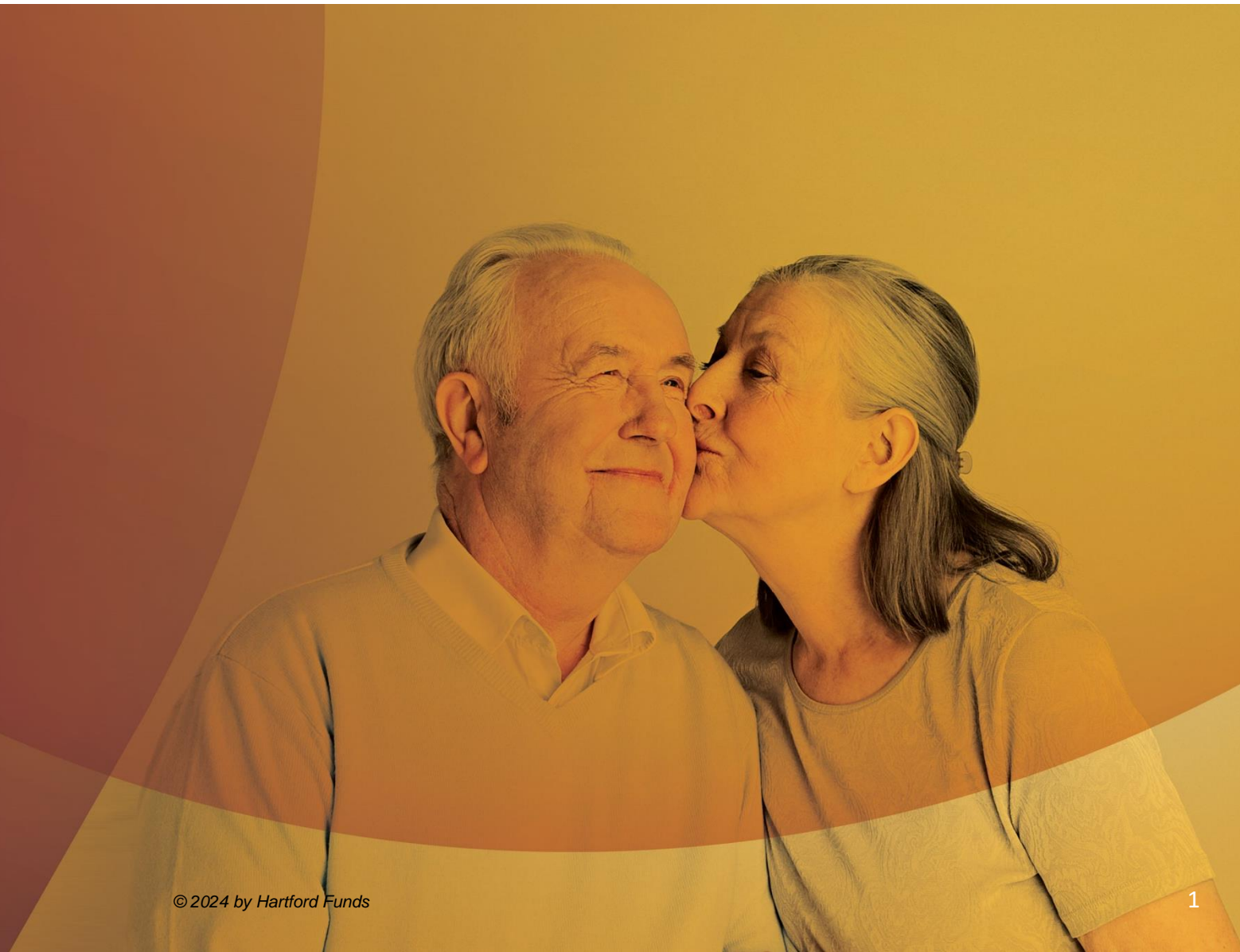


**Social Security:
Unlock Its
Potential**





Mr. Ernest Ackerman

First recipient of Social Security
retirement benefits

Received \$0.17

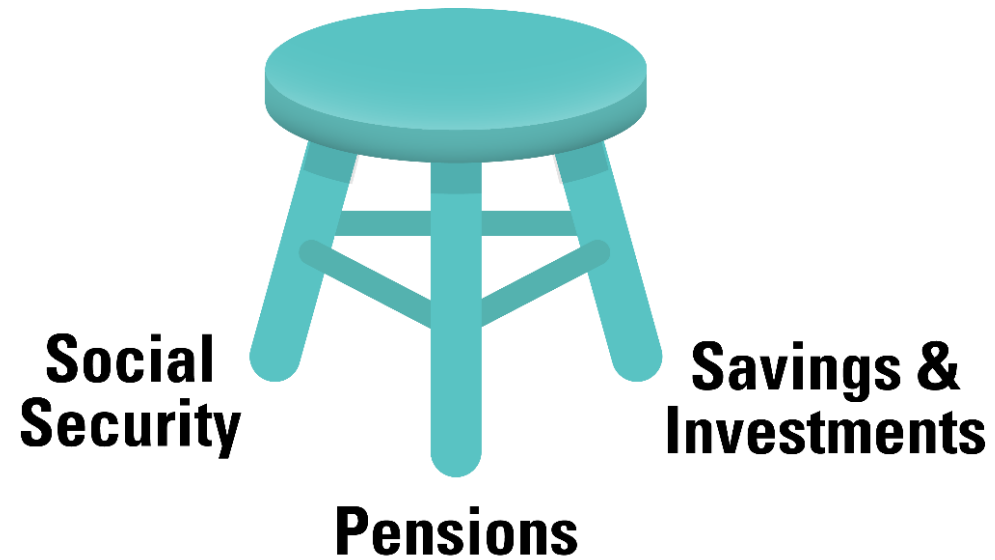


Miss Ida May Fuller

Contributed \$24.75 to
Social Security

Received \$22,888.92

The Three-Legged Stool of Retirement



2024 Estimated Average Monthly Social Security Payments¹

Retired worker: **\$1,907**

Retired couple: **\$3,033**

¹Fact Sheet, 2024 Social Security Changes, ssa.gov/news/press/factsheets/colafacts2024.pdf, 12/23
Reflects average monthly payment at full retirement age.

