

**STRATEGIC GUIDE**

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# Social Security Timing & Optimization

*When you claim matters more than most people think.  
A practical look at the numbers.*

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Retirement Readiness

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Social Security is the largest single source of retirement income for most Americans, yet the claiming decision is often made without a clear strategy. The difference between claiming at 62 and waiting until 70 can exceed \$100,000 in lifetime benefits. For married couples, the stakes are even higher.

## 01

# How Your Benefit Is Calculated

Your Social Security benefit is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, zeros are averaged in, which lowers your benefit. Working additional years, especially high-earning years, can replace lower-earning years and increase your monthly payment.

Your full retirement age (FRA) depends on your birth year. For anyone born in 1960 or later, FRA is 67. This is the age at which you receive 100 percent of your calculated benefit.

Claiming Age	Impact on Benefit	Monthly if FRA Benefit = \$3,000
62	Reduced by ~30%	\$2,100
64	Reduced by ~20%	\$2,400
67 (FRA)	Full benefit	\$3,000
70	Increased by ~24%	\$3,720

### KEY INSIGHT

*Each year you delay past FRA, your benefit grows by approximately 8 percent. That is a guaranteed, inflation-adjusted return that is hard to match anywhere else.*

## 02

# The Breakeven Analysis

A common question is: "If I delay, how long until the higher payments make up for the years I did not collect?" This is the breakeven point.

For most people, the breakeven between claiming at 62 versus 67 falls around age 78 to 80. Between 67 and 70, breakeven is typically around age 82 to 83. If you live past the breakeven point, you come out ahead by waiting.

But breakeven is only one factor:

- Survivor benefits: The higher earner's benefit becomes the surviving spouse's benefit. Delaying protects the survivor.
- Tax planning: Lower early income creates Roth conversion and capital gains harvesting opportunities.
- Longevity risk: Social Security is the only income source that lasts for life, adjusts for inflation, and carries no investment risk.

### 03

## Spousal and Survivor Strategies

For married couples, Social Security decisions should be coordinated, not made independently. The higher earner's claiming age directly affects what the surviving spouse receives for the rest of their life.

Key spousal planning considerations:

- The lower earner can often claim early (62 to 64) while the higher earner delays to 70
- Spousal benefits can be up to 50 percent of the higher earner's FRA benefit
- Survivor benefits equal 100 percent of the deceased spouse's benefit at time of death
- If the higher earner delays to 70 and dies first, the survivor receives the larger amount for life

#### KEY INSIGHT

*For married couples, delaying the higher earner's benefit to 70 is often the single most impactful retirement planning decision. It is effectively longevity insurance for the surviving spouse.*

### 04

## Social Security and Taxes

Social Security benefits can be taxed at the federal level. The amount subject to tax depends on your "combined income" (AGI + nontaxable interest + half of Social Security). Up to 85 percent of your benefit can be taxable if combined income exceeds \$44,000 (married filing jointly).

Tax management strategies:

- Use Roth withdrawals to supplement income without increasing combined income
- Manage traditional IRA withdrawals to stay under the 85 percent taxation threshold
- Factor in the interaction between Social Security income and IRMAA brackets

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## Business Owners: Special Considerations

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If you are still earning self-employment income, your Social Security benefit may be affected.

- If you claim before FRA and earn above the earnings limit (\$22,320 in 2024), benefits are temporarily reduced
- After FRA, there is no earnings limit. You can earn any amount without reduction.
- Continued self-employment income can replace lower-earning years in your top 35, potentially increasing your benefit
- Business exit timing should be coordinated with Social Security claiming for optimal tax treatment

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## Building Your Claiming Strategy

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There is no one-size-fits-all answer. The right claiming age depends on your health, other income sources, marital status, tax situation, and overall retirement plan.

Immediate next steps:

- Create a my Social Security account at [ssa.gov](https://ssa.gov) to review your earnings record and benefit estimates
- Compare your projected benefit at ages 62, 67, and 70
- If married, model both spouses' benefits together, not separately

- Factor in other retirement income sources to determine how Social Security fits
- Consult a fiduciary advisor to run a breakeven and tax-impact analysis for your situation

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## What a Fiduciary Review Covers

A fiduciary advisor is legally required to act in your best interest. A comprehensive review typically examines:

- Breakeven analysis across multiple claiming ages and scenarios
- Spousal and survivor benefit coordination
- Social Security taxation impact on overall withdrawal strategy
- Earnings limit implications for business owners still generating income
- Integration of claiming strategy with Roth conversions and IRMAA thresholds

No obligation. No product pitch. Just clarity.

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## Ready to Optimize Your Social Security?

Schedule a complimentary claiming strategy review. No obligation. No product pitch. Just clarity.

A fiduciary review covers: Breakeven analysis | Spousal coordination | Tax impact | Earnings limits | Roth/IRMAA integration

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*This material is for informational purposes only and does not constitute financial, tax, or legal advice. Consult a qualified professional before making financial decisions.*