



SOCIAL SECURITY & YOUR RETIREMENT LIFE BY DESIGN

Retirees today are the first generation that have arrived at retirement with 10-20 years longer in retirement than their previous generation. Retirement choices are not risk free, nor is it the end. I like to think retirement is a means to a beginning, and for many people Social Security Income can also be known as Retirement Security. But what is the best choice for you and your longevity plan?

PLANNING YOUR RETIREMENT

You are given so many options in designing your retirement life that it is important to work with an Advisor with this area of expertise to coach you on the subjects of when, how and where to start in a way that best fits your entire family plan and lifestyle choices.

You may choose to retire early from your career, yet still be passionately inspired to explore new ideas and other income sources. So before you make that SSI claim we suggest you build your vision plan first and become more familiar with the choices you have available. Deciding when to claim benefits will have a permanent impact on the benefits you receive. Claiming before your full retirement age can significantly reduce your benefit, while choosing to delay actually increases your future benefits.

KEY FACTS & CONSIDERATIONS

How do I qualify for retirement benefits?

There are two basic requirements that make an individual eligible: attaining age 62 and being fully insured. Being fully insured means having 40 work credits. A work credit is earned for a certain dollar amount earned each year by the worker. This means that you would need a minimum of 10 years of work to qualify for benefits. Note: Calculations are based on your 35 highest years, despite what some individuals fear when considering working part-time before claiming benefits. For 2025, one credit is earned for every \$1,810 earned, up to a maximum of four credits per year. People born after 1960 have a full retirement age of 67.

What if I delay Retirement Credits to my Full Retirement age and how do my delayed Retirement Credits affect my retirement benefit?

They are additions to benefits if retirement benefits are delayed beyond full retirement age. Delayed credits may accrue up to age 70. The Delayed Retirement Credit provisions allow for any month for which a worker was at least full retirement age, was insured for retirement benefits, and did not receive retirement benefits. The amount of the Delayed Retirement Credit will receive an annual credit of 8% up to age 70. It is estimated that claims taken at age 70 are 76% higher than those taken at 62.

Am I able to work while receiving Social Security Benefits?

Yes, you can work while receiving retirement benefits. However, Social Security Retirement benefits are meant to replace, in part, earnings lost to an individual due to retirement. So, under the law, those benefits could be reduced if earnings exceed certain amounts.

YOUR EARNINGS TEST

For beneficiaries who are younger than FRA, deduct \$1 from benefits for each \$2 earned over the annual exempt amount (2025 – \$23,400). In the year in which full retirement age is attained, deduct \$1 from benefits for each \$3 earned over the full annual exempt amount in the months prior to FRA (2025 – \$62,160). This is referred to as the earnings test. These amounts are listed and can be found on the Social Security website www.SSA.gov

You will want to fully understand all your income sources and strategically make the considerations for taxable income in retirement.

INCOME TAXES & YOUR SOCIAL SECURITY BENEFIT

There could be federal income taxes on your Social Security benefits even if you're not working. This usually happens if you have other income in addition (such as wages, self-employment, interest, dividends and other taxable income such as Capital Gains that must be reported on your tax return).

You could pay income tax on up to 85% of your Social Security benefits, based on Internal Revenue Service (IRS) rules. If you file as:

INDIVIDUAL RETURN	JOINT RETURN
And your <i>combined income</i> is	And you and your spouse have a <i>combined income</i> that is
<ul style="list-style-type: none">• between \$25,000 and \$34,000, you may have to pay income tax on up to 50% of your benefits.• more than \$34,000, up to 85% of your benefits may be added to your taxable income.	<ul style="list-style-type: none">• between \$32,000 and \$44,000, you may have to pay income tax on up to 50% of your benefits.• more than \$44,000, up to 85% of your benefits may be added to your taxable income.

Considering all income sources and when to initiate them in retirement can be a little complicated. The various strategies can make the choices essentially taxable or non-taxable, and knowing the key defining benefits is where optimization begins. For example consider when your other taxable retirement accounts should begin receiving distributions. Are you considering to retire prior to FRA? One possible strategy is to create your income from another retirement account and defer the Social Security Income to age 70. Or if married a combination of income sources and strategies can be engaged. The Social Security Administration- due to IRS tax legislation changes since 2016- has made substantial changes to other previously utilized benefits such as the old claim and defer, or spousal maximization choices so be cautious and stay informed as to what would be the most appropriate plan for your future benefits.

Looking Ahead to 2035

Your future benefit is not written in stone and your Retirement Income plans should acknowledge that. According to the Social Security and Medicare Boards of Trustees annual report, both trust funds will be depleted as of 2035. If these predictions hold, beginning in 2035, beneficiaries will receive about 75% of their scheduled benefit until at least 2093. The report closes tasking lawmakers with enacting legislation to address these financial challenges “sooner rather than later”.

To learn more about your Retirement Security and Income Optimization, sign up with MY Social Security at www.ssa.gov/myaccount, or schedule your appointment with Monique Marshall , RMA® AIF®.

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