Timing

Work

Taxes

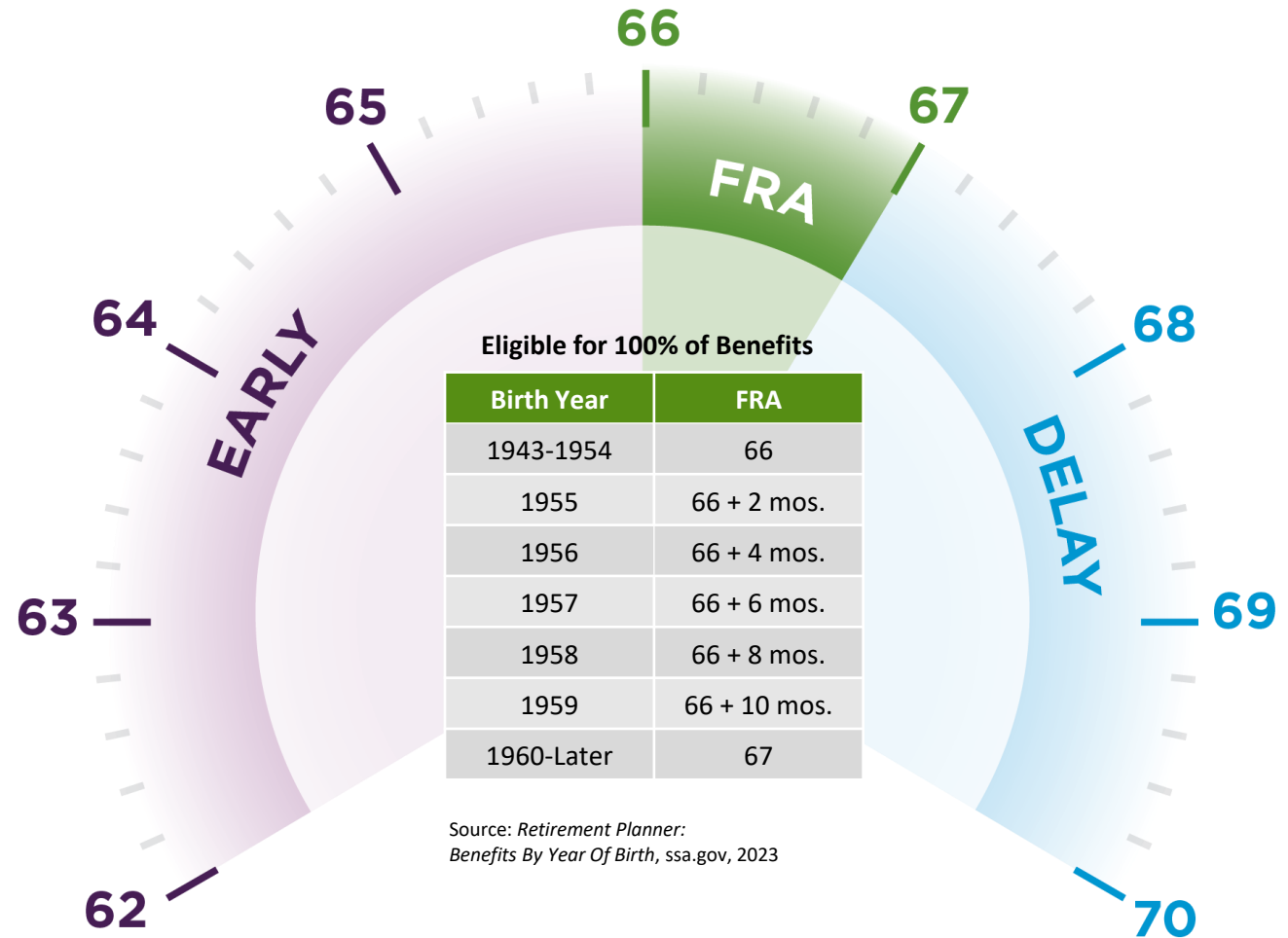
Awareness





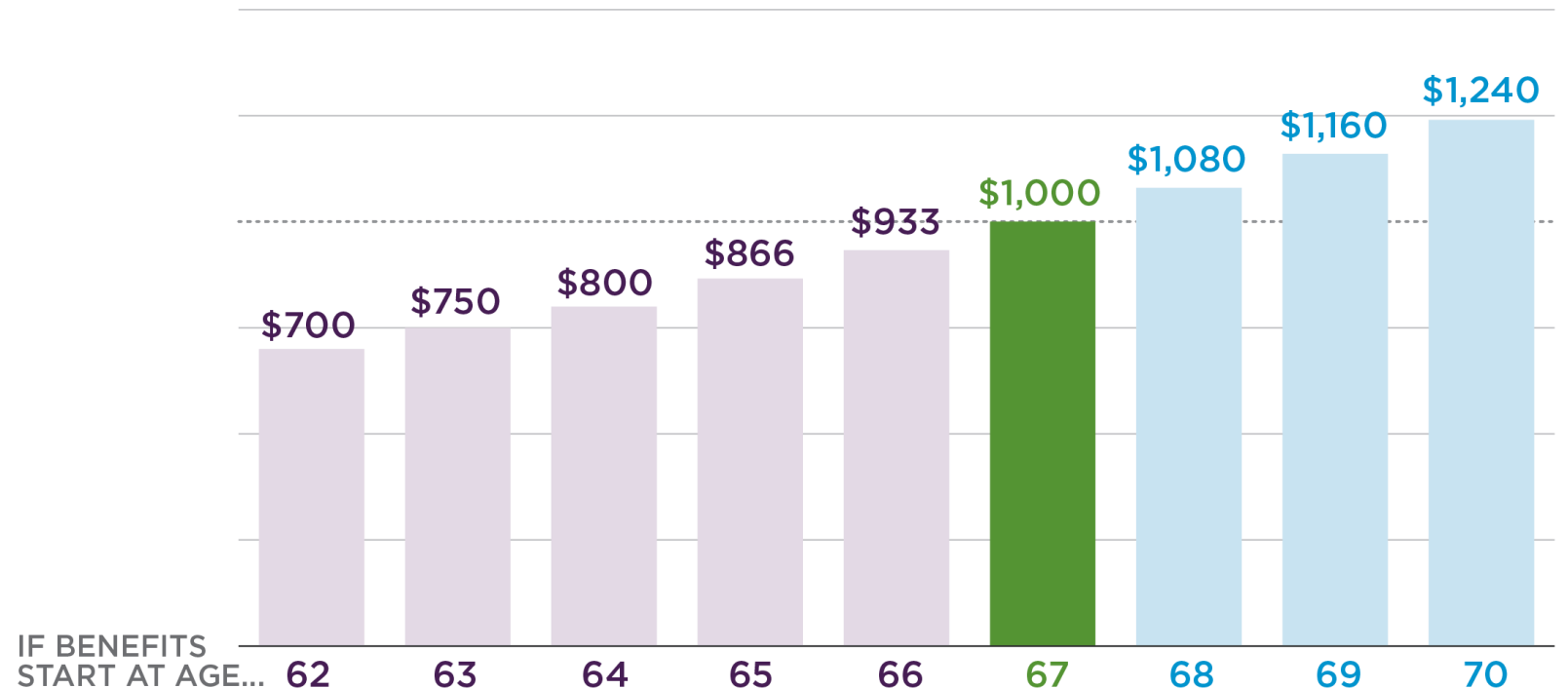
Timing

What's Your Full Retirement Age (FRA)?



Early vs. Delayed Filing: How It Affects Your Social Security Benefit

Assumes a Benefit of \$1,000 at a Full Retirement Age (FRA) of 67¹



¹When to Start Receiving Retirement Benefits, ssa.gov/pubs/EN-05-10147.pdf, 2024

When vs. What

How much income will you actually need?



This chart is hypothetical and for illustrative purposes only.

