total 1,000)

FPs: Which emotions do your clients most often exhibit during Social Security conversations? Please select up to 3. (Total 500)

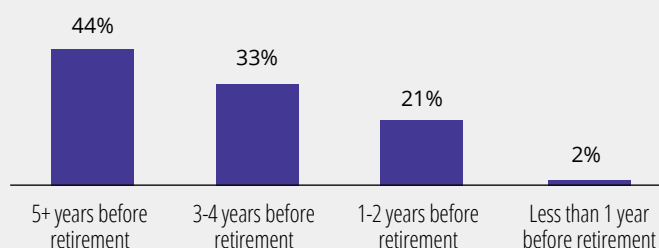
Being aware of client emotions regarding Social Security and how to respond to them will be important as FPs navigate the steps described on the following pages.

Step  
1

## When to start discussing Social Security with clients

Over half of FPs start discussing Social Security benefits with their clients when the client is within 5 years of retirement. Importantly, the FPs who are more knowledgeable about Social Security are more likely to start these discussions earlier than less knowledgeable FPs.

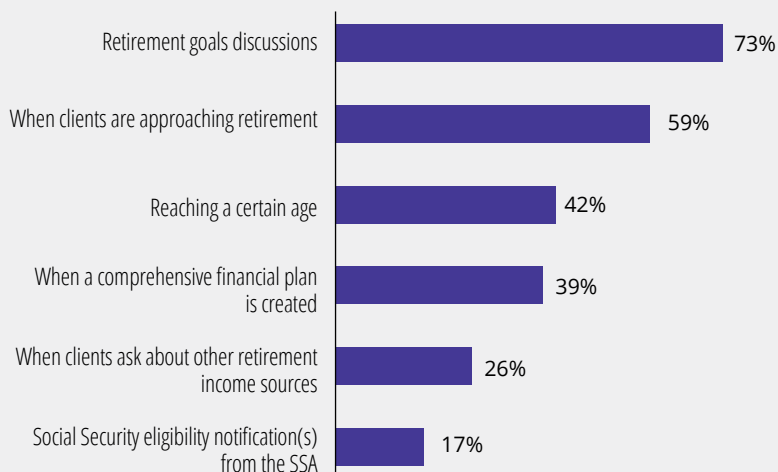
### Time prior to retirement when FPs start discussing Social Security



At what age do you generally start having Social Security conversations with your clients? / How many years prior to retirement do conversations about claiming Social Security benefits usually begin?  
(Discusses SS planning with clients: 499) / (SS conversations triggered by clients approaching retirement: 295)

A variety of circumstances trigger a discussion about Social Security. The most frequent triggers are retirement goals discussions and clients approaching retirement. Two in 5 FPs say they wait until their clients are a certain age, and 1 in 4 say conversations are triggered by a client asking about sources of income in retirement.

### What triggers Social Security conversations

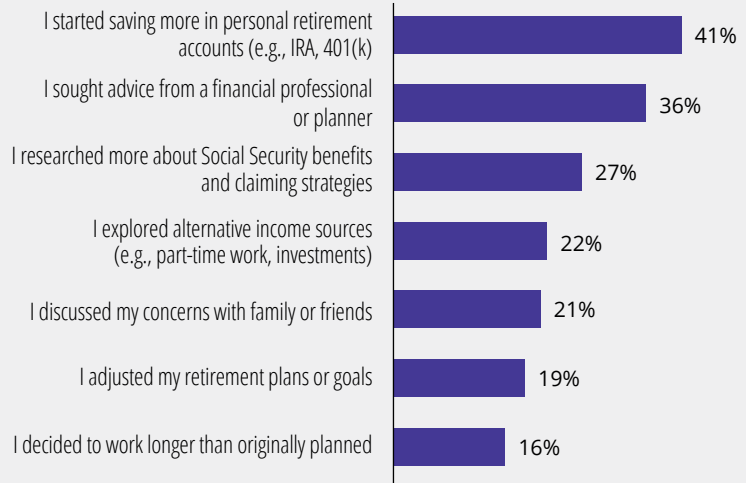


Which 3 events or milestones most commonly trigger Social Security discussions with your clients? Top Answers  
(Discusses Social Security planning with clients: 499)

## Help clients save more by talking about Social Security early

There are clear signs that discussing Social Security leads to a number of positive actions. Perhaps the most positive is that 2 in 5 consumers say planning for Social Security led them to save more for retirement. As a result of discussing Social Security, 1 in 5 explored other potential sources of retirement income, 1 in 5 adjusted plans for retirement and goals, and 1 in 6 decided to work longer. Importantly, only 1 in 5 did not do anything as a result of Social Security planning.

