



How to Maximize Your Social Security Benefits



Provided to you by:

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Written by Financial Educators

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All of the information in this booklet is based on the data at the government's social security web site www.ssa.gov effective for 2026, unless otherwise stated. But rather than repeat the rules, we show you how to USE the rules in plain English to maximize what you have coming to you. Figures change annually, so consult the government's web site for 2027 and later.¹ We answer five questions for you:

1. Can you do anything to potentially increase your social security check before you retire?
2. At what age is it best to start social security?
3. How can married couples help maximize the joint benefits?
4. What methods are available to reduce or avoid tax on your social security benefits?
5. How can you earn money and still collect social security benefits?

Coming Up on Retirement

You may have a simple question like, "What can I do now to get the biggest check?" The answer is not much but you do have some possibilities if married (explained later). Your social security benefit is based on your 35 highest years of income. So even if you have a couple of "break-the-bank" years of earnings just before you retire, it won't have much impact on your social security check for two reasons:

- (a) Each of the 35 years gets an equal weighting so two years out of 35 (2/35) could only impact what would be for example, a \$1,300 monthly check by \$74.
- (b) High earning years have a minimal impact because of the 420 months in the calculation (12 months x 35 years.) The first \$1,286 you earned in a month counts six times as much as the monthly earnings **over** \$7,749.² And annual earnings over \$184,500 will not help you at all (for 2026, increasing each year thereafter).
- If you are single, the only option to increase the size of your social security benefit is to delay your starting date as explained in the next section. (However, if you are divorced or widowed, you may be able to collect on the earnings record of your deceased or ex-spouse as early as age 60.)

When Should You Start Your Social Security--Age 62, 65, 70?

This is a really straightforward question and if the math were the only factor, here's the straight-forward answer: wait at least until "full retirement age." Following is the table of full retirement ages and the reductions for starting social security payments early.

¹ This booklet will be republished each year with the government's figures that apply.

² Social Security web site 12/15/25 <https://www.ssa.gov/oact/cola/piaformula.html>

Full Retirement and Age 62 Benefit By Year Of Birth

<u>Year of Birth</u> ¹	Full (normal) Retirement Age	<u>Months between age 62 and full retirement age</u> ²	<u>At Age 62</u> ³		A \$500 spouse's benefit would be reduced to	<u>The spouse's benefit is reduced by</u> ⁵
			A \$1000 retirement benefit would be reduced to	<u>The retirement benefit is reduced by</u> ⁴		
<u>1943-1954</u>	66	48	\$750	25.00%	\$350	30.00%
<u>1955</u>	66 and 2 months	50	\$741	25.83%	\$345	30.83%
<u>1956</u>	66 and 4 months	52	\$733	26.67%	\$341	31.67%
<u>1957</u>	66 and 6 months	54	\$725	27.50%	\$337	32.50%
<u>1958</u>	66 and 8 months	56	\$716	28.33%	\$333	33.33%
<u>1959</u>	66 and 10 months	58	\$708	29.17%	\$329	34.17%
<u>1960 and later</u>	67	60	\$700	30.00%	\$325	35.00%

1. If you were born on January 1st, you should refer to the previous year.
2. If you were born on the 1st of the month, we figure your benefit (and your full retirement age) as if your birthday was in the previous month. If you were born on January 1st, we figure your benefit (and your full retirement age) as if your birthday was in December of the previous year.
3. You must be at least 62 for the entire month to receive benefits.
4. Percentages are approximate due to rounding.
5. The maximum benefit for the spouse is 50 percent of the benefit the worker would receive at full retirement age. The percent reduction for the spouse should be applied after the automatic 50 percent reduction. Percentages are approximate due to rounding.

So let's take this hypothetical example:

You were born in 1952 and turned age 62 in 2014. Your full retirement age is 66. Assume you are projected to receive \$1,500 monthly at that time. However, you could start your benefits at age 62 and receive \$1,125 (25% reduction). So do you wait and get \$1,500 monthly at age 66 or take \$1,125 now at age 62?

Some people argue that if they start benefits at age 62, they will get a smaller monthly amount but they could invest it. Hypothetically, if you could invest the funds at 5% guaranteed and that you view yourself as having average life expectancy, you would still not come out ahead by starting payments at age 62. (This calculation can be done using any financial calculator or spreadsheet with a present value function and the above assumptions.)³

Because there is more to life than your life expectancy and discount rate, here are the other factors to consider:

Issue	This would argue to...
If you think you can earn more than 6% annually, for sure	Take the money now
If people in your family tend to outlive the average life expectancy	Take the money later
If you need the money to live on now and have no other sources	Take the money now
If you are married and your spouse is also dependent on the payments	Takes a lot more figuring - call us on this one
Your tax bracket will be lower later	Take the money later
Will you have earned income prior to your full retirement age forcing you to forfeit some of your social security benefit?	Take the money later
If you are divorced and your spouse is deceased and you can get benefits based on your ex-spouse's earnings, take it now and let you own benefit grow	Take the money later

Once you start to consider several of these factors at once, you may get a headache. Unfortunately, there is no blanket answer as to when to begin social security payments to maximize the benefit. This is an issue a retirement advisor can calculate for you taking into account your entire financial and personal situation.