Work



How Will Working Impact My Benefit?¹

Before FRA **BENEFIT REDUCED** **\$1** **FOR EVERY** **\$2** **ABOVE \$22,320 IN EARNED INCOME**

At FRA **BENEFIT REDUCED** **\$1** **FOR EVERY** **\$3** **ABOVE \$59,520 IN EARNED INCOME**

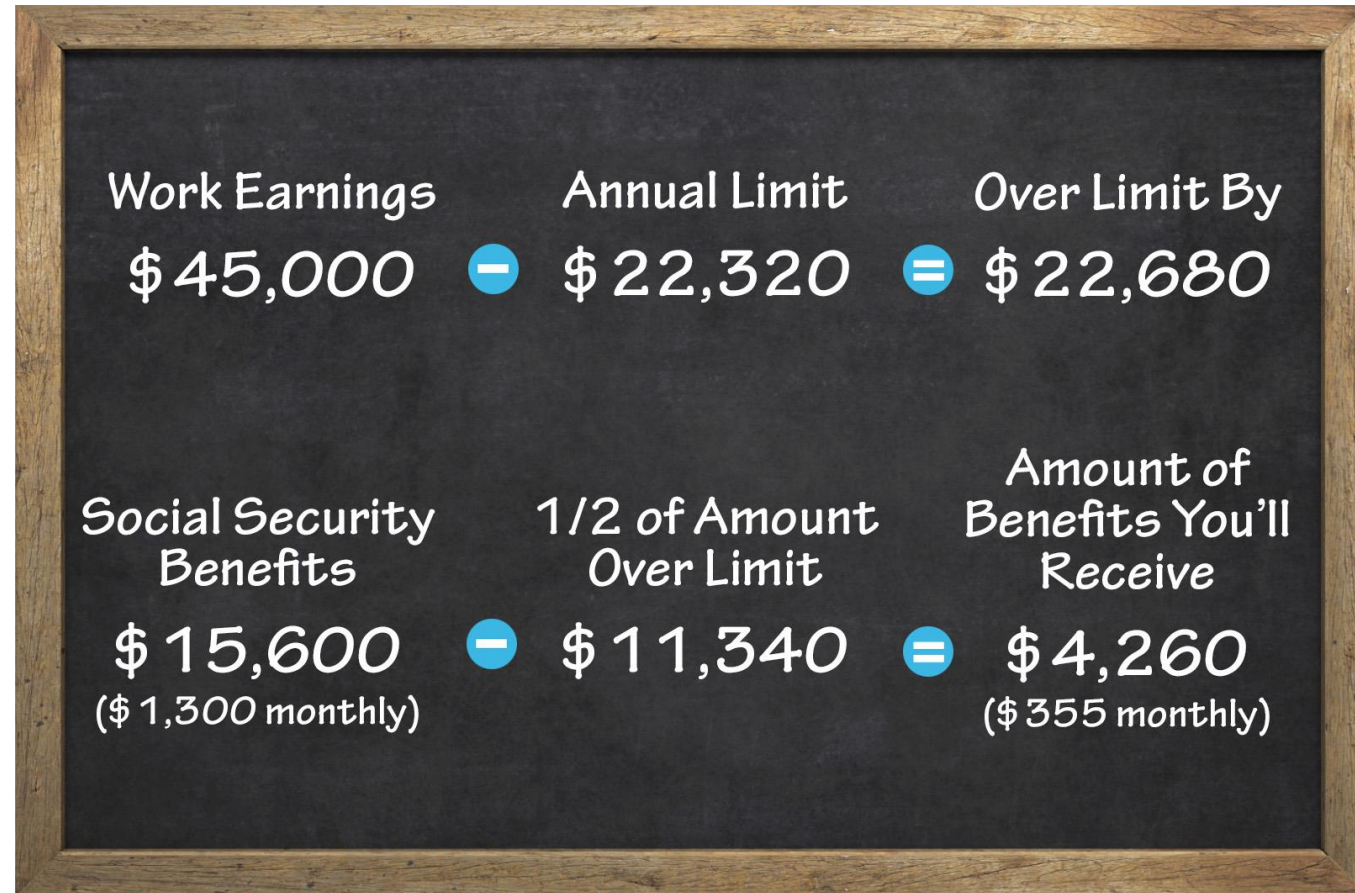
After FRA

- **NO LIMIT ON EARNINGS**
- **WITHHELD EARNINGS ARE RETURNED**



¹Fact Sheet, 2023 Social Security Changes, ssa.gov/news/press/factsheets/colafacts2024.pdf, 12/23

How Will Working Impact My Benefit?



ssa.gov/news/press/factsheets/colafacts2024.pdf, 12/23

For illustrative purposes only. Your situation may be different.



Taxes

How Will My Social Security Benefits Be Taxed?

Benefits may be taxable
based on “Combined
Income”

*Modified Adjusted Gross Income is also referred to as “MAGI.”


$$\begin{aligned} &\text{Modified Adjusted Gross Income}^* \\ &\quad + \\ &\quad 1/2 \text{ Social Security benefits} \\ &\quad = \\ &\quad \text{Combined Income} \end{aligned}$$

COMBINED INCOME

How Will My Social Security Benefits Be Taxed?¹

If Combined Income is...

Less than or equal to \$25,000 if you file as an individual (\$32,000 if married, filing jointly)

\$25,001 - \$34,000 (\$32,001 - \$44,000 if married, filing jointly)

