



7 THINGS TO KNOW ABOUT SOCIAL SECURITY

SOCIAL SECURITY: You've been paying toward it your entire career, and many Americans have long relied on it for income in retirement. But, do you know when you can receive your benefits, how those benefits are calculated, or what changes are coming for Social Security?

Here are seven things to know about your Social Security:

HOW BENEFITS ARE CALCULATED

Social Security benefits are determined by four factors: full retirement age, the age you decide to retire, your work history, and your earnings history.

Your 35 highest-earning working years are added in — if there were years you didn't work, a zero will be added in for each one, which can lower your final benefit amount.

The age at which you'll receive full retirement benefits depends on your date of birth, while retiring before, on, or after that full retirement date will dictate how much of those benefits you'll receive. Based on how Social Security is currently structured, if you decide to file for benefits early, you'll see reduced benefits, but waiting will add another 8% on top of your full retirement benefits for each year you wait after full retirement age.¹

FULL RETIREMENT AGE IS RISING

Full retirement age, the age at which you can receive your full retirement benefits, has been on the rise. Between 1937 and 1960, we have seen the full retirement age rise from 65 to 67, slowly but surely. It might not seem like much, but it's likely this full retirement age will continue to climb over time.

For anyone born in 1937 or earlier, full retirement age was 65. Each birth year until 1942 increased that age by two months. If you were born from 1943 until 1954, the age was set to 66, then rose by another two months until 1959.² Currently, if you were born in 1960 or later, full retirement age is 67.³

CHANGES ARE ON THE HORIZON FOR SOCIAL SECURITY

Presently, Social Security benefits are largely funded by current payroll taxes alongside a reserve fund, which is expected to be exhausted by 2034.⁴ Our congressmen and congresswomen soon may have to choose between finding alternative means of funds or cutting benefits.



SOCIAL SECURITY DOESN'T ALWAYS ADJUST WITH INFLATION

In our working years, inflation isn't something we often think about; over time, we receive raises in our paychecks to reflect our experience and keep up with rising costs. While Social Security beneficiaries do see regular cost-of-living adjustments (COLA), they aren't guaranteed. The Consumer Price Index for Urban Wage Earners and Clerical Workers is often neglected, so bear in mind rising housing and medical costs.

YOUR BENEFITS CAN BE WITHHELD

If you are under full retirement age and plan on filing for Social Security benefits while continuing to work, you might want to take into account that, for 2025, the Social Security Administration deducts \$1 from your benefit payments for every \$2 you earn above the annual limit, up to \$23,400.⁵

YOUR BENEFITS CAN BE TAXABLE

Social Security benefits can be taxed a considerable amount. Individuals making over \$25,000 annually, and couples earning over \$32,000, may see up to half of their benefits taxed. Individuals and couples making over \$34,000 or \$44,000, respectively, could have up to 85% of those benefits taxed.⁶

SOCIAL SECURITY SHOULDN'T BE YOUR ONLY RETIREMENT PLAN

Ultimately, your Social Security benefits should not be relied on as your sole retirement plan—they were never intended to be. On average, retirees should expect around 40% of their salary to be replaced.⁷

If you've gone through your working life thinking Social Security will cover all your retirement expenses, it might be time to reassess your retirement income plan. Speaking with a seasoned financial professional can help you prepare for taxes on Social Security or establish additional streams of retirement income.

¹ <https://www.ssa.gov/planners/retire/delayret.html>

² <https://www.ssa.gov/planners/retire/agereduction.html>

³ <https://www.ssa.gov/planners/retire/t1960.html>

⁴ <https://www.ssa.gov/policy/docs/ssb/v75n1/v75n1p1.html>

⁵ <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf?ftag=YHF4eb9d17>

⁶ <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf?ftag=YHF4eb9d17>

⁷ <https://www.ssa.gov/planners/retire/r&m6.html>