### Consumer actions taken as a result of SS planning (If consumer has not claimed)



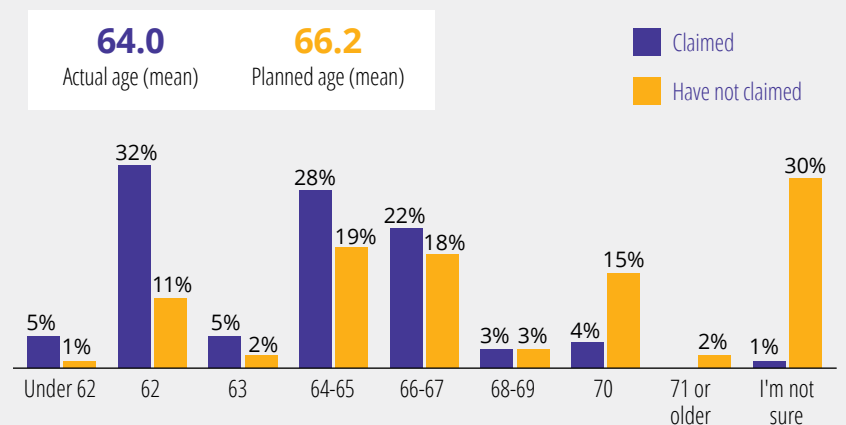
Which of the following actions, if any, have you taken as a result of your Social Security planning? Please select all that apply.  
(Has not claimed: 743)

## Step 2

## Form a strategy about when clients should claim benefits

Social Security benefits can be claimed at any age between 62 and 70, with an 8% increase in benefits for every year of delay. The most important decision pertaining to Social Security is, of course, the age of claiming retirement benefits. Among the survey respondents who have already claimed Social Security benefits, the average age of claiming was 64. Thirty percent of consumers who have not yet claimed are not sure when they will. This signals an opportunity for FPs to engage them in a Social Security planning conversation.

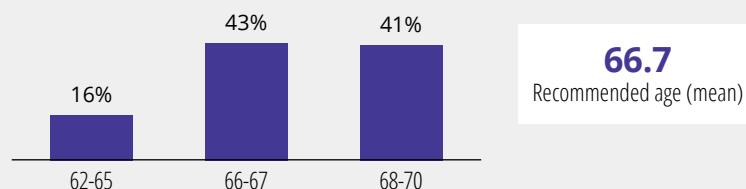
### Actual vs. planned Social Security claiming age (If client has not claimed)



At what age did you claim Social Security income benefits / At what age are you planning to claim Social Security income benefits?  
(Claimed Social Security: 257) / (Have not claimed: 743)

Many FPs typically advise their clients to delay claiming Social Security benefits well beyond the point at which they are first eligible. For people born in 1960 or later, the age required to get full Social Security benefits is 67. Forty-one percent of FPs most often suggest delaying claiming until at least age 68.

### Claiming age most often suggested by FPs

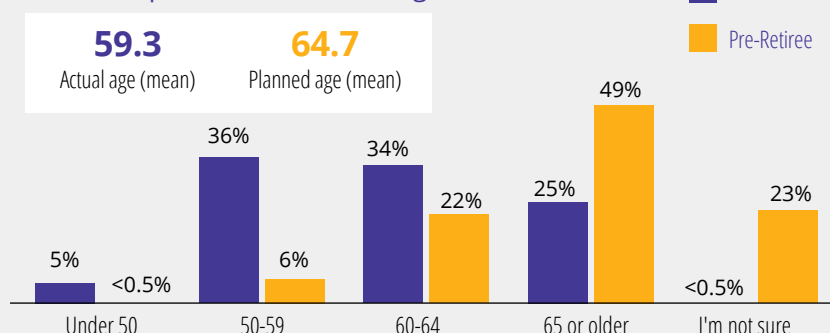


If you had to choose one Social Security claiming age that you suggest most often, which would it be?  
(Discusses Social Security planning with clients: 499)

### Factors affecting the claiming decision

There are a number of factors affecting decisions about claiming Social Security benefits. One key factor is the age at which people retire. Many people with the asset level required to participate in this survey (\$200,000 and above) retire well before the age of entitlement for full Social Security benefits. Indeed, among survey respondents who retired, the average age was 59.3, with only 25% waiting until at least age 65.