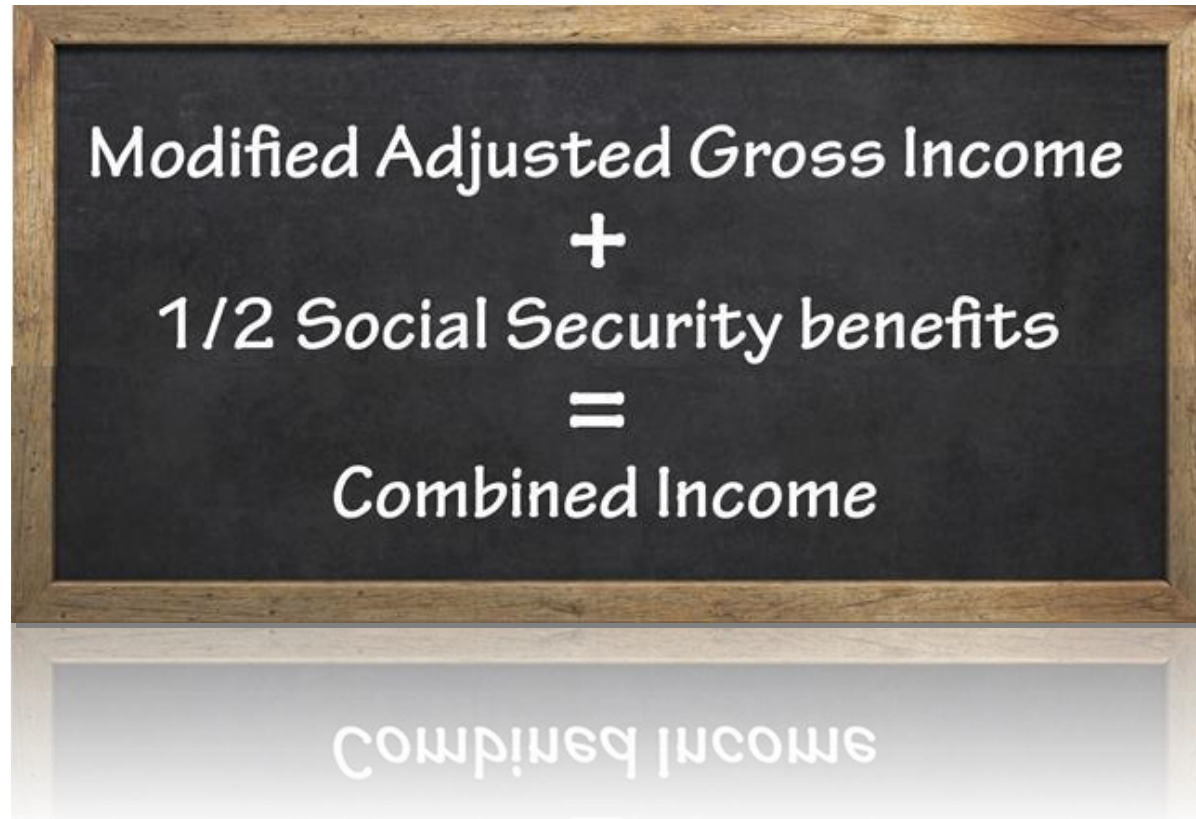
\$34,001+ (\$44,001 if married, filing jointly)

% of Social Security that's taxable

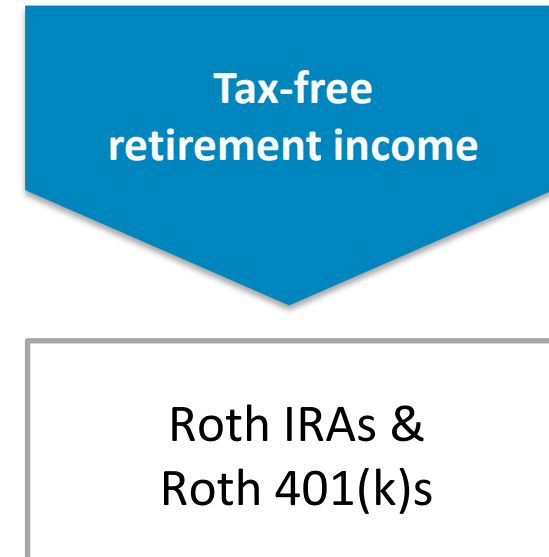


¹Benefits Planner: Income Taxes And Your Social Security Benefits, ssa.gov, 12/23

Possible Ways to Reduce Combined Income



Modified Adjusted Gross Income
+
1/2 Social Security benefits
=
Combined Income



A close-up photograph of an older Black man with a mustache and glasses, smiling warmly. He is wearing a red button-down shirt and is seated on a yellow wicker chair. The background is a bright, out-of-focus window with white blinds. A purple graphic overlay is on the left side of the image.

Awareness

What Am I Entitled To?

The greater of:

- Your individual benefit
- Your spousal benefit
- If your spouse dies, the survivor benefit



Spousal Benefits: Eligibility & Calculation

Married Individuals Can Claim Benefits Based On:

- Their own earnings record
- Their spouse's earnings record

If Claiming On A Spouse's Earnings Record:

- The maximum spousal benefit is 50% of the higher-earning spouse's Social Security benefit
- The spousal benefit cannot be claimed until the higher-earning spouse files for benefits
- Spousal benefits will be reduced if the lower-earning spouse files before their own FRA*

*Lower-earning spouse must be at least age 62 to claim spousal benefits.