How Do I Get the Most for My Spouse?

Let's look at an example. Margaret just turned 62 (before 1/1/16) and her husband is 64. Margaret has not worked for the past 10 years and worked 20 of the last 35 years. If she retires now, she's entitled to a monthly payment of \$400 (after the 25 percent reduction for starting benefits retirement at the age of 62). When Margaret's husband retires at the age of 66, in two years, his monthly Social Security benefit will be \$1,350. Margaret could claim her social security today and receive her \$400 per month, based on her own earnings. Then when her husband retires and begins benefits, she could receive a benefit based on his work record. This will come to \$472.50, or 35% of her husband's benefit (see prior table). You may have heard that spouses get 50% of the higher-earning spouses benefit-but that's ONLY if they wait until their own full retirement age to start collecting benefits.

³ Life expectancies per CDC Vital Statistics <https://www.cdc.gov/nchs/data/nvsr/nvsr71/nvsr71-01.pdf> visited 12/15/25

Decisions for Spouses

Start my own benefits at age 62	You can take reduced benefits on your wage record before full retirement age. If you do, your benefit will always be reduced--even if you take reduced benefits on your own record and then take spouse's benefits when the higher earning spouse retires. (See previous table showing reduction in spousal benefits).
Start my own benefits at full retirement age	If you are the higher earning spouse, you always will qualify for benefits under your own earnings record and then the decision is when to start benefits as discussed in the previous section.
Start benefits at age 62 based on my spouse's social security earnings	You cannot receive spouse's benefits until your spouse files for and receives retirement benefits. If you choose to receive a reduced benefit before full retirement age, you are not entitled to the full spouse's benefit rate upon reaching full retirement age. A reduced benefit rate is payable for as long as you remain entitled to spouse's benefits.
Start benefits at full retirement age based on my spouse's social security earnings	If you stopped working for several years or had low earnings, the spouse's benefit may be higher. At full retirement age, a spouse receives 50 percent of what the higher-earning spouse is entitled to at full retirement age. At death of the higher earning spouse, you receive that deceased spouse's full benefit.

How Do I Reduce/Avoid Income Tax On My Social Security Benefits?

The basic rule is that social security benefits are taxable if your "modified adjusted gross income" (defined as your adjusted gross income from your income tax return plus 50% of social security benefits plus tax-exempt interest plus exclusions per IRS publication 915) exceeds the following limits:

Percent of social security income taxed	Single, head of household, qualifying widow(er), or married filing separately and you lived apart from your spouse for all of the year	Married people
0%	Less than \$25,000	Less than \$34,000
Up to 50%	\$25,001-\$34,000	\$34,001 to \$44,000
Up to 85%	More than \$34,000	More than \$44,000

Therefore, if you can engineer your includable income below these limits, you may be able to reduce or eliminate taxes on social security income. This may be possible using annuities. While this is not a recommendation to buy annuities, just because they can help reduce the tax on your social security income, the table below illustrates how this is possible in some circumstances.

Using Fixed Annuities to Reduce Tax on Social Security Benefits			
Hypothetical Illustration--Not Indicative Of Any Specific Product			
	Scenario #1 Interest from CDs	Scenario #2 Interest from Tax-Free Bonds	Scenario #3 Fixed Annuity Interest (Not Distributed)
Interest	\$40,000	\$40,000	\$40,000
Pension	\$30,000	\$30,000	\$30,000
Social Security Income	\$40,000	\$40,000	\$40,000
Social Security subject to Tax	\$34,000	\$34,000	\$11,100
Adjusted Gross Income	\$104,000	\$64,000	\$41,100
Total Federal Tax	\$6,402	\$1,733	\$0

Annuities are long-term investments and are guaranteed by the claims-paying ability of the issuer as are tax-free bonds, while CDs are FDIC-insured. Annuities and tax-free bonds cashed in prior to maturity may result in gains or loss and withdrawals from annuities prior to term may incur surrender charges. Withdrawals from CDs prior to term may incur early withdrawal penalties. Purchases or redemptions of tax-free bonds or annuities may incur commissions or charges. Withdrawals from annuities are taxed as ordinary income and withdrawals prior to age 59½ are subject to a 10% penalty. Tax-free bonds used for certain private use purposes may be subject to alternative minimum tax. This comparison does not include State income tax, which might change the results. Federal tax calculation per 2025 rates using the tax calculator at <https://www.guidestone.org/Resources/Education/Calculators/Tax/Tax1040>, married filing jointly, both taxpayers over age 65 taking standard deduction.

