




SECURITY BENEFIT

Social Security Savvy: Tips to Help Make the Best of Your Benefit

 Security Benefit®

SOCIAL SECURITY

— BY THE — NUMBERS

Source: "Social Security 82 Years Later," AARP.org, 08/14/2017; Historical Background and Development of Social Security, SSA.org

1935



Social Security Act signed

\$22.54 | \$22,889

Monthly stipend received by first beneficiary, Ida May Fuller, until her death at 100

19 YEARS LATER

Social Security Amendments of 1954 signed to establish disability benefits

38%

Average income percentage Social Security is supposed to replace



1972

First year COLAs initiated

9 OUT OF 10

Number of Americans age 65 or older receiving Social Security benefits



Research shows that most people receive benefits exceeding the amount they paid into the program, regardless of their income bracket.



Agenda

Social Security: How It Works

Key Considerations

Options for Spouses and Dependents



Social Security: How It Works

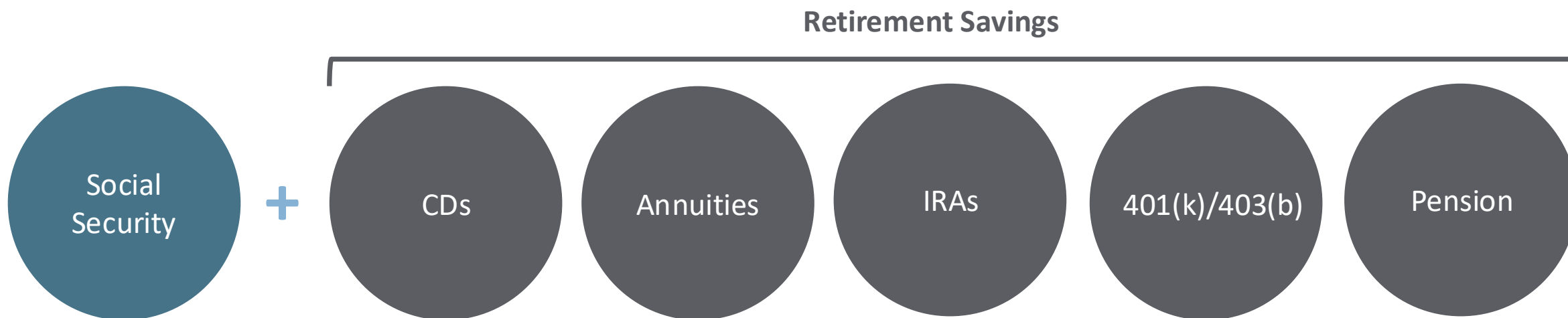
Social Security: How It Works

SOCIAL SECURITY AS A SUPPLEMENT TO SAVINGS

Social Security was never meant to be the sole source of income for retirees.

President Dwight D. Eisenhower said, “The system is not intended as a substitute for private savings, pension plans, and insurance protection. It is, rather, intended as the foundation upon which these other forms of protection can be soundly built.”

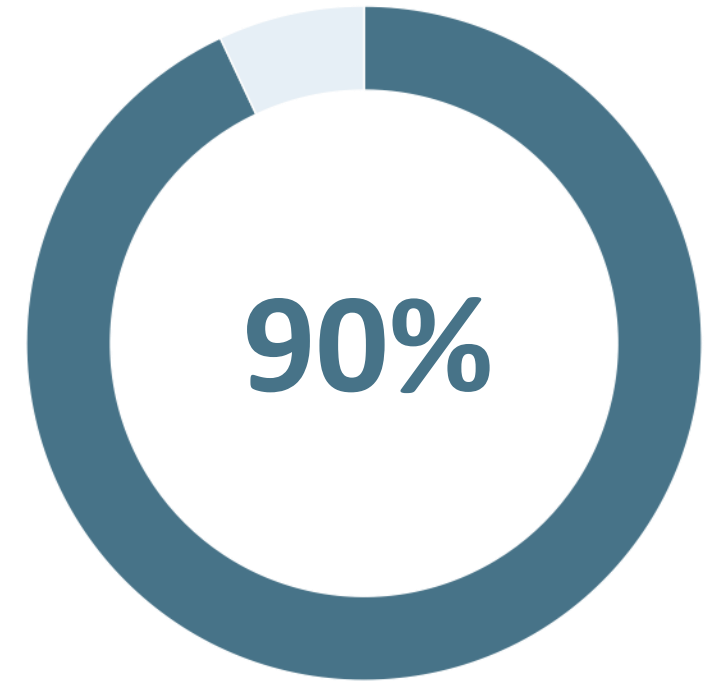
Creating a plan that combines Social Security benefits with retirement savings—and pension benefits if you have them—can help ensure you’ll have enough income in retirement.



