

2025 Social Security Reference Guide

Social Security encompasses retirement benefits, disability benefits, and is intertwined with Medicare benefits. This guide focuses on Social Security retirement benefits, the most common association of the term Social Security. Currently, approximately 67 million people receive Social Security retirement benefits (i.e., Old Age and Survivor Insurance or OASI).

Social Security Employment Tax

Social Security taxes are paid on the first \$176,100 of income (2025). While you are working, you and your employer each pay 6.2% (7.65% each including Medicare).

Minimum Eligibility Requirements

In order to qualify for Social Security retirement benefits on your own record, you need to earn a minimum of 40 credits, equivalent to ten years of Social Security-eligible work history. You accrue one credit for each \$1,810 in earnings (2025), up to a maximum of four credits per year.

How Benefits Are Calculated

Your Social Security benefit at Full Retirement Age (FRA) is calculated based upon indexed (inflation-adjusted) earnings of your highest 35 years, subject to annual income caps (e.g., \$176,100 in 2025). The estimated average monthly Social Security benefit of a retired worker in January 2025 is \$1,976 (\$23,712/year) after a 2.5% Cost of Living Adjustment (COLA). The average total for couples who are both receiving benefits is \$3,089 (\$37,068/year). The maximum Social Security benefit for a worker retiring at Full Retirement Age in 2025 is \$4,018 (\$48,216/year).

How to Find Out Your Own Benefit Information

While the Social Security Administration has stopped physically mailing Social Security statements to all individuals, the Social Security website allows you to obtain your Social Security statement online by signing up for a mySocial Security account or estimate benefits using one of several tools.

MySocialSecurity: www.ssa.gov/myaccount

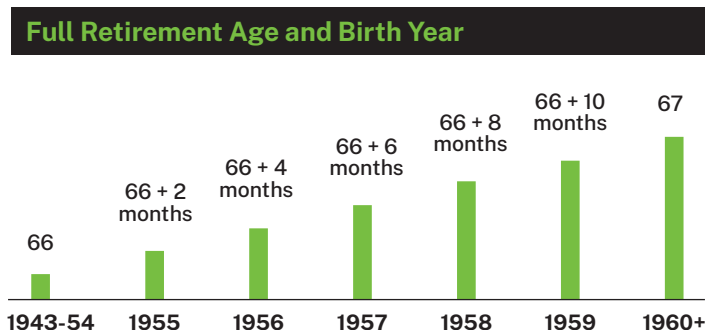
Tools: www.ssa.gov/planners/calculators

Taxes on Benefits

Depending on your income in retirement, a portion of your Social Security benefit payment may be subject to taxes. The table below shows the percentage of your Social Security benefit that could be subject to taxation, depending on income.

% of Social Security Subject to Taxation Based on Income		
Single Filer Income	Married Filing Jointly Income	% Subject to Taxation
\$0 - \$25,000	\$0 - \$32,000	0%
\$25,000 - \$34,000	\$32,000 - \$44,000	50%
\$34,000+	\$44,000+	85%

Your Full Retirement Age (i.e., the age that you qualify to receive full benefits), depends on the year you were born. The chart below shows the full retirement ages by year of birth.



Early or Delayed Social Security Benefits

You can choose to begin benefits prior to your Full Retirement Age (as early as age 62) and receive a reduced Social Security benefit amount. You can also choose to delay the start of benefits in exchange for a higher benefit amount. For example, taking benefits at age 62 results in monthly benefit payments that are 25% - 30% lower than what they would have been at Full Retirement Age, but allows you to receive benefits 4-5 years sooner. Likewise, waiting until age 70 to file for benefits results in payments that are 76% - 77% higher than at age 62 and 24% - 32% higher than at Full Retirement Age. Of course, the drawback of delaying Social Security is that it means forgoing benefit payments in the interim. The following table shows the impact of taking benefits early or late for people with a Full Retirement Age of 66 or 67.

Percent of Full Retirement Age Benefit		
Age	Full Retirement Age of 66	Full Retirement Age of 67
62	75%	70%
63	80%	75%
64	86.7%	80%
65	93.3%	86.7%
66	100% (FRA)	93.3%
67	108%	100% (FRA)
68	116%	108%
69	124%	116%
70	132%	124%

Taking Early Benefits While Continuing to Work

If you take benefits prior to Full Retirement Age and continue to work, your benefits may be reduced. For example, benefits are reduced by \$1 for every \$2 in earnings above \$23,400 in 2025. Alternatively, in the year you reach Full Retirement Age, benefits are reduced by \$1 for every \$3 you earn over \$62,160 in 2025, until the month you reach FRA. Benefits are not reduced beginning the month you reach FRA.

