


# Social Security

## Options to help you maximize your benefits

This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax advisors.

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# Today’s agenda

- **Social Security essentials**
- **Benefits and options**
- **Strategies to consider**
- **Next steps**


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# Social Security eligibility and sustainability




## Eligibility

- Requirements include having 40 quarters of wages that were subject to Social Security payroll taxes (quarters do not need to be consecutive)
- Benefits are calculated based on the average of the 35 highest years of earnings

## Sustainability

- Trust fund assets are invested in special issue U.S. bonds backed by the full faith and credit of the U.S. government
- By 2034, payroll taxes collected will pay approximately 81% of benefits owed

Source: 2025 Status of the Social Security and Medicare Programs


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# Social Security terms

**Full Retirement Age (FRA)**
is the age when you are entitled to receive your full Primary Insurance Amount (PIA)

**Primary Insurance Amount (PIA)**

**DETERMINING FRA**

| If you were born in: | Full retirement age |
|---|---|
| 1943–1954 | 66 |
| 1955 | 66 + 2 mos. |
| 1956 | 66 + 2 mos. |
| 1957 | 66 + 6 mos. |
| 1958 | 66 + 8 mos. |
| 1959 | 66 + 10 mos. |
| 1960 or later | 67 |

**CALCULATING PIA**

**Your Earnings**

**+**

**Years Worked**

**+**

**Age**

**=**

**Primary Insurance Amount**

**Collect Social Security before FRA and you'll receive a reduced benefit.**

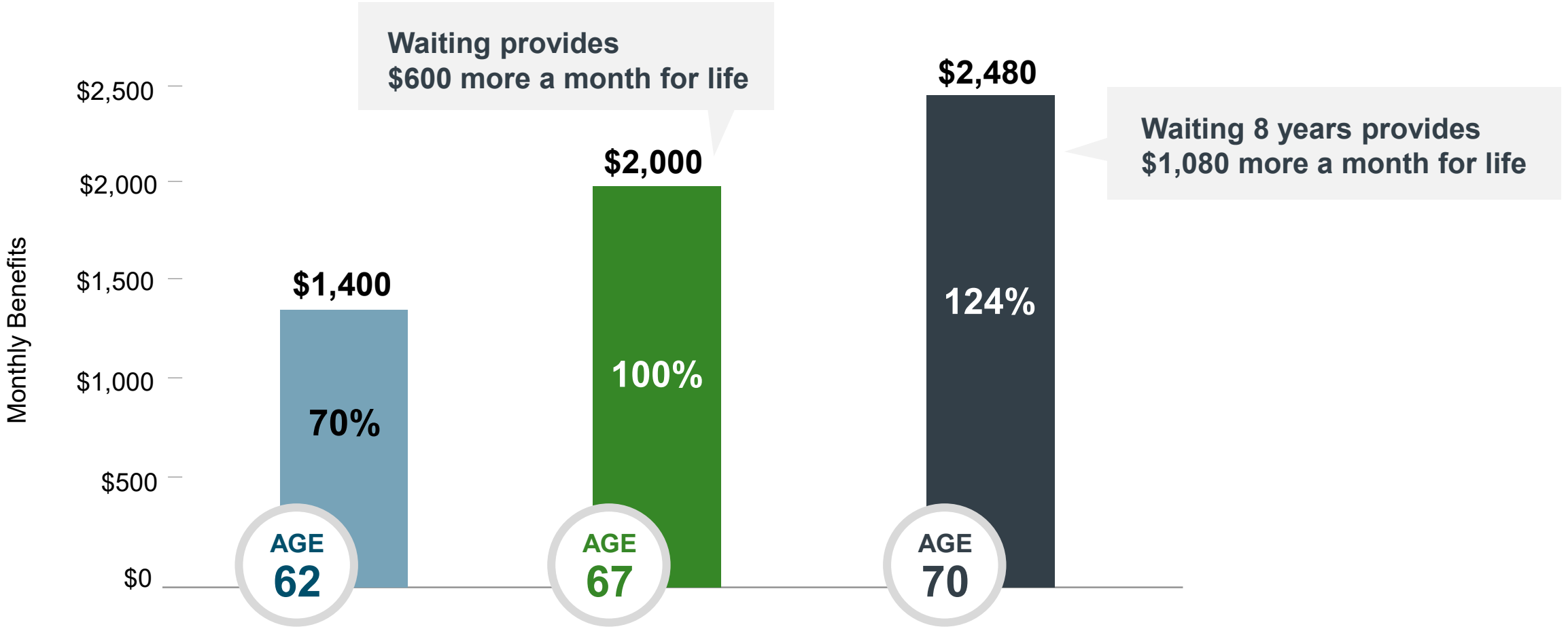
Source: Social Security Administration.



