



# *Social Security:* Questions and Answers

## Insight into Social Security eligibility and benefits

The choice of when to take your Social Security benefits is an important decision and involves a number of issues you may want to consider in retirement planning. It's important to start the process early and be well informed so you can make any necessary adjustments while you still have time before you retire. The more you know now, the better off you could be in retirement.

# Social Security Q&A



## **What's Social Security and what do you have to do to be eligible?**

Social Security is a federal income security program that was established in 1935 as a pay-as-you-go program in which the payroll taxes paid by current workers are used to fund the benefits of current Social Security recipients.

Although established originally as a program providing economic security to certain retirees, today's Social Security has expanded to provide a certain level of retirement income to almost all workers, certain family members, and survivors, as well as disability benefits. In order to be eligible for Social Security benefits, you must have worked and paid into Social Security for at least 10 years and earned 40 credits at 4 credits per year.

## **Other important things to know about Social Security benefits:**

- To reflect wage growth, your earnings are restated in terms of today's wages.
- Your highest 35 years of earnings are averaged and divided by 12 to arrive at an average indexed rate of monthly earnings.
- The benefit formula is applied to produce a primary insurance amount, which is the benefit payable to you at full retirement age.

## **What's the full retirement age?**

The full retirement age is the point in your life when you'll receive your full Social Security benefit amount.

- Your benefit amount will be reduced if you retire before reaching full retirement age.
- If your birth year is 1957 or earlier, you're already eligible for the full Social Security benefit.
- If you were born in 1960 or later, the full retirement age is 67.

## Gradual increase in full retirement age (FRA)

Year of birth	Full retirement age (FRA)
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 or later	67

Source: ssa.gov, 2024.

## What are the major factors to consider when deciding when to file for Social Security benefits?

The major questions to ask yourself when deciding when to file for Social Security include:

- Do you need the income immediately?
- How's your health?
- What's your expected longevity?
- Are you currently married?
- What's the age difference between you and your spouse? The greater the age difference, the longer the benefit payment and the bigger the impact when making an early election.

# Social Security Q&A



## When is the best time for you to take benefits?

Delaying benefits can increase the amount you receive on a monthly basis and over your lifetime. In 2025, you'd receive 70% of your benefits if taken at age 62 (for those born in 1963), with a maximum monthly benefit received of \$2,812. If the benefit was taken at full retirement age (67 years old), you'd receive 100% of your benefits, with a maximum monthly benefit received of \$4,018, or \$48,216, annually (assumes an age of 62 in 2024, which would mean a January 2, 1963, birthday). However, if you delayed receiving benefits until the age of 70, then you would receive 124% of your benefits, which would be a maximum of \$4,982 per month.<sup>1</sup>

## What about survivor benefits?

Family members who can collect benefits (comparable to the individual benefit rate) include a widow or widower who is:

- 60 or older.
- 50 or older, if disabled.
- Any age, if he or she is caring for a child who's younger than 16 or is disabled and entitled to benefits on the record of the deceased.

Additionally, parents of the deceased can receive benefits based on the earnings of the deceased if they were dependent on the deceased for at least half of their support.

## Children can receive benefits if they're:

- Unmarried.
- Younger than 18 years old.
- Between 18 years and 19 years and two months old, but in elementary or secondary school as full-time students.
- Age 18 or older and severely disabled, with the disability originating before age 22.

## What's the best way to maximize spousal benefits?

A spouse can take his or her own benefit and a portion of a spouse's benefit, if payable, and receive up to 50% of a spouse's benefit at full retirement age, or 32.5% to 50% of a spouse's benefit at various intervals before full retirement age.

<sup>1</sup> ssa.gov, 2024.

## Eligibility for spousal or survivor benefits

	<b>Spousal benefit</b>	<b>Survivor benefit</b>
<b>Payment period</b>	While primary worker is still alive and has applied for Social Security	After worker passes away
<b>Maximum benefit</b>	<ul style="list-style-type: none"><li>• Spouse of primary worker must be at FRA when first claiming</li><li>• Maximum benefit is 50% of worker's benefit at FRA</li><li>• Spousal benefits don't increase after FRA</li></ul>	<ul style="list-style-type: none"><li>• Surviving spouse must be at FRA</li><li>• Maximum is 100% of worker's benefit after death</li></ul>
<b>Partial benefit</b>	<ul style="list-style-type: none"><li>• Spouse of primary worker must be at least 62 to receive a partial benefit</li><li>• Receives 32.5%–49.9% of worker's full benefit at FRA</li><li>• Reduction in benefit is permanent</li></ul>	<ul style="list-style-type: none"><li>• Surviving spouse is between 60 and FRA</li><li>• Receives 71%–99% of primary worker's benefit</li></ul>

Source: ssa.gov, 2024; FRA: full retirement age.

