

## Special considerations for married couples

Spousal Social Security benefits are based upon the work record of a living spouse or ex-spouse. They are generally 50% of the worker's benefit. Survivor benefits, based upon the work record of a deceased spouse or ex-spouse, are 100% of the deceased worker's last benefit. There are a number of other differences to keep in mind:

- The earliest age for spousal benefits is 62, and the earliest age for survivor's benefits is 60. The spousal benefit at 62 is 35% of the worker's benefit, and the survivor's benefit taken at age 60 is 71.5% of the worker's benefit.
- Persons born in 1944 or 1955 will have a different full retirement age for their spousal and survivor benefits. Full retirement age is 66 for spousal benefits for those born between 1943 and 1954, but for survivor benefits the window is 1945 to 1956.
- Spousal benefits do not get the benefit of delayed retirement credits, but survivor benefits do.
- Survivor benefits become available after nine months of marriage, but 12 months are required for spousal benefits.

## To learn more

We will be pleased to consult with you on all your strategies for retirement, including portfolio management, retirement income assessment, and optimizing your Social Security benefits. Your financial advisor has access to planning software to help you make an informed decision about maximizing your Social Security benefits. Call us today to schedule time to get that review started.

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# Planning your Social Security benefits

What can you do to make Social Security work better for you? Don't take it for granted. Although it sounds simple, Social Security is surprisingly complicated. The good thing is that you don't need to deal with it alone. A financial professional can:

- Help gather the facts and determine the optimum time to begin your benefits.
- Assess how your Social Security benefits will interact with your spouse's benefits.
- Integrate your benefits with other retirement resources, such as insurance, 401(k)s and IRAs.
- Help you to consider a "whole picture" analysis of your retirement plans, to see where there may be gaps or other issues.

Although Social Security benefits aren't likely to make up a sizable part of your retirement income, your planning won't be complete without getting a good grasp on how much you'll be receiving and, if you plan to work part-time after retirement, the impact of your earnings on your benefits.

## What is your full retirement age?

For persons born from 1943 through 1954, the full retirement age is 66. Those born in 1960 and later years have a full retirement age of 67. The higher retirement age is phased in for those born in 1955 through 1959.

## Receiving benefits early

You can begin receiving Social Security benefits as early as age 62, regardless of your full retirement age. If you do begin receiving benefits early, they will be

reduced permanently, based upon the number of months that you receive checks before you reach full retirement age. For example, if your full retirement age is 66, and you retire at age 62, there is about a 25% reduction in your benefits.

In an actuarial sense, early retirement gives people about the same total Social Security benefits over their lifetimes as retirement at the normal age, but in smaller amounts so as to take into account the longer period during which they will receive them. In a personal sense, it all depends upon how long you live. It will take about 12 years of full benefits to recoup the deferred early benefits, so the break-even age is about 78.

## Starting benefits after normal retirement age

Social Security benefits are increased by a certain percentage if you choose to delay receiving them. These increases will be added automatically from the time that you reach your full retirement age until you start taking your benefits, or until you reach age 70. The percentage varies depending on your year of birth, but is 8% per year for those whose full retirement age is 66.

If you decide to delay your retirement, the Social Security Administration strongly urges you to sign up for Medicare at age 65.

## Working while collecting benefits

You may continue to work and still receive retirement benefits. Your earnings in or after the month that you reach your full retirement age will not affect your Social Security benefits. However, your benefits will be reduced if your earnings exceed certain limits for the months in the calendar year before you reach normal retirement age.

**Example:** In 2023, if you're under full retirement age, \$1 in benefits will be deducted for each \$2 in earnings

that you have above the annual limit of 21,240. In the year that you reach your full retirement age, your benefits will be reduced \$1 for every \$3 that you earn over a different annual limit, \$56,520 in 2023, until the month that you reach full retirement age. Then your earnings will no longer reduce the amount of your monthly benefits, no matter how much you earn. The annual limits increase each year as nationwide average wages increase.

## Taxation of benefits

Under legislation enacted in 1983, the Social Security Trust Funds receive income based on federal income taxation of benefits. The funds receive taxes on up to 50% of benefits from single taxpayers with incomes over \$25,000 and from taxpayers filing jointly with incomes over \$32,000. "Income" in this context includes tax-exempt municipal bond income, but it does not include Roth IRA distributions.

Legislation enacted in 1993 extended taxation of benefits. The legislation increased the limitation on the amount of benefits subject to taxation from 50% to 85% for single taxpayers with incomes over \$34,000 and for taxpayers filing jointly with incomes over \$44,000. All additional tax income resulting from the 1993 legislation is deposited in Medicare's Hospital Insurance Trust Fund.

## Review your record

To check your benefits, go to [www.ssa.gov](http://www.ssa.gov), click on "My Social Security" and then Create an Account. You'll see a record of your earnings, as well as estimates of your Social Security benefits for early retirement, full retirement and retirement at age 70. You'll also find estimates of the amount of benefits paid to your spouse and other eligible family members as a result of your retirement, disability or death.