Decisions you make about how and when you receive Social Security retirement benefits can significantly impact your retirement security.

Review the basics

LEARN MORE: www.ssa.gov/wep

LEARN MORE: www.ssa.gov/cola

When Should You Begin Benefits?

- When you begin benefits may significantly impact what you, and your spouse, receive.
  - You can receive permanently reduced benefits as early as age 62.
  - You can receive unreduced benefits at your full retirement age, which is tied to your year of birth.
  - You can receive increased benefits — an 8% delayed-retirement credit — for each year you delay beyond your full retirement age, up to age 70.

<table>
<thead>
<tr>
<th>If you begin benefits at age...</th>
<th>62</th>
<th>66</th>
<th>70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples of monthly benefit</td>
<td>$1,000</td>
<td>$1,333</td>
<td>$1,760</td>
</tr>
</tbody>
</table>

Social Security benefits can increase through yearly cost-of-living adjustments, which provide more of a boost if you delay benefits and less of a boost if you begin benefits early, because they are calculated as a percentage of your benefit payment.

LEARN MORE: www.ssa.gov/cola

Delaying benefits past your full retirement age may make sense if you want:
- To reduce the risk of running out of money in late retirement years
- To maximize potential lifetime income if you live longer than average
- Your spouse to potentially receive a larger survivor benefit for the rest of his/her life

Plan for a long life? There is a 50% chance at least one spouse of an age 65 couple will live beyond age 92.

LEARN MORE: www.ssa.gov/planners/lifeexpectancy.htm

Receiving benefits as early as age 62 may make sense if:
- You need the money to live on.
- You have a medical condition expected to shorten your life expectancy.
- Your investments have declined in value and you need time for them to recover before withdrawing.

LEARN MORE: www.ssa.gov/retire2/agereduction.htm

you continue to work before reaching full retirement age? Benefits are reduced, up to $1 for each $2 earned above an annual limit, but they are unlikely to be “lost.” Your benefits are recalculated at full retirement age to give you credit for those months.

LEARN MORE: www.ssa.gov/oact/cola/rtea.html
If Married

- You can get benefits based on your own work record or you can receive up to 50% of your spouse’s benefit, whichever is larger.

LEARN MORE: www.ssa.gov/retire2/yourspouse.htm

- If you did not pay into Social Security during certain working years, your spousal or survivor benefit could be reduced by 2/3 of your employer pension.

LEARN MORE: www.ssa.gov/gpo-wep

- Higher-earner spouses should carefully consider the risk of claiming before full retirement age, regardless of health, to avoid permanently reducing their lower-earner spouse’s survivor benefit.

Surviving Spouses

- You can receive benefits based on a deceased spouse’s work record, including:
  - The deceased spouse’s full benefit if the surviving spouse has reached full retirement age.
  - A reduced benefit if the surviving spouse is younger than full retirement age, but at least age 60.

LEARN MORE: www.ssa.gov/pubs/10084.html

- Evaluate strategies to maximize benefits if you are younger than full retirement age.
  - If your benefit would be higher than your survivor benefit, consider whether to take the survivor benefit until you reach your full retirement age and then switch to your own benefit.
  - If your benefit would be lower than your survivor benefit, consider whether to start your benefit at age 62, at a reduced level, and then switch to a larger survivor benefit at full retirement age.

If Divorced

- You can receive up to 50% of what your ex-spouse would receive at his/her full retirement age, if:
  - You are not entitled to a higher benefit based on your own work record
  - You were married at least 10 years, have been divorced at least 2 years, and you are currently unmarried
  - Both of you are at least 62 years old.

If your ex-spouse claims benefits based on your work record, there is no impact on your benefit or your current spouse’s benefits and it does not matter if you remarried.

LEARN MORE: www.ssa.gov/retire2/yourdivspouse.htm

- Evaluate strategies to maximize benefits — if you wait until your full retirement age you have more options.
  - Begin benefits before full retirement age and you will receive whichever benefit is higher.
  - Wait until full retirement age and receive a benefit based on your ex-spouse’s record, regardless of amount, and then switch at age 70 to a benefit based on your record, which includes delayed-retirement credits.

Taxes

- Up to 50-85% of your Social Security benefit may be subject to federal income taxes.

  \[
  \frac{1}{2} \text{ your benefit} + \text{ your Adjusted Gross income} + \text{ nontaxable interest} = \text{“your combined income”}
  \]

  - If your combined income is greater than $25,000 (single filers) or $32,000 (married filers): up to 50% is taxable
  - If your combined income is greater than $34,000 (single filers) or $44,000 (married filers): up to 85% is taxable

LEARN MORE: www.ssa.gov/planners/taxes.htm

- Explore pros and cons of strategies that minimize taxation of Social Security benefits

  - Roth IRA or 457/401(k) contributions and conversions — tax-free Roth withdrawals do not impact Social Security taxation. And Roth IRA assets are not subject to IRS required minimum distributions.

  - Work with a tax professional each year as necessary to coordinate recognizing capital gains and losses and coordinate withdrawals from different accounts that are taxed at different rates.

  - Pay down debt from taxable account assets that would otherwise generate taxable income

Additional Resources

- General information about Social Security retirement benefits: www.ssa.gov/retire2
- Retirement planning resources: www.icmarc.org/education
- Coordinate decisions you make about Social Security with your overall financial plan. Your ICMA-RC CERTIFIED FINANCIAL PLANNER™ can help point you in the right direction.