

2025 SOCIAL SECURITY GUIDE

Disclaimer: This information is based on a birth date of 1960 or later and can vary if born before that year.

SOCIAL SECURITY FACTS

- ▶ You become eligible for Social Security benefits by working for 10 years/40 credits.
- ▶ Retirement benefit is calculated based on your highest 35 years of earnings.
- ▶ Maximum wage subject to SS tax in 2025 is \$176,100.

COST OF LIVING ADJUSTMENTS

- ▶ Average of years 1984-2025 is 2.80%.
- ▶ Recent years:
 - 2022 – 5.9%
 - 2023 – 8.7%
 - 2024 – 3.2%
 - 2025 – 2.5%

HOW SPOUSAL BENEFITS ARE CALCULATED

- 32.5% at age 62
- 35% at age 63
- 37.5% at age 64
- 41.7% at age 65
- 45.8% at age 66
- 50% at age 67 and beyond

HOW RETIREMENT BENEFITS ARE CALCULATED

- ▶ You may begin receiving SS benefits as early as age 62.
- ▶ If Primary Insurance Amount (PIA) at age 67 is \$1,000:
 - Claim at age 62 will be \$700, 70% of PIA
 - Claim at age 70 will be \$1,240, 124% of PIA – 77.14% more than at age 62
- ▶ If you apply between age 62 and 70, the benefit as a percentage of PIA is:

• 62 – 70%	• 67 – 100%
• 63 – 75%	• 68 – 108%
• 64 – 80%	• 69 – 116%
• 65 – 86.66%	• 70 – 124%
• 66 – 93.33%	

SURVIVOR BENEFITS

- ▶ Although SS checks stop at death, benefits are paid to surviving spouses and dependents.
- ▶ Even if divorced, you may qualify for survivor benefits.
- ▶ If your spouse dies, there are 3 ways to claim SS benefits:
 - Apply as early as age 60
 - Apply at age 50 if you are disabled
 - Apply at any age if you have children 17 or younger (18 or 19 if still in school)



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WHAT ABOUT MEDICARE?

Within 3 months of either side of turning age 65, you must apply for Medicare or you will be charged a 10% penalty on your Part B premiums for the rest of your life.

DISABILITY BENEFITS

When you reach full retirement age, SS will automatically convert your disability benefits to retirement benefits.

HOW WORKING AFFECTS SS BENEFITS

- ▶ Between age 62 and the year prior to Full Retirement Age—If you earn more than \$23,400, every \$2 over \$23,400 reduces the SS benefit by \$1.
- ▶ If you earn more than \$62,160 during the months of the year until you reach FRA, every \$3 over \$62,160 reduces the SS benefit by \$1.
- ▶ If benefits are withheld because of earnings, benefits will be increased at FRA to take into account the reduction.
- ▶ After you reach full retirement age, you can earn any amount from working and no benefits will be withheld.

HOW PENSION INCOME AFFECTS SS BENEFITS

- ▶ Windfall Elimination Provision—Reduces your benefits if you receive a pension from a job where you did not pay SS taxes.
- ▶ Government Pension Offset—The dollar amount equal to 2/3 of your government pension will be subtracted from your spousal or survivor benefit.
- ▶ The Social Security Fairness Act, HR 82, concerning the Windfall Elimination Provision and Government Pension Offset, was signed into law on January 5, 2025. Upon implementation, the Social Security Fairness Act eliminates the reduction of Social Security benefits while entitled to public pensions from work not covered by Social Security. The Social Security Administration is evaluating how to implement the Act.

HOW BENEFITS ARE TAXED

- ▶ Married, Filing Jointly
 - If combined income* exceeds \$32,000 – 50% of benefits could be taxed
 - If combined income* exceeds \$44,000 – 85% of benefits could be taxed
- ▶ Filing as an Individual
 - If combined income* exceeds \$25,000 – 50% of benefits could be taxed
 - If combined income* exceeds \$34,000 – 85% of benefits could be taxed

*NOTE

Your “Combined Income” =
Your Adjusted Gross Income
+ Nontaxable Interest
+ ½ of Your SS Benefits