



# SIMPLIFYING SOCIAL SECURITY

AND OPTIMIZING RETIREMENT BENEFITS



# KEY TERMS

**Eligible** To be eligible for benefits, a worker must be fully insured which means they have earned 40 credits (or quarters of coverage) and have attained age 62. 1 credit = \$1,890 of earnings for a max of 4 credits per calendar year (\$7,560).

**Entitled** To be entitled to benefits, a worker must be eligible (ie. be fully insured and have attained age 62) and have filed a claim or filed and suspended a claim for benefits.

## Types of Benefits

**Retirement** Benefit amount based on your own work record.

**Spousal** Benefit amount based on spouse's retirement benefit. (ie. not your own work record).

**Divorced Spousal** Benefit amount based on ex-spouse's retirement benefit. A divorced spouse can get benefits based on their ex-spouse's Social Security record if the marriage lasted at least 10 years. The divorced spouse must be 62 or older and unmarried.

**Survivor/Widowed Benefit** Benefit amount based on your deceased spouse's retirement benefit. A widow/widower is eligible at age 60 or older, 50 or older if disabled, or any age if caring for a child under age 16 or disabled before age 22. Widow/widower may be eligible for benefit based on deceased ex-spouse's record.

**Full Retirement Age (FRA)** Full Retirement Age is the age at which a person may first become entitled to full or unreduced retirement benefits. For those with a date of birth between 1943-1954 the FRA is 66 for retirement, spousal and survivor/widower's benefits. (See the chart enclosed in the packet for a list of the applicable FRA's.)

Source: <https://www.ssa.gov/news/en/cola/factsheets/2026.html>

**Early Retirement** You can retire at any time between age 62 and full retirement age. However, if you start benefits early (ie. prior to FRA), your benefits are reduced a fraction of a percent for each month before your full retirement age.

**Delayed Retirement Credit (DRC)** Social Security benefits are increased by a certain percentage (depending on date of birth) if a person delays taking retirement benefits beyond full retirement age. The benefit increase no longer applies after age 70, even if the person continues to delay taking benefits. The DRC is currently 8% of the PIA per year, up to age 70.

**Primary Insurance Amount (PIA)** The “primary insurance amount” (PIA) is the benefit amount a person would receive if he/she elects to begin receiving benefits at his/her Full Retirement Age. At this age, the benefit is neither reduced for early retirement nor increased for delayed retirement credit.

PIA is complex calculation derived from a worker’s lifetime earnings record (usually the highest 35 years of earnings). The Maximum PIA for an individual at FRA in 2025 is \$4,152. This maximum amount can increase annually.

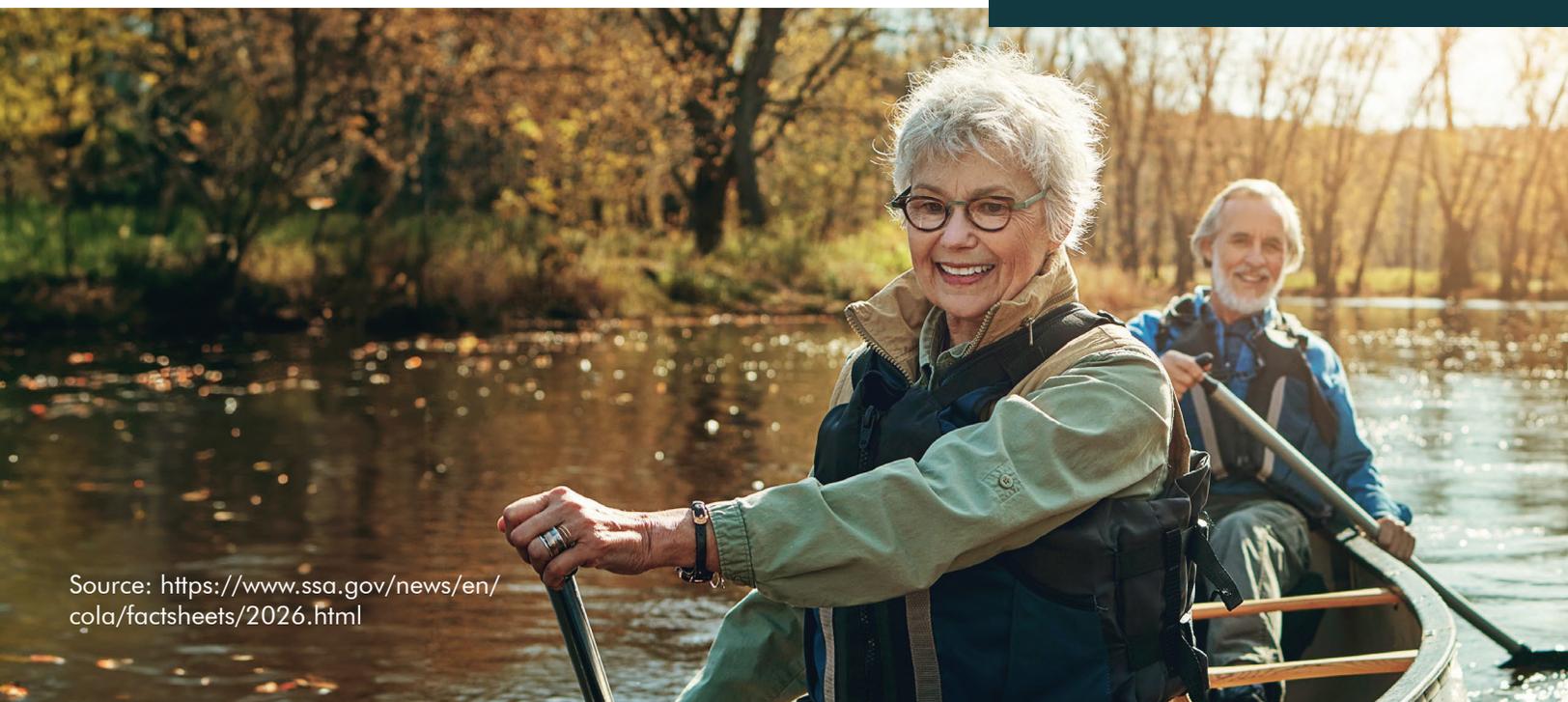
**Cost of Living Adjustment (COLA)** This is an annual increase in benefits, effective for December, reflecting the increase, if any, in the cost of living. It is applicable only after a beneficiary becomes eligible for benefits. In general, the benefit increase equals the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI W) measured from the third quarter of the previous year to the third quarter of the current year. If there is no increase in the CPI-W, there is no cost-of-living benefit increase.