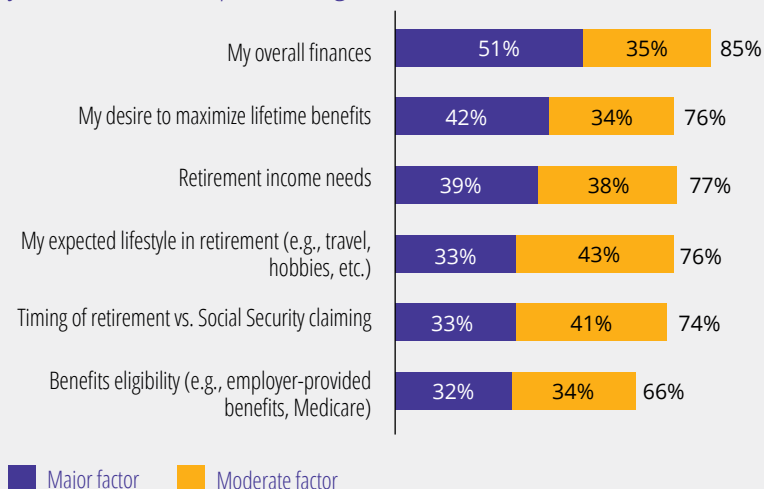
### Actual vs. planned retirement age



At what age are you planning to/did you retire? (Total: 1,000)

Consumers are generally aware that the longer they delay claiming Social Security retirement benefits, the larger their monthly Social Security check will be. All who claimed or plan to claim after age 67 say maximizing their monthly benefit is or was a reason, and 89% state it is a major reason. While the main factor affecting when Social Security benefits are claimed is a person's assessment of overall finances, the second most important factor is a desire to maximize lifetime benefits. Seventy-six percent say that maximizing lifetime benefits is a major or moderate factor in their decision.

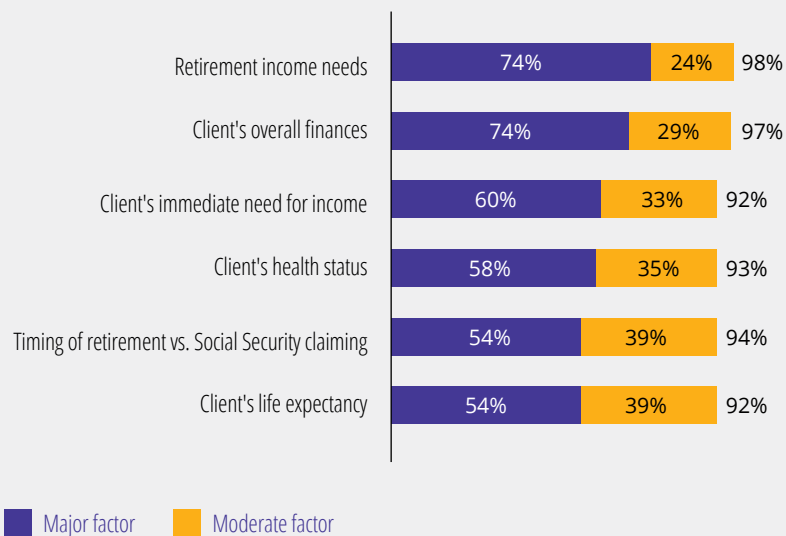
### Top factors consumers consider when determining age to claim (If claimed or has a planned age to claim)



How large of a factor did each of the following play when you determined the age you would claim Social Security benefits?  
Top Answers (Claimed or has a planned age to claim: 777)

FPs evaluate a range of factors when suggesting a strategy for when a client should claim Social Security benefits. Of course, the 2 main factors considered are retirement income needs and overall finances. Other factors strongly considered by over 9 in 10 FPs are the client's immediate need for income, client's health status, timing of retirement versus optimal time of claiming, life expectancy and other guaranteed sources of income.

## Top factors FPs consider when determining optimal claiming age



Imagine you're guiding a client through Social Security planning. How large of a factor does each of the following play when determining the optimal claiming age for a client to claim their benefit? Top Answers (Discusses Social Security planning with clients: 499)

**FPs who discuss Social Security claiming with their clients report that their clients have a number of concerns about delaying claiming benefits. The top 2 are particularly important:**

- 1) Potential insolvency of Social Security**
- 2) Potential for reduced lifetime income benefits if they don't live long enough**



## Communicate a strategy about when to claim benefits

These surveys reveal that FPs often encounter difficulties during discussions with clients about when they should claim benefits. The main factors that make discussions about claim age difficult are:

1. Common client misperceptions
2. Complexity of the decision
3. Difficulty of evaluating the value of a long-term benefit