## Are benefits available for divorcees?

There are benefits available for divorcees (at the spousal benefit rate) under the following circumstances:

- The marriage lasted at least 10 years.
- The person is currently unmarried.
- The ex-spouse is receiving a retirement or disability benefit or the couple has been legally divorced at least 2 years.
- The person must be at least 62 years old to receive the spousal benefit or 60 years old to receive the survivor benefit.
- If not receiving a retirement or disability benefit, the ex-spouse must be at least 62 years old and have worked 40 quarters in order for the person to receive the spousal benefit.
- If the ex-spouse remarries and the other person doesn't remarry, then that person who has not remarried remains entitled to spousal or survivor benefits.

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## What's new for 2025?

The estimated average monthly Social Security benefit for all retired workers will go up from \$1,927 pre-COLA to \$1,976 after the 2.5% COLA - an increase of \$49.

For people who turn 62 in 2025, full retirement age (FRA) is now 67 years and 0 months. It was 65 for many years, and increased to age 67 for Americans born in 1960 or later. Retirees can still take reduced payments at age 62, or wait as late as age 70 to begin taking Social Security payments. Waiting longer increases payouts.

Those who are still working and receiving Social Security benefits, but are younger than full retirement age, can have earned income up to \$23,400 and keep their full Social Security benefit; that's up from \$22,320 in 2024. Above the \$23,400 limit, \$1 in benefits will be withheld for every \$2 in earnings. This amount increases the year you attain FRA. After reaching your full retirement age, there's no limit on earnings.

Finally, for a worker claiming benefits at full retirement age, the maximum retirement benefit he or she can receive increased to \$4,018 per month in 2025, up from \$3,833 in 2024.

## 2025 changes and updates

Topic	2024	2025
Cost-of-living adjustment	3.2%	2.5%
Taxable income limit	\$168,600	\$176,100
Increased earnings limit penalty before FRA	\$22,320 before FRA \$59,520 year of FRA	\$23,400 before FRA \$62,160 year of FRA

Source: [ssa.gov](https://ssa.gov), 2024.

## Where do I get my Social Security Statement?

Since 2018, Social Security has only sent paper statements to clients aged 60 or older who are not receiving benefits and who do not have an online account. All others can view and manage their Social Security benefits online by creating a free account at [ssa.gov/myaccount](https://ssa.gov/myaccount).

## Is Social Security in financial trouble?

The Social Security system will be facing numerous roadblocks in the coming years if Congress does not take action.

- The system paid out more in benefits than it collected in revenues in 2010.
- Trust fund reserves will grow until 2020.<sup>2</sup>
- Trust funds will likely be depleted by 2035 and the program will only be able to meet 83% of its obligations.<sup>2</sup>
- Life expectancy has increased significantly since the early days of Social Security, resulting in longer payout periods.<sup>3</sup>
- Social Security benefits now cover retired workers as well as spousal, survivor, and disability benefits.

## Are Social Security benefits taxable?

Social Security is taxable if your combined income passes certain thresholds. Combined income includes adjusted gross income, nontaxable interest, and half of Social Security benefits.

### Taxable portion of Social Security

Combined filing amount (for joint/single filers)	Taxable
Less than \$32,000/\$25,000	0%
Between \$32,000 and \$44,000/\$25,000 and \$34,000	Up to 50%
More than \$44,000/\$34,000	Up to 85%

Source: [ssa.gov](https://www.ssa.gov), 2024.

## What's the status of Social Security for same-sex couples?

On June 26, 2015, the U.S. Supreme Court issued a decision in *Obergefell v. Hodges*, which held that same-sex couples have a constitutional right to marry in all states. As a result, more same-sex couples will be recognized as married for purposes of determining entitlement to Social Security benefits or eligibility for Supplemental Security Income payments. The Social Security Administration (SSA) encourages people to apply now for benefits, even if they're not sure they're eligible. The SSA recognizes same-sex marriages in all states and some non-marital legal relationships (such as civil unions and domestic partnerships) for purposes of determining entitlement to Social Security benefits. If you have questions about eligibility of a same-sex marriage or non-marital legal relationship, call the SSA at 800-772-1213 (800-325-0778 for those who are deaf or hard of hearing).

<sup>2</sup> <https://www.ssa.gov/oact/trsum>, 2024.

<sup>3</sup> Source: The average U.S. life expectancy for 2022 was 79.05 (average); <https://www.macrotrends.net/countries/USA/united-states/life-expectancy#:~:text=The%20current%20life%20expectancy%20for,a%200.08%25%20increase%20from%202019.>

## Can I collect Social Security benefits while living outside the U.S.?

If you have earned Social Security benefits, you can live in most foreign countries and continue to receive payments. Once you begin receiving Social Security benefits abroad, SSA will send you a questionnaire every 1 to 2 years. This questionnaire will determine if you are still eligible for benefits. If you do not respond, SSA may stop your benefit payments. For help with your application or benefits you are currently receiving, contact the Social Security Administration's Office of Earnings International Operations (OEIO), (410) 965-0160.

## What happened to the file-and-suspend strategy and the Restricted Application?

The file-and-suspend strategy was eliminated by the Bipartisan Budget Act of 2015, becoming unavailable after May 1, 2016. Similarly, the Restricted Application option was phased out by the same act, only available to beneficiaries born before January 1, 1954. The deadline for using this strategy closed in 2024.

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