Social Security: How It Works

- Major source of **guaranteed lifetime retirement income** (not necessarily overall income) for most Americans
- Generally need 40 credits (10 years of work) or you can qualify for spousal benefits (up to 50%)
- Benefit continues until your death
- Latitude on when to begin taking benefits (62 to 70)

<https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>



90% of U.S. workers are covered by Social Security.

Social Security: How It Works

FULL RETIREMENT AGE

What Is Your Full Retirement Age?

If you were born in	Your Full Retirement Age is
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

Social Security: How It Works

HOW MUCH CAN I EXPECT TO RECEIVE?

Payment depends on your average earnings over your 35 highest-earning years, called the **Average Indexed Monthly Earnings (AIME)**, which is used to calculate your **Primary Insurance Amount (PIA)** to determine your Social Security benefits.

Example	AIME of \$4,643
Social Security Benefit	\$2,080
Income Coverage	45%

ssa.gov/oact/progdata/retirebenefit2.html

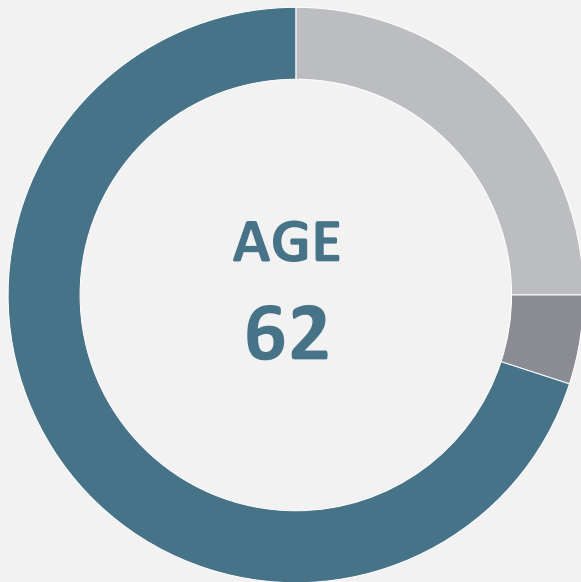
Social Security: How It Works

- Based on the number of years you've worked and amount earned
- Takes into account your 35 highest-earning years

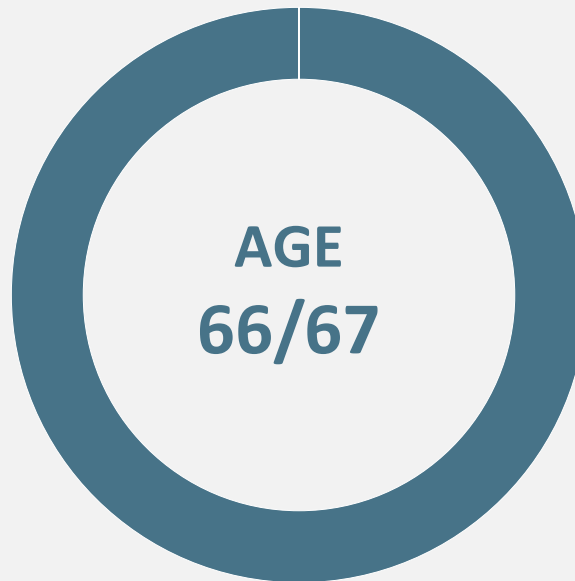
The age at which you start claiming benefits matters:

25% to 30% **Less**
at Earliest Eligibility Age

\$2,910

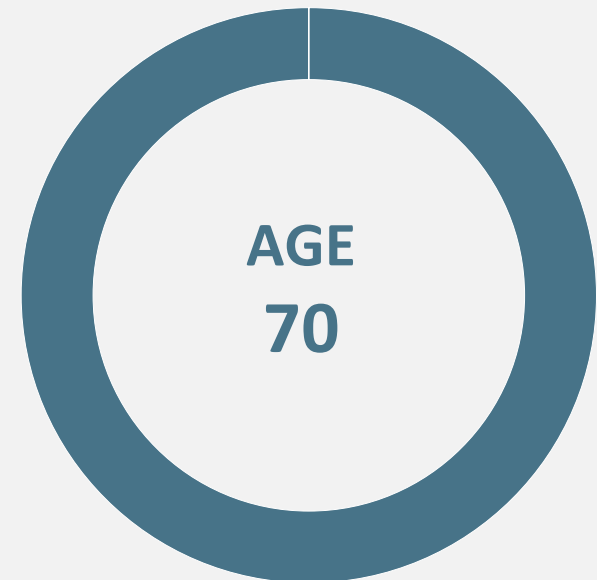


100% **Full Benefit**
\$4,152



(Full Retirement Age)

32% **More**
\$5,251 Maximum Benefit





Key Considerations

Key Considerations

TIMING CONSIDERATIONS ON WHEN TO TAKE SOCIAL SECURITY

Reasons to Start Early

- ✓ You have a serious illness and/or short life expectancy.
- ✓ You get laid off from your job at 62.
- ✓ You work part-time.
- ✓ No one else is dependent on your income.
- ✓ You already have your highest-earning 35 years.