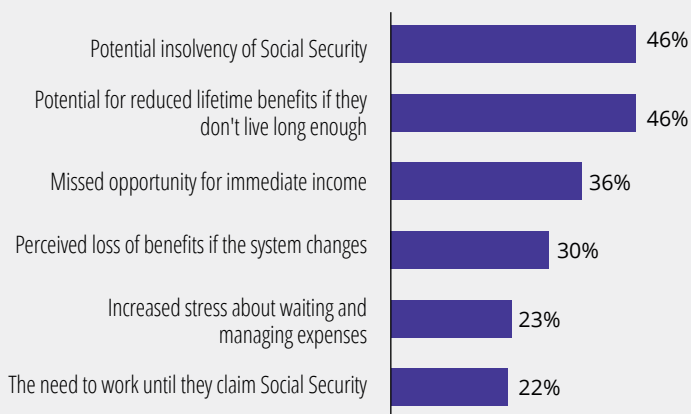
### Objections to the optimal age for claiming benefits

It is important for FPs who suggest that a client claim Social Security benefits after age 62 fully understand any client objections. The first objection, which concerns almost half of consumers, is the worry about the potential solvency of Social Security and is based on widespread concern that Social Security is going bankrupt. Some clients feel it is important to claim benefits while the system can still afford to pay benefits.

Nearly half of consumers worry that delaying claiming might cause them to get lower lifetime benefits levels than they would have if they claimed as soon as they are eligible. They fear they may die before getting back in the form of higher payments the benefits they could have earned by claiming as soon as possible. While it is clear that some will die before they get back in higher benefits all they gave up by claiming later, it is more likely that a claimant will live long enough to receive more, often far more, than they initially gave up.

Meanwhile, over a third of consumers are concerned that delayed claiming means sacrificing immediate income.

#### Client concerns about delaying Social Security

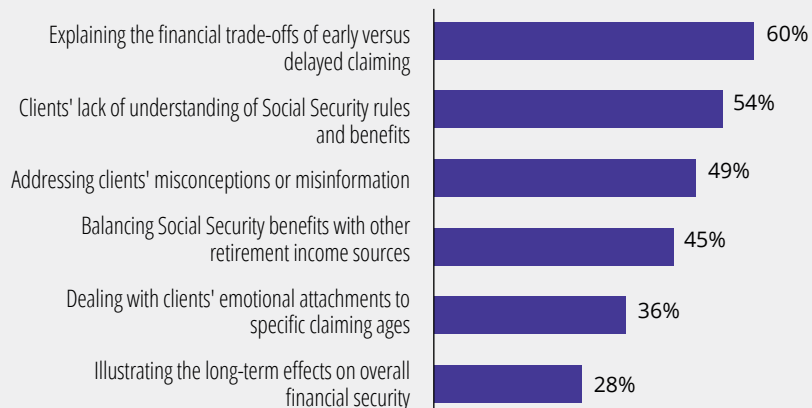


What are your clients' three primary concerns about delaying Social Security benefits longer than they prefer? Top Answers (Discusses Social Security planning with clients: 499)

## Key challenges FPs face when discussing a claiming age

Our Social Security survey of FPs asked about the major challenges in helping clients understand the impact of claiming at different ages. There are a number of challenges, including clients' lack of understanding and misconceptions about key issues. However, the most frequent challenge is explaining the financial trade-offs of early versus delayed claiming.

### Difficulties in helping clients understand age impact



What difficulties do you encounter in helping clients understand the impact of claiming Social Security at different ages?  
Top Answers (Discusses Social Security planning with clients: 499)

## Consumer views on the challenges in deciding when to claim benefits

The two most important challenges consumers face when making decisions about when to claim Social Security benefits are 1) uncertainty about future needs and 2) emotional concerns, such as fear of making the wrong decision.

### Consumer challenges when planning for Social Security benefits



What challenges do/did you encounter when planning for Social Security benefits? Please select all that apply. (Total: 1,000)



## Consumer information needs

Consumers want tools and materials designed to help them make decisions about when to claim and how to use Social Security benefits.

- Two-thirds of consumers would find a calculator that helped them estimate Social Security benefits to be extremely or very helpful.
- Over half would find detailed guides on when and how to claim Social Security benefits extremely or very helpful.
- About half would find information on how to maximize lifetime benefits and information on how Social Security fits into their plan for retirement to be extremely or very helpful.