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# The value of waiting: up to 8% per year

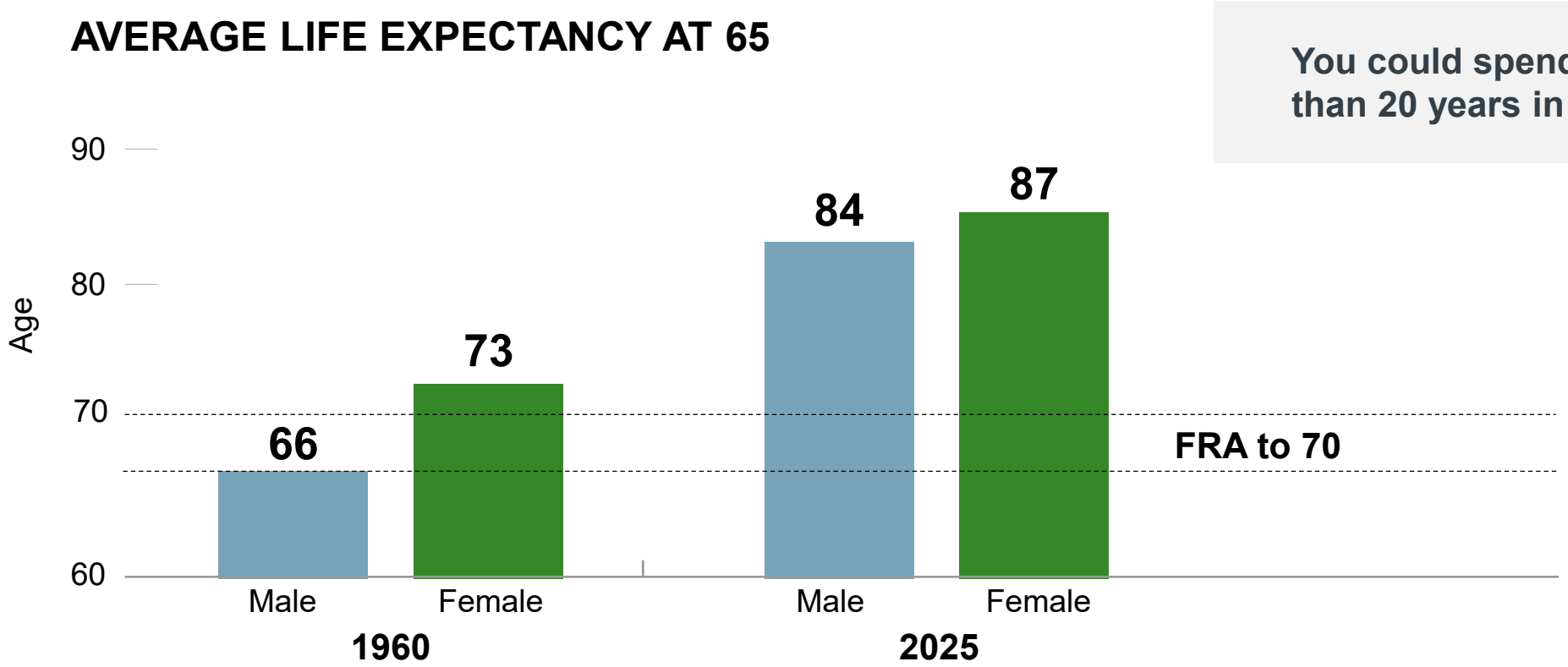
## Can you wait?




