

Social Security

Know-How

Know How to Maximize Social Security in Your Retirement



Know How to Make Social Security Work for You

Social Security can provide an income you can't outlive. But can it provide enough income? Benefits may replace as much as **75%** of income for very low earners but only about **28%** for high earners.¹ Read on to enhance your Social Security know how.

Social Security Pays

Social Security paid out more than **\$1.37 trillion** in benefits to more than **67.8 million** people in 2023.² Most of the payout comprises retirement and survivor benefits which possess unique characteristics:

- You can't outlive them
- You can receive automatic cost of living adjustments
- You need not be an investment expert

For a program so big and beneficial, it pays to know how it works and consider how you can maximize it.

Know How Qualification Works

In order to receive Social Security retirement benefits, a worker needs **40 credits**. The most a worker can earn in a calendar year is four credits.

Benefits are based on a worker's **highest 35 years of earnings** indexed for inflation. Years with no earnings count as zero, thus lowering the average career earnings and the monthly retirement benefit.



Income Sources (Persons 65 or Above)³

What's Your Retirement Income Plan?

- 33.2% Pension**
Employer-Provided & IRA Withdrawals
- 35.4% Personal**
Earnings, Asset Income and Other
- 31.4% Government**
Social Security

¹ Social Security Administration, "Retirement Benefits," 2024.

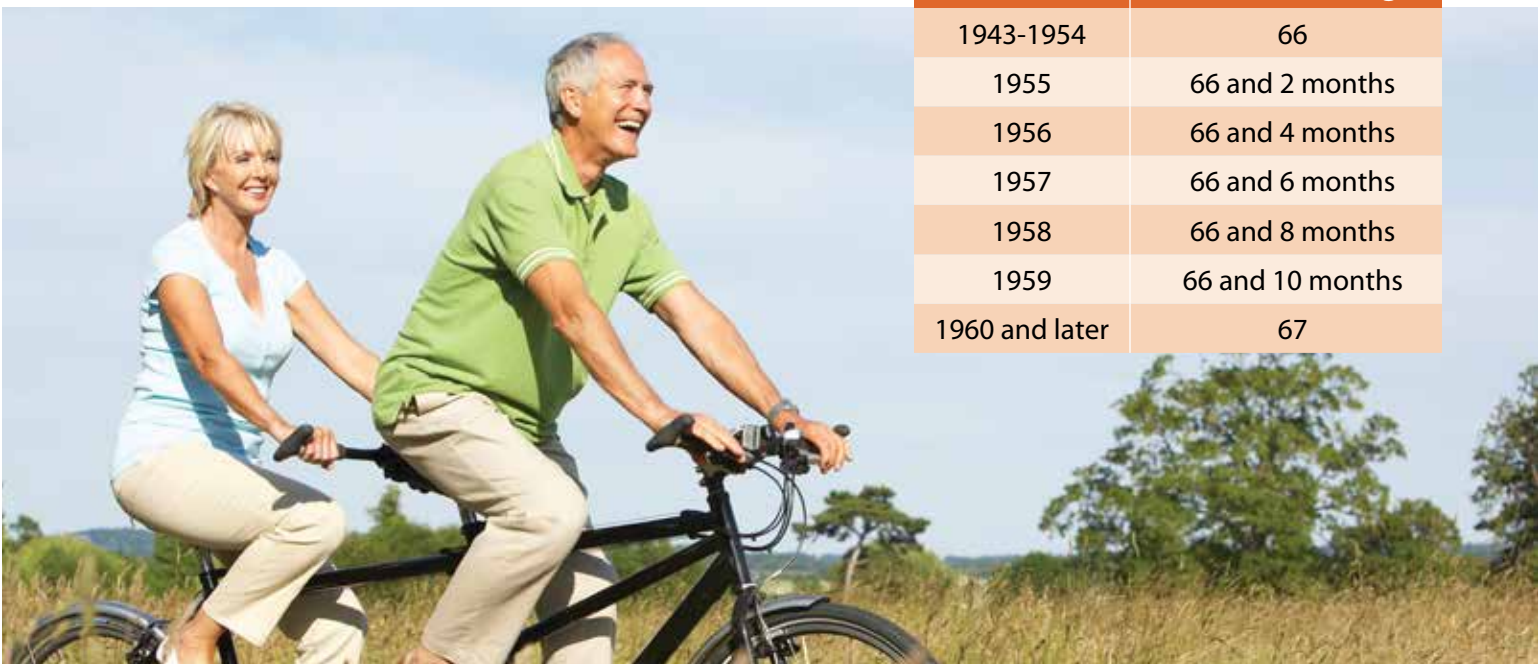
² Social Security Administration Fact Sheet, June 30, 2024.