[GoBankingRates.com/retirement/social-security/why-should-collect-social-security-early/](https://www.GoBankingRates.com/retirement/social-security/why-should-collect-social-security-early/)

Key Considerations

TIMING CONSIDERATIONS ON WHEN TO TAKE SOCIAL SECURITY

Reasons to Delay

- ✓ You lock in a higher stream of income for life.
- ✓ Your cost-of-living adjustments will be larger.
- ✓ You can change your mind at any time and begin taking benefits sooner if you want.
- ✓ You can benefit from tax diversification.
- ✓ You can protect your spouse if you're the higher earner.

[JournalofAccountancy.com/news/2022/mar/the-pros-cons-delaying-social-security.html](https://www.fool.com/investing/2022/01/16/4-great-reasons-to-delay-social-security-claim/) <https://www.fool.com/investing/2022/01/16/4-great-reasons-to-delay-social-security-claim/>

[Fool.com/investing/2022/01/16/4-great-reasons-to-delay-social-security-claim/](https://www.fool.com/investing/2022/01/16/4-great-reasons-to-delay-social-security-claim/)

Key Considerations

What kinds of earnings may affect your benefit?

- Net income from self-employment
- Bonuses
- Commissions
- Vacation pay

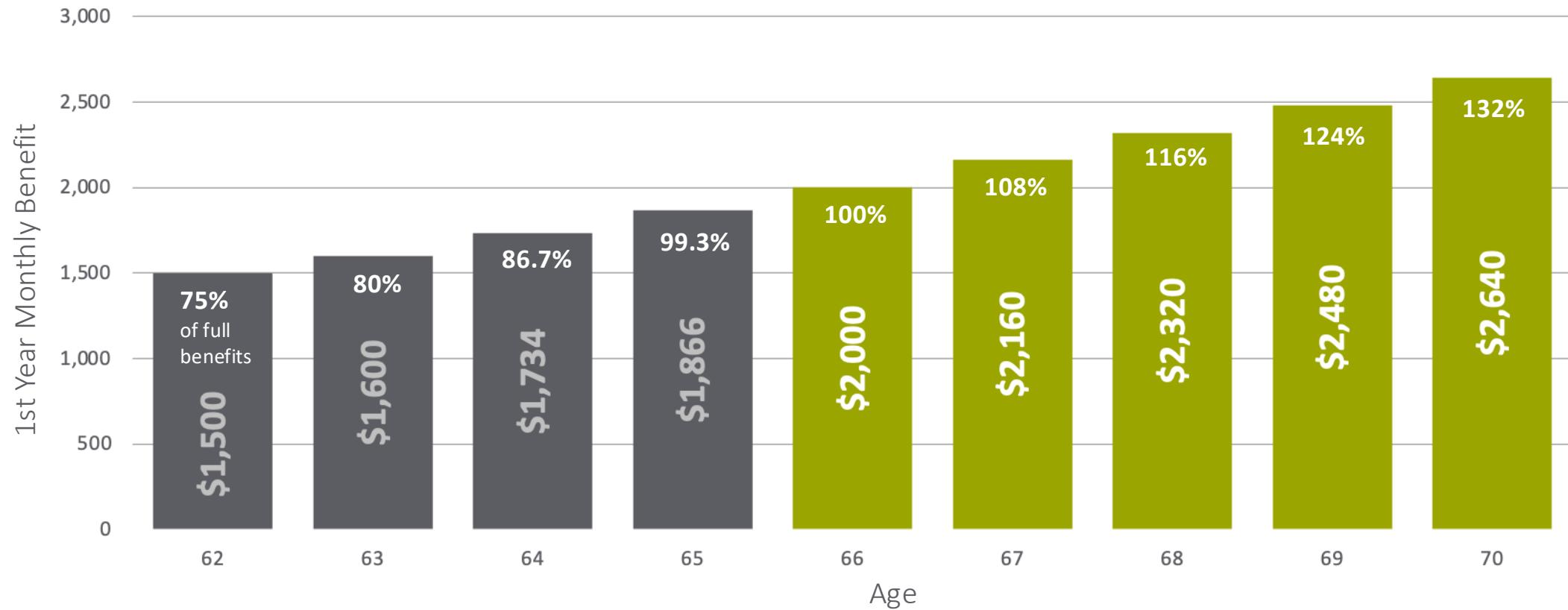
What kinds of earnings won't reduce your benefit?

