## Considerations for Making the Most Out of Social Security Planning

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**4 MIN. READ**

For many, Social Security is a source of monthly income during retirement. On average, retirees get checks for [$1,543 a month](https://www.aarp.org/retirement/social-security/questions-answers/how-much-social-security-will-i-get.html), but several factors can cause this amount to fluctuate. You might be eligible for more if you plan strategically and look for ways to maximize your Social Security income. Understanding how much you may qualify for and when you should start taking withdraws is an important part of Social Security planning during your retirement. Here are a few things to consider.

### Will you have to pay taxes on your Social Security benefits?

Many retirees assume that their Social Security checks are tax-free income, which is true - in some cases. However, if you earn somewhere between [$25,000 and $34,000](https://www.ssa.gov/benefits/retirement/planner/taxes.html) for individuals, or between $32,000 and $44,000 for couples, you may only pay taxes on up to 50% of this income.

More significantly, if your annual income in retirement exceeds [$34,000 for individuals, or $44,000 for couples](https://www.ssa.gov/benefits/retirement/planner/taxes.html), you could pay taxes on up to 85% of your Social Security benefit. Anything below the $25,000 threshold is tax-free.

There are [13 states that tax Social Security benefits](https://taxfoundation.org/states-that-tax-social-security-benefits-2021/) depending on the taxpayer’s individual circumstances These 13 states have their own age and income thresholds for taxation. For those who plan on relocating after retiring, Social Security taxation should be a factor that comes into play when choosing a new state to call home. At [Company Name], our team can help you identify the taxes applicable to your situation and determine a plan for your future.

### When can you claim Social Security?

You can claim benefits as early as 62. However, the full retirement age is 66 if you’re born between 1943 and 1954. For those born between 1955 and 1960, the retirement age [increases gradually until it reaches 67](https://www.ssa.gov/pubs/EN-05-10035.pdf).

Those who claim Social Security benefits early will see smaller monthly checks. If you file for benefits before 66 or 67, you could see a permanent reduction of [25-30% of your benefits](https://money.usnews.com/money/retirement/social-security/articles/the-most-popular-ages-to-collect-social-security). On the other hand, if you can delay claiming benefits until you're 70, your checks could be as much as 32% higher.

Besides, delaying filing for Social Security benefits can reduce your taxable income early in retirement. It’s a strategy worth considering if you want to withdraw more from qualified accounts without shouldering a heavy tax burden.

Careful Social Security planning is crucial if you’d like to have the option of delaying benefits. Using a combination of the following strategies can allow you to live comfortably until you want to claim your benefits:

* Consider a 401(k) or IRA with a diversified portfolio, which can be a reliable source of income in retirement. If you decide to delay filing for Social Security benefits, you could withdraw money from these qualified accounts, pay a low tax rate on this income and re-invest a portion of your withdrawals into non-qualified accounts.
* Supplement your income with dividend-paying stocks from companies that distribute their profits to shareholders.
* Take advantage of a private pension. It's a guarantee that you’ll receive monthly payments.
* Find a part-time job. [Almost half (46%)](https://www.forbes.com/sites/palashghosh/2021/05/06/a-third-of-seniors-seek-to-work-well-past-retirement-age-or-wont-retire-at-all-poll-finds/?sh=7c6f73066b95) of 60- to 75-year-olds say they plan on working part-time instead of fully retiring. Besides helping you stay active, part-time employment will supplement your monthly income.

### How does the Social Security Administration calculate your benefits?

The Social Security Administration looks at your lifetime earnings and indexes them based on the [35 years when you earned the most](https://www.ssa.gov/pubs/EN-05-10070-1951.pdf). When Social Security planning, you should go over your earning history and identify the most productive years of your career.

Think about delaying claiming benefits by a few years if you don’t have 35 years of strong income. Employees often earn more later in their careers, which could give you a chance to qualify for higher benefits. Besides, it will also let you add a few more years of contributions to your retirement account.

### Can my spouse's Social Security help me?

Have you been married for at least 10 years? If yes, you have the option of claiming your Social Security benefits [based on your spouse’s income](https://www.ssa.gov/oact/quickcalc/spouse.html) instead of yours. You can receive spousal benefits that amount to half of what your spouse is eligible for. However, it is important to note that you’ll get less money if your spouse claims benefits before they turn 66 or 67.

This is an option worth considering if you were a stay-at-home parent and don’t have strong lifetime earnings since you relied on your spouse’s income.

### Get help with Social Security planning

A professional can give you a better idea of what your Social Security benefits amount to, how much you could pay in taxes and whether you should delay benefits. [Company Name] can help you plan for retirement based on your unique goals and financial situation.

[Contact us](https://fta-ria.com/contact/) today to learn more about your options and start planning for the future!

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