This survey clearly shows that consumers want to have a greater understanding of when they should claim and how to integrate Social Security into their overall plans for retirement. We asked about their interest in material or information in six areas, from step-by-step instructions on applying for benefits to how to maximize benefits (see chart below). In each area a majority state the information would be extremely/very helpful.

These findings do not necessarily suggest that FPs seek out materials to provide this information. It suggests that FPs should make sure their clients feel comfortable about how to proceed in each area, such as how to apply for benefits and should stand by to assist in each area that clients express some level of concern about.

### Tools and materials consumers find helpful when planning for Social Security benefits

*Percent very or extremely helpful*



How helpful do you find the following types of materials or information when planning for Social Security benefits? (Total: 1,000)

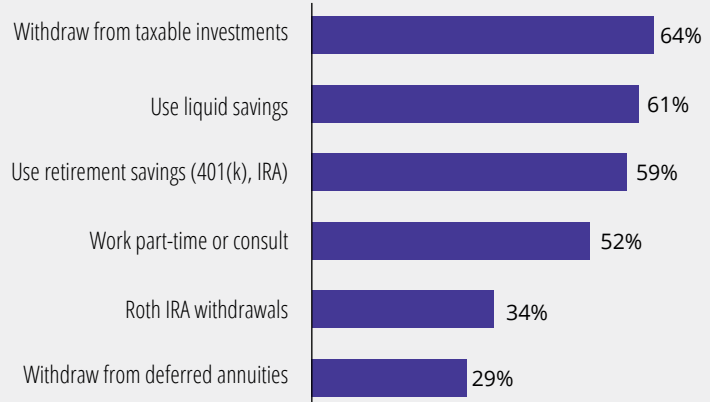
## Step 4

## Build “bridge income” until Social Security payments begin

There is often a gap between the age when many people retire and the age FPs think clients should claim Social Security benefits. Many who delay claiming after retirement need an additional source of income to serve as a bridge until they start receiving Social Security benefits.

FPs suggest a variety of sources to generate bridge income. Two-thirds recommend withdrawals from taxable accounts. Three in 5 suggest using liquid savings. It is notable that 3 in 5 also suggest using retirement savings from a 401(k) or an IRA. When not in a Roth account, these savings are taxable when withdrawn. Three in 10 suggest withdrawals from deferred annuities.

### Strategies FPs suggest for bridge income



What strategies do you suggest to clients who retire before they plan to claim Social Security in order to generate income until that point? Top Answers (Discusses Social Security planning with clients: 499)

## In summary

This research demonstrates the importance of financial professionals effectively advising clients on when and how to claim Social Security benefits and helping clients integrate Social Security strategies into overall plans for retirement and investing.

In providing this support, there are 4 steps that financial professionals should take:

- 1. Start a discussion** about Social Security and strategies about when to claim approximately five to ten years before the client intends to retire. **These discussions reap many benefits, including motivating more saving and leading to better outcomes.**
- 2. Formulate a strategy** about when each client should claim benefits. Clients tend to claim benefits before many FPs believe it is optimal and do not take full advantage of the higher guaranteed income for life they would earn by delayed claiming. **A financial professional who can motivate clients to optimize their timing for claiming benefits will contribute strongly to their clients' retirement security.**
- 3. Communicate a Social Security strategy** carefully and clearly. Clients find decisions about Social Security difficult because 1) they often have prior misperceptions, 2) the decision of when to claim is complex and 3) it is very difficult for them to evaluate the long-term implications of any decisions. **In this circumstance it is important for financial professionals to fully understand clients' perspectives and concerns and provide the information and guidance they need.**
- 4. Develop an effective “bridge strategy”** for clients who want to delay claiming benefits after they retire. **A bridge strategy provides needed income from the time work earnings stop to the time Social Security benefits are claimed.**



Protective refers to Protective Life Insurance Company (PLICO), Omaha, NE and Protective Life and Annuity Insurance company (PLAIC), Birmingham, AL. Product guarantees are backed by the financial strength and claims-paying ability of the issuing company.

Protective® is a registered trademark of PLICO. The Protective trademarks, logos, and service marks are property of PLICO and are protected by copyright, trademark, and/or other proprietary rights and laws.

Neither Protective nor its representatives offer legal or tax advice. Purchasers should consult their attorney or tax advisor regarding their individual situation.

Greenwald Research and Protective are separate, independent entities and are not responsible for the legal, financial, or business obligations of the other.

CABD.6417762 (03.25)

Not FDIC/NCUA Insured	Not Bank or Credit Union Guaranteed	Not a Deposit
Not Insured By Any Federal Government Agency		May Lose Value