- Dividends
- Interest
- Capital gains
- Rental income
- Pensions
- Annuities
- Military and government retirement benefits
- IRA distributions
- Inheritances
- Lawsuit settlements

[Yahoo.com/video/income-reduces-social-security-benefits-165505785.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAADPTlvj3TE_OVgXBchoSSmFmU5S1xOP1LtPBiolZOiqQaz4dH_26gtLjzWco5F8WcGonC0eSxF TXMQ0G3AICFAhbUS45QwDanOKHdpvlQ6uty8ZVrPEbVks-f9s3P-2_hf_nHvJRcabFW6Qj9ym5pNew2tCPxSyzDhbiUh5mGZ/](https://www.yahoo.com/video/income-reduces-social-security-benefits-165505785.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAADPTlvj3TE_OVgXBchoSSmFmU5S1xOP1LtPBiolZOiqQaz4dH_26gtLjzWco5F8WcGonC0eSxF TXMQ0G3AICFAhbUS45QwDanOKHdpvlQ6uty8ZVrPEbVks-f9s3P-2_hf_nHvJRcabFW6Qj9ym5pNew2tCPxSyzDhbiUh5mGZ/)

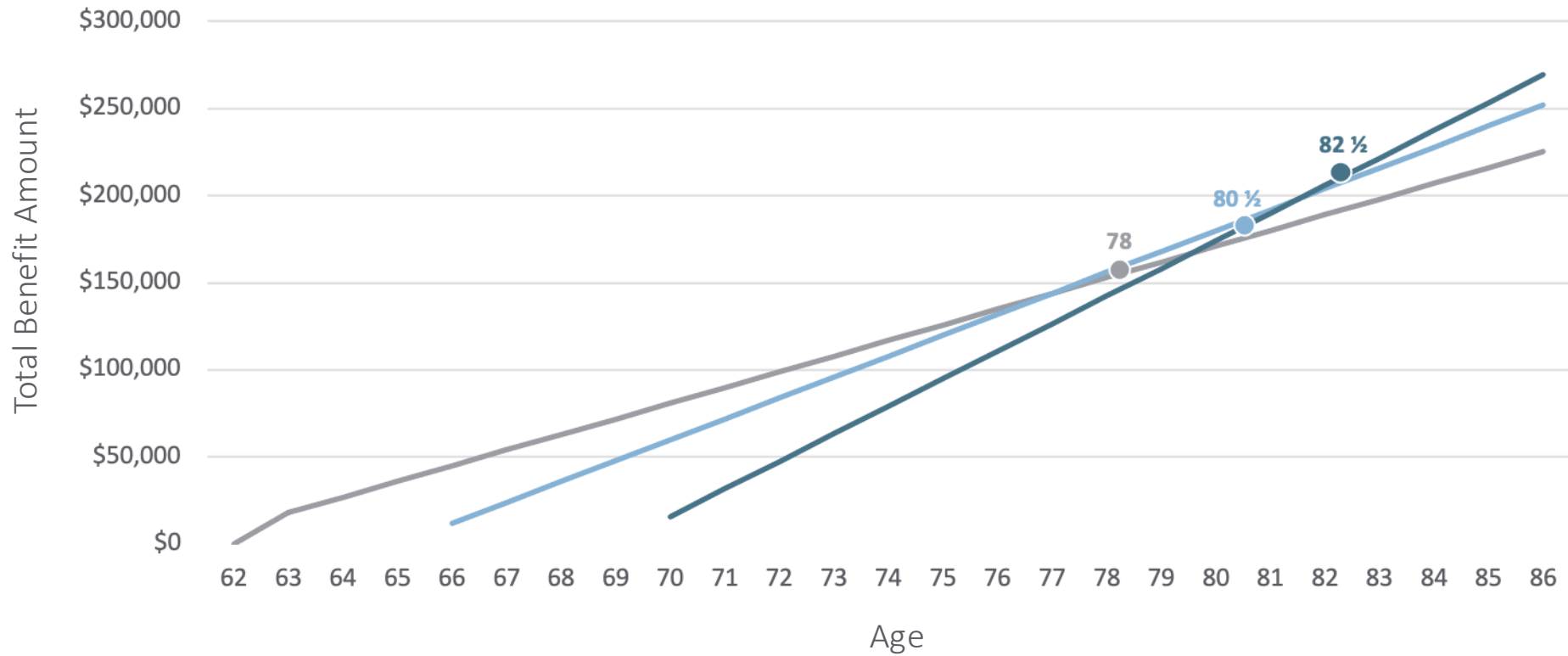
Key Considerations

PATIENCE OFTEN PAYS: EARN MORE IF YOU WAIT



Key Considerations

HYPOTHETICAL BREAK-EVEN AGES



Key Considerations

CAN I STILL WORK AND COLLECT SOCIAL SECURITY BENEFITS?