Note: Example assumes the individual was born in 1963. The primary insurance amount (PIA), the government's calculation of your Social Security benefits at full retirement age, is $2,000 in today's dollars. All lifetime benefits are expressed in today's dollars, calculated using life expectancy of 89. Lifetime benefit figures are sensitive to, and would change with, life expectancy assumptions.

# Longevity: We are living longer in retirement

## Retirement years could exceed working years




**You could spend more than 20 years in retirement**

Source: Social Security Administration Life Expectancy Calculator, 2025. Figure assumes a person is in good health.

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# Social Security by the numbers

**In 2025, an average of almost 69 million Americans per month received a Social Security benefit, totaling about $1.6 trillion dollars in benefits paid during the year.[1]**

## SO, WHO'S TAKING THEIR BENEFITS WHEN?[2]

| | | |
|---|---|---|
| **35%** of men and **37%** of women | take benefits at | **AGE 62-64** |
| **57%** of men and **54%** of women | take benefits at | **AGE 65-69** |
| **9%** of men and **10%** of women | take benefits at | **AGE 70+** |

**Delaying benefits beyond FRA could result in an 8% increase year over year until age 70**

[1] Social Security Administration, Fact Sheet.
[2] Social Security Administration Annual Statistical Supplement, 2025.



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# Social Security and working

## Working while taking Social Security has its drawbacks

| When Retiring | Limits | Consequences |
|---|---|---|
| **Before FRA** | **$24,480** per year for 2026 | For every **$2** over the limit, **$1** is withheld |
| **Year turning FRA** | **$65,160** per year for 2026 | For every **$3** over the limit, **$1** is withheld from benefits until the month they reach FRA |
| **After FRA** | None | No limit on earnings |

Source: Social Security Administration, Cost-of-Living Adjustment (COLA) Information for 2026.

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# Provisional income

## Federal tax on benefits

**Provisional Income (PI)** → **Modified Adjusted Gross Income** + **½ Social Security Benefits**

| Percentage of Benefits Subject to Tax | Single Filers' PI | Married Filers' PI |
|---|---|---|
| 0% | $25,000 | $32,000 |
| Up to 50% | $25,000–$34,000 | $32,000–$44,000 |
| Up to 85% | Above $34,000 | Above $44,000 |

Source: Social Security Administration, 2025.

# Provisional income typically includes

- **50% of Social Security benefits**
- **Income from municipal bonds**
- **Wages**
- **Business income**
- **Interest**
- **Capital gains**
- **Dividends**
- **Traditional IRA distributions**
- **Rental income**

**May Not Include:**

- Tax-deferred buildup inside IRAs, 401(k)s, and annuities
- Income from Roth IRAs
- Non-taxable income from life insurance
- HSA distributions when used for qualified medical expenses


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# Spousal benefits

## If you are married and collect early, your spousal benefits are reduced

### PERCENTAGE OF SPOUSAL BENEFITS

| Client age | 62 | 63 | 64 | 65 | 66 | 67 |
|---|---|---|---|---|---|---|
| Percentage of spousal benefits for person whose Full Retirement Age (FRA) is 66 | 35% | 37.5% | 41.7% | 45.8% | **50.0% FRA** | (N/A) |
| Percentage of spousal benefits for person whose Full Retirement Age (FRA) is 67 | 32.5% | 35% | 37.5% | 41.7% | 45.8% | **50.0% FRA** |

**Spouse can collect more by waiting until FRA.**

Source: Social Security Administration, 2025.