³ Center for Economic Studies, "Measuring Income of the Aged in Household Surveys," June 2024.

Know How Social Security Retirement Benefits Work

- **Benefits are based on Full Retirement Age (FRA).** For those born between 1943 through 1954, FRA is age 66 and 0 months. See the chart below for other birth years. Starting benefits at any time other than FRA results in either a decrease or an increase in benefits.
- Retirement benefits are **payable to a worker as early as age 62**. A spouse can also receive benefits based on the worker's earnings history.
- **A spouse can receive up to 50% of the worker's full retirement benefit** (deferral credits excluded), reduced if the spouse is less than full retirement age. The worker must have filed for benefits.
- **A divorced spouse can receive a benefit** even if the ex-spouse is not retired. The divorced spouse must have been married at least 10 years, have not remarried and be at least age 62. The ex-spouse worker must also be at least age 62. Benefits paid to a divorced spouse do not affect the benefits of the worker's current spouse.
- **Early retirement** results in a permanent reduction in benefits from what would have been received at FRA.
- If a worker files for **early retirement**, benefits are reduced 5/9 of 1% each month for the first 36 months plus 5/12 of 1% for the remaining period until the worker reaches FRA. At age 62, this results in a permanent reduction in benefits of 25% for FRA 66 and of 30% for FRA 67.
- If the spouse of a worker files for **early spousal retirement benefits**, the reduction is 25/36 of 1% for the first 36 months plus 5/12 of 1% for the remaining period until the spouse reaches FRA. A spouse filing for benefits at age 62 would receive 35% of the worker's full retirement benefit at FRA 66 and 32.5% of the worker's full retirement benefit at FRA 67.
- **Delayed retirement** increases monthly benefits for workers and survivors (but not spouses). Benefits are increased on a monthly basis by 8% per year from ages 66 to 70 (up to a maximum 32% increase over full retirement benefit).

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



Social Security Know-How

Know How Survivor Benefits Work

- **Survivor benefits** (when not caring for an eligible child) are payable as early as age 60 for a spouse. This is known as a widow's or widower's benefit.
- **To qualify for survivor benefits**, a worker must have a minimum of 40 credits at the time of death if age 62 or older. The requirement decreases one by one each year to a minimum of six credits needed if age 28 or younger.
- **A surviving spouse can receive benefits as early as age 60** with a reduction for benefits received before the surviving spouse's full retirement age. A surviving spouse will not receive survivor benefits if remarried before age 60. Remarriage at age 60 or later will not disqualify the surviving spouse from receiving survivor benefits. A divorced spouse, married at least 10 years, must comply with the same rules. Benefits payable to a divorced spouse do not affect the benefits of the surviving spouse.
- **The amount of survivor benefit payable** is 100% of the deceased worker's full retirement age benefit, if death occurs on or before full retirement age and the surviving spouse is at least full retirement age. If the deceased worker earned delayed retirement credits, the surviving spouse's benefit will be based on the higher amount. At age 60, the minimum benefit would be 71.5% of the full retirement age benefit.
- A deceased worker did not have to be receiving Social Security for survivors to be eligible for benefits.

Know How Benefits May Be Taxed

Social Security may be subject to income tax. Depending on provisional income level and tax filing status, most (85%), some (50%) or none of the Social Security benefits will be taxable. Benefits are taxed at the marginal income tax rate of the person receiving them.



Know How Benefits May Be Reduced

If you are younger than FRA and earn more than certain amounts, your benefits may be temporarily reduced.