Money you earn after you retire will only affect your Social Security benefit if you're under Full Retirement Age.

- Under Full Retirement Age, \$1 in benefits is withheld for every \$2 earned above a certain annual limit (\$24,480 in 2026).
- In the year Full Retirement Age reached, \$1 in benefits is withheld for every \$3 earned above a certain annual limit until the month Full Retirement Age is reached (\$65,160 in 2026).
- There is no penalty at Full Retirement Age.

<https://www.ssa.gov/benefits/retirement/planner/whileworking.html#:~:text=In%202022%2C%20if%20you're,full%20retirement%20age%20is%20%2451%2C960>

Key Considerations

CAN I STILL WORK AND COLLECT SOCIAL SECURITY BENEFITS?

Before Full Retirement Age = Maximum Annual Earnings of \$24,500

If you earn more than that, the Social Security Administration will withhold \$1 for every \$2 earned in income.

Full Retirement Age = No Penalty

Example: You file for Social Security benefits at age 62 in January 2025 and your payment is \$600 per month (\$7,200 for the year). During 2026, you plan to work and earn \$26,000 (\$1,500 above the \$24,500 limit). The Social Security Administration will withhold \$750 of your Social Security benefits (\$1 for every \$2 you earn over the limit).

<https://www.ssa.gov/oact/cola/rtea.html>

Key Considerations

WHAT ABOUT TAXES?

- If the only income you had during the year was Social Security income, then your benefit generally isn't taxable.
- About 40% of people who get Social Security must pay federal income taxes on their benefits. This usually happens if you have other substantial income in addition to your benefits, including wages, earnings from self-employment, interest, dividends, and other taxable income that must be reported on your tax return.
- Up to 85% of your benefit may be taxable, depending on your tax filing status (e.g., single, married filing jointly) and the total amount of income you have.
- The maximum amount of earnings subject to Social Security tax in 2026 is \$184,500.

[SSA.gov](https://ssa.gov)



Options for Spouses and Dependents

Plan for Retirement

Options for Spouses and Dependents Married 10 Years or More



Current spouses must be 62 and wait until their spouse begins taking Social Security to file for a spousal benefit.



Former spouses can file for spousal benefits at 62 even if their ex has not yet claimed benefits (up to 50%).



If your spouse dies and you are age 60 or older, you can collect a survivors benefit.

Visit the Social Security Administration website for additional information.

<https://www.thebalance.com/how-the-the-social-security-spouse-benefit-works-2388924>

Options for Spouses and Dependents: Disability and Survivors Benefits

Paid to Widows, Widowers, and Dependents of Eligible Workers

If you are getting benefits on your spouse's or parent's record:

- Generally you will not need to file an application as benefits will be changed to survivors benefits upon report of death.
- Special lump-sum death payment may be available automatically.

If you are getting retirement or disability benefits on your own record:

- Apply for survivors benefits.
- SSA will determine whether you can get a higher benefit as a widow or widower.

If you need to report a death or apply for benefits, call 800.772.1213 to speak to a Social Security representative.

[SSA.gov/benefits/survivors/ifyou.html#:~:text=Survivors%20Benefit%20Amount,-We%20base%20your&text=Widow%20or%20widower%2C%20full%20retirement,50%20through%2059%20%E2%80%94%2071%20C%20BD%25](https://www.ssa.gov/benefits/survivors/ifyou.html#:~:text=Survivors%20Benefit%20Amount,-We%20base%20your&text=Widow%20or%20widower%2C%20full%20retirement,50%20through%2059%20%E2%80%94%2071%20C%20BD%25)



Key Takeaways

Key Takeaways

- Determining when to take Social Security is an individual decision.
- If you intend to work while drawing Social Security, be aware of the financial impact of how your earnings will affect your benefit prior to reaching your Full Retirement Age.
- Consider visiting with a financial professional to see how your Social Security benefit will be integrated into your overall retirement income strategy.





Questions?



Thank You

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SB-10004-12 | 2024/11/07