# Three opportunities to maximize benefits

## You may be able to boost your Social Security benefits

| Strategies for Couples | Survivor Benefits | Former Spousal Benefits |
| --- | --- | --- |
| Spouses should evaluate options to determine when to file for benefits | This option works best if one spouse is expected to outlive another | Ex-spouses may be eligible for a portion of benefits |


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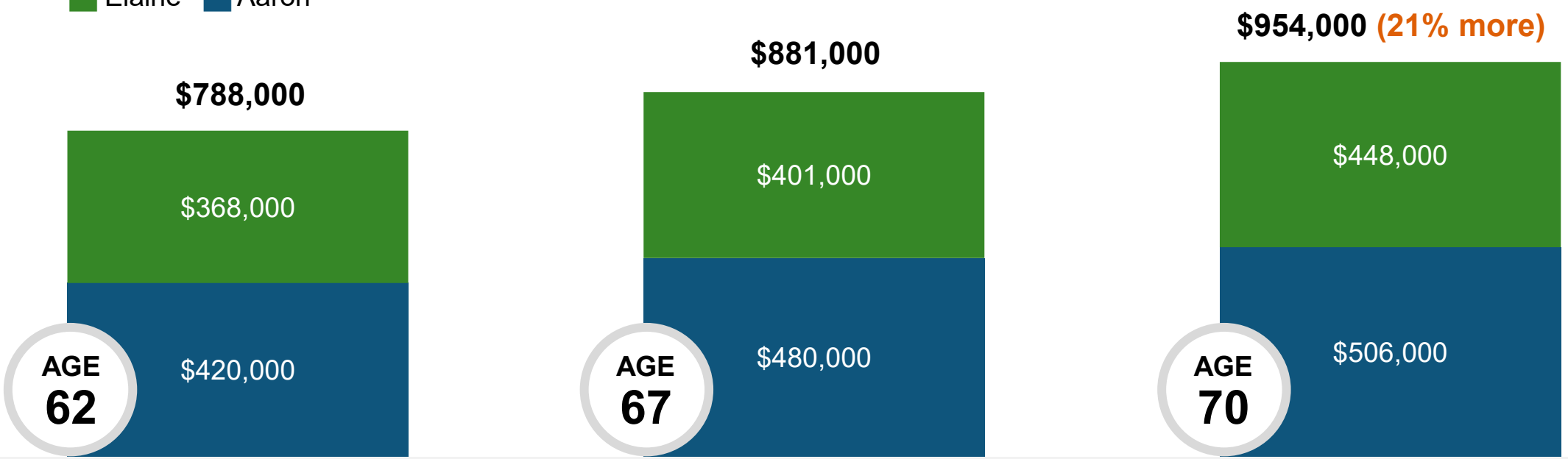
# Maximizing couples' benefits strategy

## Delaying lifetime Social Security survivor benefits

**ABOUT OUR COUPLE**
**Hypothetical example**

| Aaron | Elaine |
|---|---|
| Age: 62 | Age: 62 |
| FRA: 67 | FRA: 67 |
| Life expectancy: 87 | Life expectancy: 95 |

**TOTAL LIFETIME BENEFITS**
**BASED ON AGE AT WHICH AARON COLLECTS**




**Aaron waiting until age 70 would increase the couple's lifetime benefits and Elaine's survivor benefits if she outlives Aaron.**

This example assumes both individuals reach age 62 in 2024 and retire in the same year. The hypothetical example is calculated by Fidelity's Financial Solutions Team, based on data and methodology published by the Social Security Administration as of September 2024. All benefits are calculated in today's dollar and before tax. The actual benefit would be adjusted for inflation and might be subject to income tax. Lifetime benefits are based on life expectancy of 87 and 95 for Aaron and Elaine, respectively. The lifetime number is sensitive to, and would change with, the life expectancy assumption. The lifetime benefit amounts include individual retirement benefits and survivor benefits.


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# Opportunities to maximize survivor benefits

## Important for large differences in benefit amounts and/or life expectancies

**Eligibility**

- Married to spouse for at least 9 months
- Married to an ex-spouse for at least 10 years and did not remarry prior to age 60
- Receive the highest benefit if eligible for multiple survivor benefits
- If eligible for own benefit and a survivor benefit, one may be activated early without reducing the other

**Works best if the younger spouse is expected to outlive the older spouse.**

**Deemed filing rules do not apply to spousal benefits.**


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# Opportunities to maximize divorced spousal benefits

**Former Spousal Benefits**

**TIP: Eligible for more than one benefit?** Client will receive the highest.

## Divorced Benefits*

**The ex-spouse may be entitled to up to 50% of an ex-spouse's benefits if:**

- Marriage lasted at least 10 years
- The couple has been divorced for at least 2 years
- The ex-spouse is currently unmarried

## Divorced Survivor Benefits

**If client dies, ex-spouse may be eligible for benefits if:**

- Ex-spouse was entitled to Social Security or disability insurance at time of death
- Marriage lasted at least 10 years
- Ex-spouse has not remarried prior to age 60

You should seek the advice of a legal or tax advisor or contact Social Security to assist with questions.
* Provision is subject to final instruction from the Social Security Administration.