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Spousal Benefits

If you have never worked, or if you have worked but your own benefit amounts to less than half of your spouse's Full Retirement Age (FRA) benefit, you can receive a spousal benefit. Spousal benefits are equivalent to one-half of your spouse's FRA benefit at your own FRA, or less if taken prior to your own FRA (e.g., as early as age 62). Spousal benefits do not go up or down based on when the primary Social Security recipient files for benefits, but the primary recipient must file for benefits in order for the spouse to receive a spousal benefit. Spousal benefits do not continue to increase after you reach FRA. The table below shows the spousal benefit by percentage, depending on when benefits are taken.

Age	Full Retirement Age of 66	Full Retirement Age of 67
62	35%	32.5%
63	37.5%	35%
64	41.7%	37.5%
65	45.8%	41.7%
66	50% (FRA)	45.8%
67	50%	50% (FRA)

Spousal Benefits for Divorcees

You may qualify for a spousal benefit from a previous spouse. In order to qualify, you must have been married for 10 or more years, currently be unmarried, and age 62 or older. The percent of the spousal benefit is the same as for married spouses (see table above). As long as you have been divorced for at least two years, you can receive spousal benefits if your ex-spouse is eligible to receive benefits (regardless of whether they have actually filed for benefits or not).

Survivor Benefits

Surviving spouses, surviving ex-spouses, and other family members may qualify for varying levels of Social Security survivor benefits when the primary recipient dies. Most notably, among married spouses, the higher of the two Social Security benefits lives on when one spouse passes away.

Cost of Living Adjustment (COLA)

Social Security payments go up over time in order to keep up with inflation. COLAs are determined annually based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The following table shows the Social Security cost-of-living adjustment for each of the last 15 years.

Cost of Living Adjustment (COLA)		
2011 - 0.0%	2016 - 0.0%	2021 - 1.3%
2012 - 3.6%	2017 - 0.3%	2022 - 5.9%
2013 - 1.7%	2018 - 2.0%	2023 - 8.7%
2014 - 1.5%	2019 - 2.8%	2024 - 3.2%
2015 - 1.7%	2020 - 1.6%	2025 - 2.5%

Recent Legislation

The Bipartisan Budget Act of 2015 put an end to "File and Suspend" and "Deemed Filing" strategies. The closure of the "Deemed Filing" loophole only affects individuals who reached age 62 after January 1, 2016. Therefore, those who reached age 66 on or before January 1, 2020 can still take advantage of the deemed filing loophole (i.e., filing for spousal benefits after reaching age 66 while allowing benefits on your own work record to continue to grow). Deemed filing rules do not apply to those applying for survivor or dependent benefits.

Potential Future Legislation

According to the Congressional Budget Office (CBO), payments have exceeded revenues each year, beginning in 2010. Based on the current trajectory, the balance of the retirement portion of the Social Security trust fund, which is used to cover any shortfall, is projected to be exhausted in 2033. Eventual change is inevitable to ensure the continuation of Social Security benefits. Future changes to Social Security could include pushing back the retirement age, reducing benefits/benefit caps, raising taxes, increasing eligibility requirements, means testing, and others.

When to Take Social Security

While the Bipartisan Budget Act of 2015 closed glaring Social Security loopholes, there are still ways to thoughtfully strategize about how and when to take Social Security benefits. For example, given the trade-off that exists in waiting, most advisors suggest waiting until Full Retirement Age to take benefits. If nothing else, waiting provides "longevity insurance" in the event you live beyond life expectancy. For married couples, given that the higher benefit lives on when one spouse passes away, many couples choose to have one spouse take benefits earlier, while the second delays benefits. This way the couple receives some benefits at an early age, while locking in a higher benefit that will carry through their joint life expectancy.

How to Apply

You can apply online, by phone, or in person at your local Social Security office (appointments available). In order to prepare, gather the following information: date and place of birth, marriage and divorce record (names, dates of birth, Social Security numbers, dates/places of marriage), names and dates of birth for minor or disabled children, US military service record, recent employment history, and direct deposit banking information.