Source: Benefits For Your Family/Benefits For Your Spouse,
ssa.gov/benefits/retirement/planner/applying7.html, 1/24

Individual Benefit vs. Spousal Benefit

Benefits at FRA:

John
\$2,945



Angela
\$947

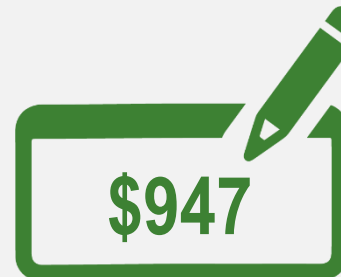


Angela is entitled to the greater of:

Up to 50% of
John's benefit



Her own
benefit



Source: Benefits For Your Family/Benefits For Your Spouse, ssa.gov/benefits/retirement/planner/applying7.html, 1/24

Survivor Benefit

Benefit five years later:

John
\$3,600



Angela
\$1,157



If John passes away five years later, Angela is entitled to the survivor benefit:

100% of
John's benefit



Note: The benefits amounts shown on this slide are higher than those on the previous slide. This is because they each assume a COLA increases based on historical values.

Source: Benefits For Your Family/Benefits For Your Spouse, ssa.gov/benefits/retirement/planner/applying7.html, 1/24

IRMAA

Income-Related
Monthly Adjusted
Amount

What it is:

- Medicare may increase the cost of Part B and Part D coverage based on your Modified Adjusted Gross Income (MAGI) from TWO years prior

How it's determined:

- SSA determines who pays IRMAA and at what level based on your Medicare-specific MAGI
 - Medicare-specific MAGI is your MAGI two years prior plus additional income inclusions

What it means:

- If your MAGI is above a set threshold, you'll be required to pay a monthly surcharge in addition to monthly Medicare premiums

Source: 2023 IRMAA Brackets: What Are They + How to Avoid IRMAA, youstaywealthy.com, 12/22

2024 IRMAA Brackets: Medicare Part B and Part D

If your filing status and MAGI in the tax year 2022 was:

File Individual Tax Return	File Joint Tax Return	Married Filing Separate	Part B (Monthly Premium)	Part D (Monthly Premium)
\$103,000 or less	\$206,000 or less	\$103,000 or less	\$174.90	Your Premium (No Surcharge)
Above \$103,000 – \$129,000	Above \$206,000 – \$258,000	N/A	\$244.60	Plan Premium + \$12.90
Above \$129,000 – \$161,000	Above \$258,000 – \$322,000	N/A	\$349.40	Plan Premium + \$33.30
Above \$161,000 – \$193,000	Above \$322,000 – \$386,000	N/A	\$454.20	Plan Premium + \$53.80
Above \$193,000 – \$500,000	Above \$386,000 – \$750,000	Above \$103,000 and <u>up to</u> \$397,000	\$559.00	Plan Premium + \$74.20
Greater than \$500,000	Greater than \$750,000	\$397,000 or more	\$594.50	Plan Premium + \$81.00

Source: 2024 IRMAA Brackets and Rules, MedicareAdvantage.com, 10/24

Can You Minimize IRMAA?

- Certain Charitable Strategies
- Tax-Deductible Retirement Contributions
- Tax-Free Income
- Tax-Efficient Investing and Withdrawal Strategies
- Other Tax Minimization Techniques

Source: 2023 IRMAA Brackets: What Are They + How to Avoid IRMAA, [youstaywealthy.com](https://www.youstaywealthy.com), 12/22

Questions to ask *before* taking benefits:



When do I plan to stop working?



Do I need this extra income?



Will I have to pay taxes on my income?



How long will I live?



SOCIAL SECURITY

To make the most of your
Social Security benefits,
consider all the factors.



Timing

Work

Taxes

Awareness

Next Steps

1 Download your Social Security statement by logging on to ssa.gov/myaccount

2 Estimate what your monthly income needs will be in retirement.

3 Meet with your financial professional & tax professional to evaluate your overall portfolio and create an income plan.

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