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# Take stock of your funding sources

## Use your sources of dependable income to cover health care and other essential expenses

**Reliable income sources**

e.g., pension plan, Social Security, annuities

Cover



**Essential expenses**

Food, clothing, shelter, health care

**Other income sources**

e.g., mutual funds, stocks/bonds, CDs, IRAs, 401ks

Cover gaps first

Then fund



**Discretionary expenses**

Travel, entertainment, memberships

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# Next steps

## Meet with your financial representative

| 1 | 2 | 3 |
| --- | --- | --- |
| Discuss a retirement budget | Develop a written plan with milestones | Schedule regular check-ins |


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# Additional information to consider

# Opportunities to maximize benefits

## With shorter life expectations, claiming early may maximize benefits

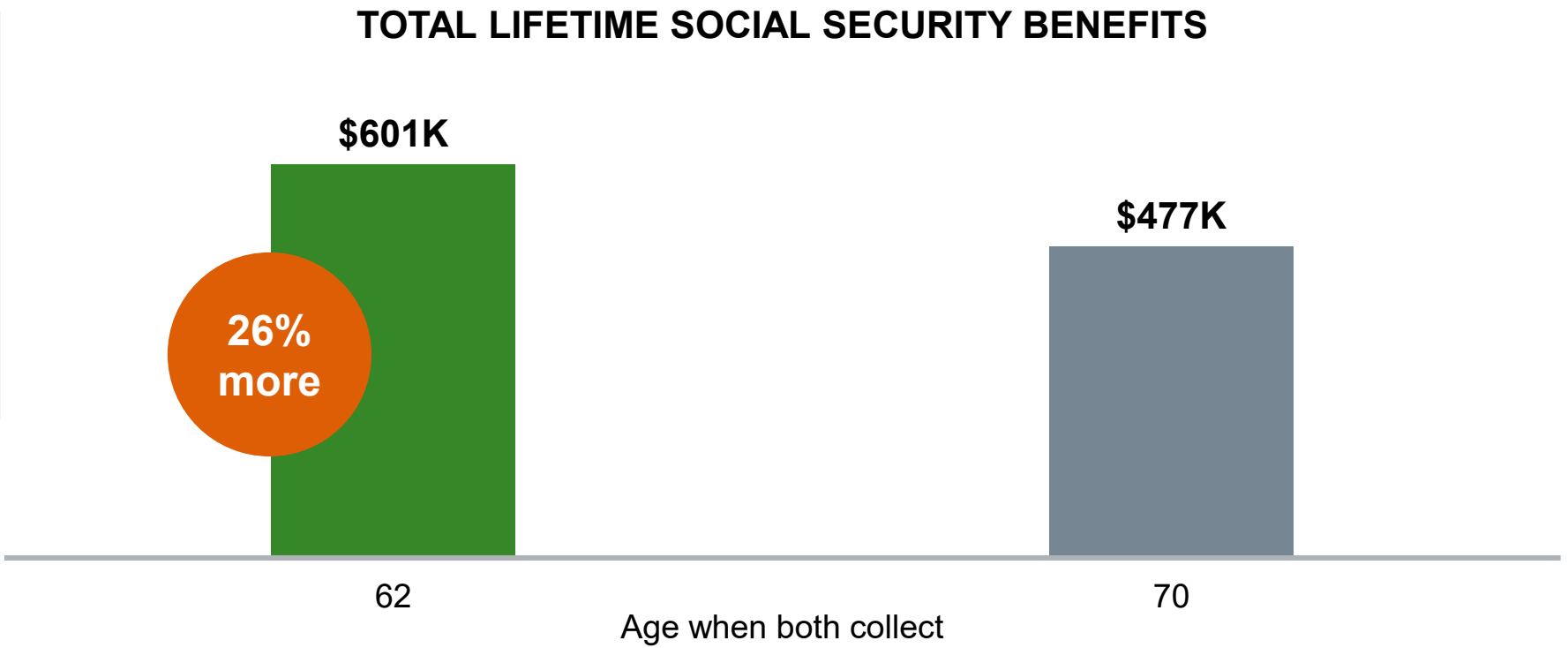
**HYPOTHETICAL EXAMPLE**

**Carter, Age 61**

FRA: 66
Life expectancy: 77

**Laura, Age 59**

FRA: 66
Life expectancy: 76




**By claiming early, the couple would be able to increase their lifetime benefits by $124,000.**

This example assumes Carter reaches age 61 and Caroline reaches age 59 in 2024, and that they both retire at age 62. The hypothetical example is calculated by Fidelity's Financial Solutions Team, based on data and methodology published by the Social Security Administration as of September 2024. All benefits are calculated in today dollar and before tax. The actual benefit would be adjusted for inflation and might be subject to income tax. Lifetime benefits are based