



WAEPA CHECKLIST

15 Tips on Understanding Social Security

Social Security retirement benefits can play a crucial role in your retirement planning. However, the rules and regulations surrounding these benefits can be complex and confusing. To make an informed decision, you should base your choice on your individual and family circumstances. Explore our tips to help you better understand Social Security retirement benefits, so you make the most of your retirement planning.

WHAT YOU NEED TO KNOW BEFORE YOU APPLY FOR RETIREMENT

1

What Does “Retirement” Mean?

In general, retiring means getting your Social Security retirement benefit. It might also mean that you’ve stopped working. However, these two things don’t need to happen at the same time. For example, you have the option of delaying your monthly benefit even after you stop working. Delaying your benefit will increase your monthly benefit amount. (See below.)

2

Understand How Your Benefits Are Calculated

Do you know how your benefit is calculated? Your monthly benefit amount is based on your highest 35 years of earnings. If you don’t have 35 years of earnings, your monthly benefit will be reduced, because years with no earnings will count as zeros.

Find your estimated monthly benefit amount with your [Social Security Statement](#).

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Consider Delaying Your Benefits

When should you start your retirement benefit? You can start receiving benefits as early as age 62 and as late as age 70. However, the longer you wait, the higher your monthly benefit will be for the rest of your life. If you’re married and you’re the higher earner, delaying your benefit may also mean higher survivor benefits for your spouse should you pass away before them.

Calculate the effect of starting your monthly benefits at different ages by using the estimator in the [Plan for Retirement](#) section in your personal My Social Security account.

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Know When to Claim Your Benefits

Your “full retirement age” is determined by the year you were born. The retirement age used to be 65 for everyone but is gradually increasing and is currently 67. As the full retirement age goes up, benefits claimed at earlier ages go down. It’s important to know when this is so you can make informed decisions about when to claim your benefits.

Find out your full retirement age with the [Social Security planner](#).

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How Does Working Affect Your Benefits?

Working after you start receiving retirement benefits may affect your monthly benefit amount, depending on your age and how much you earn. If you are younger than your full retirement age, and your earnings exceed certain dollar amounts, some of your monthly benefit may be withheld.

Your monthly benefit then will be increased after you reach full retirement age to account for the months of withheld benefits. After you’ve reached your full retirement age, you can work and earn as much as you want, and your benefit will not be affected.

Working can also increase your monthly benefit amount since benefits are based on your highest 35 years of earnings. If your current or future earnings are higher than one of the years used to compute your retirement benefit, your benefit amount may increase slightly.

Find more information about [working while retired](#).

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Benefits and Taxes

Some people have to pay federal income taxes on part of their Social Security benefits. This usually happens only if you have other substantial income (e.g. wages, interest, or dividends) in addition to your benefits.

Learn more about [what benefits are taxed](#).

IF YOU HAVE A SPECIAL CLAIMING SITUATION

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Spousal and Dependent Benefit Eligibility

You may be eligible for benefits based on the earnings record of your spouse or ex-spouse (if you were married for 10 years or longer). You can receive up to half of your spouse’s or ex-spouse’s full retirement age monthly benefit amount. As a widow(er) or a surviving divorced spouse, you can receive more than that. However, if you are eligible for both your own benefits and spousal benefits, you will only receive the higher of the two benefit amounts.

Learn more about [benefits for your family](#) and [survivors benefits](#).

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Additional Benefit Options

If you are eligible for both your own retirement benefit and a survivor benefit based on a deceased spouse's or deceased ex-spouse's record, you have additional options to consider. You may want to apply for one benefit and delay applying for the other benefit to let it grow. When you apply for benefits, ask the representative if you can receive one benefit and delay the other to increase its value.

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Eligibility Requirements

If are legally present in the country and you and your employers have contributed to Social Security during your working years, you may be eligible for benefits.

Learn more about [what documents are needed to apply for retirement](#).

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Benefit Reductions

If you worked in a job where you did not pay Social Security taxes, and you are now receiving a retirement or disability pension based on those earnings, your Social Security benefit may be affected.

[Learn more about your benefit](#).

ADDITIONAL THINGS YOU SHOULD THINK ABOUT

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Consider Your Health and Longevity

Retirement may be longer than you think. As you consider when to begin receiving retirement benefits, consider how long you might live. Today, more than one in three 65-year-olds will live to age 90. You can use the [Social Security Life Expectancy Calculator](#) to see the average life expectancy for someone your age — but keep in mind that many people live longer than “average.”

Social Security benefits last if you live, providing valuable protection against outliving savings and other retirement income sources. Delaying your benefit to let it grow is one way to increase your monthly Social Security protection.

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Retroactive Benefits

If you are past your full retirement age when you apply for benefits, you can choose to receive up to six months of retroactive monthly benefits. However, using this option changes the start of your benefit to an earlier date.

Remember that by choosing to start your benefit earlier, your monthly benefit amount will be lower for the rest of your life. Your spouse's survivor benefits may also be lower.

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Do You Need to Sign up for Medicare?

Consider whether you need to apply for Medicare at age 65, even if you aren't applying for monthly retirement benefits. If you have already started receiving your retirement benefits, you will be automatically enrolled in Medicare when you turn 65.

Medicare Part A (Hospital Insurance) is free for most people, and Medicare Part B (Medical Insurance) requires a monthly premium. If you have not already started receiving retirement benefits, you will want to sign up for Medicare three months before turning age 65. This is unless you have group health coverage through a current employer.

Please Note: If you don't have group health coverage through a current employer and you don't sign up for Medicare Part B when first eligible, then you may have to pay a late enrollment penalty for as long as you have Part B. Also, you may have to wait to enroll, which will delay this coverage.

Medicare and Health Savings Account

If you have a Health Savings Account (HSA) when you sign up for Medicare, you can't contribute to your HSA once your Medicare coverage begins. Premium-free Part A coverage may begin up to six months before the date you apply for Medicare or Social Security or Railroad Retirement Board (RRB) benefits.

Coverage can begin no earlier than the first month you were eligible for Medicare. If you contribute to your HSA after your Medicare coverage starts, you may have to pay a tax penalty. If you're thinking about signing up for Medicare and would like to continue contributing to your HSA, talk with your personnel office or insurance company to find out how signing up may affect you.

Learn more about [your Medicare options](#).

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Apply as Early as Possible

It's best to apply for Social Security retirement benefits as early as possible. The application process can take several months, and you want to make sure you have everything in order before you retire.

Before you apply for Social Security retirement benefits, make sure you have all the necessary information on hand. This includes your Social Security number, birth certificate, and information about your work history and earnings.

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Applying for Your Benefits

The easiest and most convenient way to apply for Social Security retirement benefits is online. You can apply from the comfort of your own home and track the status of your application in real time.

There are several things you can do on the Social Security website, such as applying for benefits, finding useful information, exploring publications, and getting answers to frequently asked questions.

APPLY FOR RETIREMENT

You can also call them at **1-800-772-1213** or at **1-800-325-0778 (TTY)** if you need hearing assistance. Someone is available on weekdays from 8 pm to 7 am. You can also use their automated services via telephone, 24 hours a day, so you do not need to speak with a representative. Wait times to speak to a representative are typically shorter Wednesdays through Fridays or later in the day.

Understanding Social Security retirement benefits is an important part of retirement planning. By knowing how your benefits are calculated, when to claim them, how working affects them, and other key factors, you can make informed decisions and maximize your retirement income. Use these tips as a starting point for your retirement planning, and don't hesitate to reach out to a financial professional or Social Security expert for personalized advice.