

Maximizing Your Social Security Benefits

A COMPREHENSIVE GUIDE

At Cary Street Partners, we understand the essential role Social Security benefits play in securing a stable income during retirement. Navigating the intricate landscape of Social Security requires a personalized approach, and our dedicated team of Financial Advisors is here to help you optimize your benefits and ensure your financial well-being.

THE IMPORTANCE OF SOCIAL SECURITY

Social Security provides a critical income stream for eligible retirees, individuals with disabilities, surviving spouses, children, and dependents. Here are some key insights to consider:

- **Partial Income Replacement:** Social Security serves as a partial replacement for income for qualified individuals and their families.
- **Benefit Calculation:** The benefit amount is determined by factors such as earnings history, birth year, and claiming age.
- **Tax Implications:** Benefits may be subject to federal income tax based on your income and filing status.
- **Spousal Benefits:** Spouses can receive up to 50% of the primary beneficiary's full benefit.
- **Widow/er Benefits:** Surviving spouses can receive up to 100% of their deceased spouse's benefit amount.
- **Eligibility:** Benefits extend to married, divorced, widowed, and formerly married individuals and minor or disabled children.
- **Claiming Age:** Early claiming (before FRA) can result in permanent benefit reductions.



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STRATEGIC CLAIMING: WHEN TO START

Determining the optimal age to begin collecting social security benefits – whether at age 62, full retirement age (FRA), or age 70 – is a pivotal decision. Here's what you need to know:

- **Early Claiming (Age 62):** Claiming benefits at age 62 results in a reduced benefit amount.
- **Full Retirement Age (FRA):** Depending on your birth year, FRA ranges from 66 to 67. See table on next page.
- **Delayed Claiming (Age 70):** Delaying benefits until age 70 can result in an annual benefit increase of 8% each year you delay past your FRA. Depending on FRA range, it could result in a 124% (FRA 67) to 132% (FRA 66) increase in annual benefits.

Example: For individuals born in 1960 or later, claiming at age 62 results in about 70% of the full benefit, while waiting until age 70 provides 124% of the benefit.

MAXIMIZING YOUR SOCIAL SECURITY BENEFITS

AVOIDING COMMON PITFALLS

Fear of Early Demise

Many people claim benefits early due to concerns about not living long enough to benefit from their contributions. However, Social Security is designed as a longevity safety net, protecting against financial insecurity in later years.

Delaying Benefits Too Long

In some cases, early claiming may be advantageous, such as for individuals in poor health or those needing to provide for a dependent or disabled child. Each situation is unique and requires careful consideration before filing to receive Social Security benefits.

Work Limitations

Working while receiving benefits before FRA can temporarily reduce your benefits. However, once you reach FRA, there are no limits on earnings.

Survivor Benefits

Widows and widowers can claim reduced survivor benefits based on the decedent's work history as early as age 60. If they have worked and qualify for their own Social Security benefits, this early claiming strategy can allow their working benefits to grow until age 70. Disabled widows and widowers may be able to claim survivor benefits as early as age 50 or claim any time if caring for the decedent's minor child. Please note that claiming Social Security benefits early while working is subject to the earnings test. See adjacent chart.

Divorce Considerations

Divorced individuals with marriages lasting at least 10 years and divorced for at least two years may be eligible for spousal benefits. Remarriage can affect eligibility.

Tax and Medicare Considerations

Withdrawals from tax-deferred accounts can increase taxable income and affect Medicare premiums. Careful planning can help mitigate these effects.

DETAILED BENEFIT TABLES

Full Retirement Age by Birth Year

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

Benefit Percentage by Claiming Age For Those Born in 1960 or Later

Age at Retirement	Percent of Full Benefit Paid
62	70%
63	75%
64	80%
65	86.7%
66	93.3%
67	100%
68	108%
69	116%
70	124%

MAXIMIZING YOUR SOCIAL SECURITY BENEFITS

WORKING WHILE CLAIMING BENEFITS – EARNINGS TEST

If you work and are at full retirement age or older, you can keep all your benefits regardless of your earnings. However, if you're younger than FRA, there are limits on how much you can earn and still receive full Social Security benefits:

Under FRA in 2024: \$1 deducted from benefits for every \$2 earned above \$22,320.

Reaching FRA in 2024: \$1 deducted from benefits for every \$3 earned above \$59,520 until the month you reach FRA.

TAX CONSIDERATIONS

You may need to pay taxes on up to 85% of your Social Security benefits if your provisional income exceeds certain thresholds:

- **Individual filers:** Provisional income over \$25,000.
- **Joint filers:** Provisional income over \$32,000.

Please get in touch with our team if you have any questions or need assistance with your Social Security planning. We are here to support you every step of the way.

Sources:
Social Security Administration (SSA): <https://www.ssa.gov>
IRS Publication 915: Publication: IRS Publication 915

CONCLUSION

At Cary Street Partners, we are committed to providing a higher standard of financial guidance. Our Financial Advisors will help you maximize Social Security benefits and integrate them into a comprehensive retirement strategy. Partner with us for a secure and prosperous retirement.

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The Wealth Wisdom Series is curated by Paige W. Garrigan, drawing from the experience and input from Cary Street Partners' Financial Advisors. Collaborating internally with the team she gathers pertinent and timely topics for readers. With nearly 30 years of experience in the financial services industry, she has acquired a wealth of knowledge across various facets of the industry ensuring comprehensive insights for readers.

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