on life expectancy of 77 and 76 for husband and wife, respectively. The lifetime number is sensitive to, and would change with, the life expectancy assumption. The lifetime benefit amounts only include individual retirement benefits and not survivor benefits.

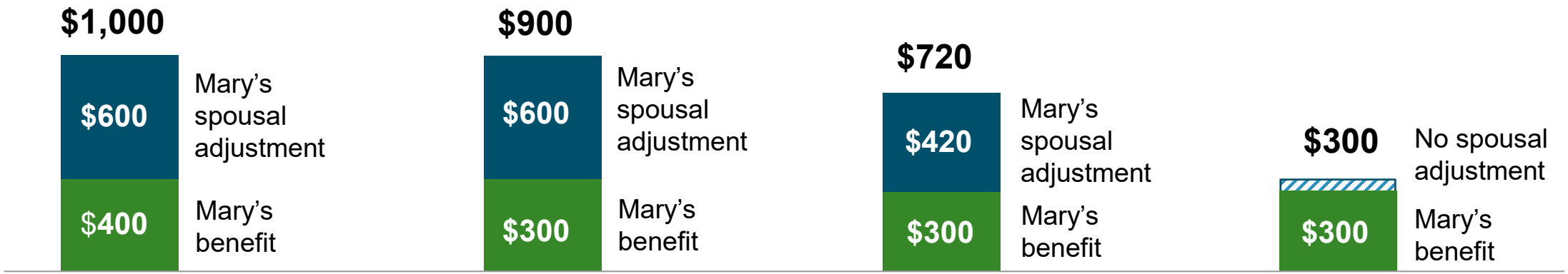

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# Maximizing spousal benefits

## When filing for benefits, a person's age can make a difference

**ABOUT OUR COUPLE**

| Bob | Mary |
|---|---|
| FRA: 66<br>PIA*: $2,000 | FRA: 66<br>PIA: $400 |




**Scenario 1:**
Files at FRA (66) for full benefit and is eligible for spousal benefit.

**Scenario 2:**
Files at age 62 and receives reduced benefit. Entitled to spousal benefits at FRA.

**Scenario 3:**
Files at age 62 and is entitled to reduced benefit and spousal benefit.

**Scenario 4:**
Files at age 62 and is only entitled to reduced benefit.

*The "primary insurance amount" (PIA) is the benefit (before rounding down to next lower whole dollar) a person would receive if he/she elects to begin receiving retirement benefits at his/her normal retirement age. At this age, the benefit is neither reduced for early retirement nor increased for delayed retirement.

# Social Security disability eligibility and benefits




## Eligibility

- Social Security pays benefits to people that can't work because they have a medical condition that's expected to last at least one year or result in death.
- Social Security pays disability benefits through **Social Security Disability Insurance** (SSDI).
- SSDI is available to workers who have accumulated a sufficient number of work credits.

Source: Social Security Administration.