- \$1 in benefits is deducted for every \$2 earned in excess of an annual earned income threshold amount. For the year of FRA, \$1 in benefits is deducted for every \$3 earned in excess of a higher earned income threshold amount. Beginning in the month of full retirement age, a person can earn an unlimited amount with no reduction in Social Security benefits.
- Earned income is derived from working (salary, wages, commission, etc.). Interest earnings, capital gains, pension and annuity income are not considered earned income and will not cause a reduction in benefits.
- Benefits withheld before full retirement age are recaptured starting at full retirement age, resulting in higher monthly benefits later. Any benefits withheld from survivor benefits however are *not* recaptured.

Know How Claiming Strategies Work

Social Security does not provide benefits automatically. *You must file to receive them.*

- For worker or spousal retirement benefits, file three months before you want them to start.
- Survivors currently eligible for benefits should file in the month of death.
- Survivors currently ineligible for benefits should file three months before turning age 60 or at retirement, if later.

Consider Some Claiming Strategies

Delay Filing

For maximum benefits, delay receipt until age 70. The chart at right shows how much more you receive.

Suspend Benefits

Available for someone who began collecting benefits early. Once a worker reaches full retirement age but continues to work, suspend benefits. Suspending allows the worker to continue to earn additional benefit increases up to age 70. No benefits would be received during the period of suspension.

File at Different Times

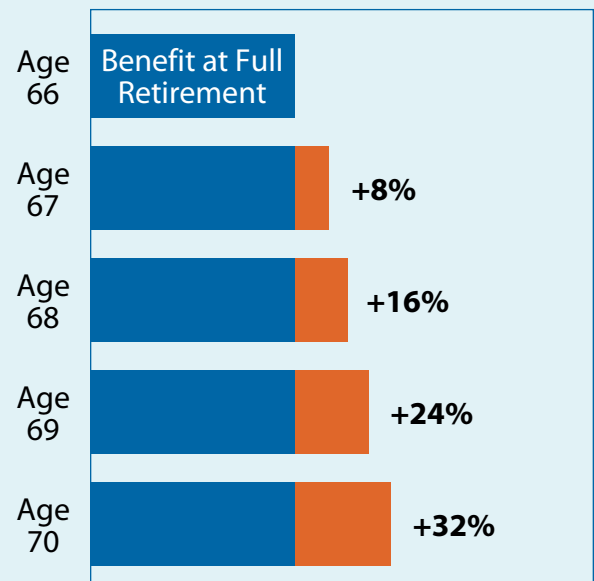
Working couples may find it advantageous if the higher earner delays filing until age 70 and the lower earner files sooner.

File Early

Consider filing early if health is a factor. Having an income could be more important than maximizing benefits. 62 is the earliest age at which retirement benefits can be claimed.

It Pays to Delay

Delay Your Retirement to Increase Your Monthly Benefit



Take Steps to Maximize Your Retirement



3 Three Reasons to Create Your Personal *my* Social Security Account

Go to ssa.gov/myaccount and take advantage of interactive anytime access to free and secure online services. Creating your *my* Social Security account empowers you to:

- › View your records
- › Plan for your retirement
- › Manage your current and future benefits

Know that Social Security by Itself May Not Be Enough

Some combination of other income sources, such as a pension, savings, retirement plans and employment, will likely be needed. Consider IRAs and nonqualified annuities, both deferred and immediate, for lifetime needs. Consider life insurance to enhance survivorship ease and comfort. Your financial representative has the know how to help you maximize your Social Security benefits.

Contact Your Representative for More Social Security Know How

More Information: [SocialSecurity.gov](https://www.SocialSecurity.gov) | [WSFinancialPartners.com](https://www.WSFinancialPartners.com)

Western & Southern: Our Strength. Your Future.

**Financial
Strength**

**1888
Heritage**

Built on a heritage dating to 1888, Western & Southern Financial Group (Western & Southern) today stands strong. As a dynamic family of diversified financial services providers, Western & Southern has demonstrated resolve and resiliency throughout challenging economic cycles. Our financial strength continues to be the cornerstone of our success. We are proud of our strong industry ratings, which you can check at WSFinancialPartners.com/ratings. Western & Southern remains committed to helping safeguard your future well-being with our strength, stability and full range of risk management financial solutions.

Sources: Social Security Administration Retirement Benefits 2024.

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