**File and Suspend Application** Effective April 30, 2016 the SSA will no longer permit suspension of retroactive benefits in situations where you apply for benefits and they have not made a determination regarding your entitlement.

- ◆ If you voluntarily suspend your retirement benefit and you have others who receive benefits on your record, they will not be able to receive benefits for the same period that your benefits are suspended. Please note that there is one exception; divorced spouse’s will be able to continue receiving benefits.
- ◆ If you voluntarily suspend your retirement benefit, any benefits you receive on someone else’s record will also be suspended. Your part B premiums cannot be deducted from your suspended benefits.
- ◆ If you request a voluntary suspension on or after April 30, 2016, we will only permit benefit reinstatement beginning with the month after the month of your request.

**File Restricted Application** If you were born on or before January 1, 1954, are currently married, or are divorced and eligible for a benefit on an ex-spouse’s record, once you reach full retirement age (assuming you have NOT yet claimed your benefits) you can use a restricted application to claim a spousal benefit, while letting your own benefit continue to grow. You would then switch to your own higher benefit amount when you reach age 70.

If you were born on or after January 2, 1954 a restricted application may not be used for the purpose of claiming a spousal or ex-spousal benefit - however widows and widowers may continue to use a restricted application at any claiming age.



# KEY FACTORS AFFECTING BENEFITS

**Taxation of Benefits** Social Security benefits may be subject to federal income taxes in some cases. (In the State of Ohio benefits are not subject to income tax.)

- ◆ Up to 50% of benefits may be taxable if 'provisional income' is greater than \$25,000 for single taxpayers and \$32,000 for married filing jointly.
- ◆ Up to 85% of benefits may be taxable if 'provisional income' is greater than the adjusted base income amount of \$34,000 for single taxpayers and \$44,000 for married filing jointly.
- ◆ Provisional Income = adjusted gross income (before Social Security or Railroad Retirement benefits are considered) plus tax-exempt interest income plus ½ of Social Security or RR benefits.

**Working and Collecting Benefits** Benefit can be withheld if a person is under FRA, collecting benefits and has wages (ie. Earned income) above the specified yearly limit as follows:

- ◆ In any full year under FRA Social Security will withhold \$1 in benefits for every \$2 of earnings over the limit of \$24,480 (2026).
- ◆ In the year FRA is reached Social Security will withhold \$1 of benefits for every \$3 earnings over the limit of \$65,160 (2026).
- ◆ Once FRA is reached there is no loss of benefits regardless of income.

The Social Security Fairness Act, signed into law January 5, 2025, eliminated the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).



Source:  
<https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html?tl=1%2C2%2C11>  
<https://www.ssa.gov/news/en/cola/factsheets/2026.html>

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