You can see from the above table that if our hypothetical couple, Mr. and Mrs. Smith, move money from CDs to municipal bonds to fixed annuities, the amount of their social security income subject to tax changes, as does their total federal tax. Their lowest tax situation is with the deferred annuity. If they need to withdraw the interest from the annuity, this solution won't help them, as they come out ahead only if they allow the interest to reinvest.

Earn All You Want and Still Collect your Full Social Security

Because of a prior rule, some people still think there are limits on how much you can earn and still collect all of the social security to which you are entitled. That is still true for people who opt to take social security before full retirement age (see above table for full retirement age based on your birth year). However, those working after full retirement age can have unlimited amounts of earned income and still collect their full social security benefit. Here's the rule and then let's look at an example.

Rule: If you are under full retirement age when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above \$24,480 (for 2026)⁴. In the calendar year you attain full retirement age, \$1 in benefits will be deducted for each \$3 you earn above \$65,160 (for 2026) up to the month of full retirement age attainment.

⁴ Social Security Administration <https://www.ssa.gov/oact/cola/rtea.html> visited 12/15/25

Hypothetical example:

Mrs. Smith, born January 1, 1961, turned age 62 in 2023 and decides to retire from employment and start her reduced social security benefits at the rate of \$12,000 annually (\$1,000 per month). She also decides to start a business. By March 2025, when she is 64, her business is earning a net profit of \$34,000 annually. She will need to give up \$4,760 ($\$34,000 - \$24,480 / 2$) of her annual Social Security for this reason: During those months before you reach full retirement age (age 67 for someone born in 1961 like Mrs. Smith), your social security benefits are reduced \$1 for each \$2 you earn over \$24,480.

Mrs. Smith keeps working at her business and by 2028, the year she reaches full retirement age, her business is earning \$75,000 annually (\$6250 monthly). For January through September of 2028 (using 2026 rates), she must give up \$273 monthly of Social Security (\$1 for every \$3 her business earns over \$65,160 (\$5,430 monthly) in the year she reaches full retirement age. Once October 2028 arrives and she becomes 67 (her full retirement age), she can earn unlimited amounts from her business and will never give up any social security income.

For the test above, earnings include bonuses, commissions and vacation pay, but don't include pensions, annuities, investment income, interest, veterans or other government or military retirement benefits.

About Rene' Manfre



I've been working in the insurance and financial services industry since 1997, helping individuals and families make smart decisions about protecting their money and planning for the future. Over the years I've worked with many of the top life insurance companies and retirement providers in the country, focusing on strategies that help people preserve their wealth and create reliable retirement income.

My approach is simple. I believe people want clarity, security, and options when it comes to their retirement. I specialize in helping clients understand how annuities and other income strategies can protect their savings, reduce unnecessary risk, and create dependable income they can count on throughout retirement.

Many of the people I work with are approaching retirement or already retired and want to make sure the money they've worked hard for is protected and positioned to provide income for the rest of their lives.

For me, it's not just about products—it's about helping people feel confident about their future and giving them a clear strategy to move forward.

About

Manfre and Associates Consulting Services, LLC

Manfre and Associates Consulting Services is focused on helping individuals, families, and business owners make informed decisions around financial planning, retirement strategies, and long-term wealth protection. Led by Rene' Manfre, who has been serving clients in the insurance and financial services industry since 1997, the firm works to simplify complex financial decisions and provide practical strategies that help clients move forward with confidence.

At Manfre and Associates Consulting Services, the focus is always on clarity, trust, and long-term relationships—helping clients protect what they've built while creating strategies designed to support their future.

- **Retirement Income Planning** Helping individuals create reliable income streams in retirement using strategies designed to provide stability, predictability, and long-term financial security. -
- **Annuity Strategies** Guidance on fixed, indexed, and income annuities designed to help preserve principal, protect against market volatility, and create guaranteed lifetime income. -
- **Life Insurance Planning** Structuring life insurance solutions to provide family protection, legacy planning, tax-efficient wealth transfer, and financial security for loved ones. -
- **Medicare & Healthcare Coverage** Guidance Helping clients navigate Medicare options, Medicare Advantage, supplemental plans, and healthcare strategies to ensure proper coverage during retirement. -
- **Wealth Preservation & Risk Management** Strategies designed to help protect accumulated wealth from market risk, unexpected expenses, and economic uncertainty. -
- **Financial Strategy & Advisory Collaboration** Working with a network of experienced advisors and partner firms to provide clients with access to investment planning, tax strategies, estate planning, and comprehensive financial guidance. -

**Phone today with questions or to see if we can help you.
There is no charge for an initial meeting.**

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