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# How do I meet earnings requirement for SSDI?

## 1

### A recent work test based on your age and when you become disabled

| If you become disabled … | Then you generally need: |
|---|---|
| In or before the quarter you turn age 24 | 1.5 years of work during the 3-year period ending with the quarter your disability began |
| In the quarter after you turn age 24 but before the quarter you turn age 31 | Work during half the time for the period beginning with the quarter after you turned 21 and ending with the quarter you became disabled. Example: If you became disabled in the quarter you turned age 27, then you would need three years of work out of the six-year period ending with the quarter you became disabled. |
| In the quarter you turn age 31 or later | Work during five years out of the 10-year period ending with the quarter your disability began |

## 2

### A duration-of-work test to show that you have worked long enough under Social Security

| If you became disabled … | Then you generally need: |
|---|---|
| Before age 28 | 1.5 years of work |
| Age 30 | 2 years |
| Age 34 | 3 years |
| Age 38 | 4 years |
| Age 42 | 5 years |
| Age 44 | 5.5 years |
| Age 46 | 6 years |
| Age 48 | 6.5 years |
| Age 50 | 7 years |
| Age 52 | 7.5 years |
| Age 54 | 8 years |
| Age 56 | 7.5 years |
| Age 58 | 9 years |
| Age 60 | 9.5 years |


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# Who decides if I’m disabled?

- The Social Security Administration (SSA) will review your application to make sure you meet some basic requirements for disability. SSA will check whether you worked enough years to qualify and evaluate any current work activities. If basic criteria are met, your application will be forwarded to the Disability Determination office in your state.
- The state agency completes the initial disability determination decision for SSA.
- The amount of your SSDI benefit is not based on the severity of your disability, but rather on the amount of income on which you’ve paid Social Security taxes.
- Factors the agency will consider: your medical condition, when your medical condition began, how your medical conditions limit your activities, medical test results, what treatment you have received.
- If your medical sources can’t provide needed information, the state agency may request an in-person medical examination.

**If you disagree with a decision made on your claim, you can appeal it.**


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# How does work affect my SSDI benefit?

- **You cannot collect SSDI if you are engaged in what SSA deems Substantial Gainful Activity (SGA).**
- **You cannot receive an SSDI benefit in any month in which you earn over a certain limit ($1,690 for 2025).**

**Nine-month trial work exception**

SSDI recipients are entitled to test their ability to work and continue to receive full benefits regardless of whether they make more than the SGA amount for a nine-month trial work period. For 2025, there are no limits on your earnings during the trial work period. Once you have completed the nine-month trial work period you can still receive SSDI for any month in which your earnings fall below the SGA level for a period of 36 months.


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# What happens to my SSDI benefit when I reach FRA?

**Once you reach FRA your payment will switch from an SSDI benefit to an SSA "Old Age" or retirement benefit, the difference being that your benefit is being paid from a different fund.**

**The switch from an SSDI benefit to a retirement benefit happens automatically and does not affect your benefit amount.**

**Upon reaching FRA you are no longer subject to the earnings test.**


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# Other beneficiaries

## Who may qualify to receive your benefits?

- **A spouse 62 years of age or older**
- **A spouse at any age if that spouse is caring for your child (younger than age 16 or disabled)**
- **Former spouses age 62 or older**
- **Parents dependent on your clients**
- **Unmarried children younger than age 18, or:**
  - Up to age 18 or 19 if full-time student or not yet graduated from high school
  - Age 18 or older and severely disabled (with a disability that started before age 22)


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# Same-sex marriages

## Married same-sex couples now get Social Security benefits

**Same-sex married couples are eligible for Social Security spousal and survivor benefits**

- Couples living in a state that previously did not recognize same-sex marriages can apply for benefits
- Non-married spouses also may be eligible for spousal benefits

**A surviving spouse qualifies for the one-time lump-sum death benefit to help pay for expenses**

More information at
**www.ssa.gov/same-sexcouples**


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# Online resources

## Social Security Administration website

**www.ssa.gov**

- Calculators
- Applications
- Latest information and process documents
- Social Security updates


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