



Maximize Your Social Security Benefits

Social Security is an integral part of most people's retirement plans. From expanded benefits to rumors of insolvency, the topic has been in the news a lot over the past year. Millions of Americans count on Social Security to help fund their retirement, but many make decisions that reduce their Social Security benefits. To alleviate some stress, here are some updates we can provide you, as well as some tips on how to maximize your benefits.

What Is New for People Receiving Benefits in 2023?

- The Social Security Administration's cost-of-living adjustment, or COLA, is used to boost payments when inflation drives up prices.
- According to CNN, this year's COLA of 8.7% is the biggest boost since 1982.
- On average, retirees will get an extra \$146 per month from Social Security, bumping the average benefit to \$1,827.

Is Social Security In Trouble?

There's been a lot of speculation that Social Security is in trouble and might not even be available to retirees in the future. Here is what we can tell you:

- Social Security is funded by a trust fund, which uses income from taxes and investments to pay benefit checks.
- In 2022, the Social Security trustees reported that the trust fund could be depleted by 2034.
- If this happens, Social Security checks would be funded directly by Social Security taxes, which is only enough to cover about 77 cents on every dollar of benefits. That means Social Security will still be here, but benefits could be reduced.

What Can Be Done to Keep the Trust Fund Healthy?

There are three ways Congress could act to keep the trust fund viable far into the future.

- One of the most effective options is to get rid of what's called the wage cap. Currently, you don't pay Social Security taxes on any income above \$160,200. If that cap were removed and Social Security was funded by taxes on all income, that could fix the problem on its own.
- Another way to fix it would be to increase the retirement age. Right now, the full retirement age for Social Security is 67 for most people. Increasing the age of full retirement would result in Social Security having to pay less for each beneficiary.
- A third fix would be to increase the payroll tax by around 3.5%, which would have a massive impact on the solvency of the program.

Maximizing Social Security Benefits

In order to maximize your Social Security benefits, there are a few things you should know.

Verify Your Income

No matter how far away you are from retirement, it's important to learn more about the Social Security program. Anyone over age 18 can create an account on the Social Security Administration's website to estimate their benefits and verify their annual earnings were accurately reported by employers. This is important because your benefits are based on your earnings. If you find an error, report it to the SSA. When you reach retirement age, you will use the account to apply for benefits.

Know When to Collect

While retirees have no control over rising costs, they do have control over when they claim their Social Security benefits. According to [SSA](#), claiming benefits before full retirement age results in a permanent reduction of as much as 30% of your benefit. There's also a big bonus for delaying your claim beyond your full retirement age. [Investopedia](#) states that your benefit will grow by as much as 8% per year from your full retirement age through age 70. To find out your full retirement age and learn how your monthly benefits may be reduced if you claim benefits early, you can use the calculator provided by the Social Security Administration [here](#).

Take Advantage of Spousal Benefits

Social Security spousal benefits are designed to provide additional retirement income to married couples in which one spouse was the sole or primary earner. Spousal benefits can be as much as half of the higher-earning spouse's benefit at full retirement age. For example, say a retired worker is entitled to an \$800 monthly benefit. According to [Investopedia](#), if their spouse didn't work, they could get a monthly spousal benefit of \$400. Also, if one spouse dies the surviving spouse is eligible for their partner's benefit if it's higher than what they are already receiving.

Create A Strategy

Maximizing your Social Security benefits requires careful planning in order to avoid unnecessary taxes or missing out on getting the most out of your benefits. If you plan on working in retirement, you need to plan ahead to make sure your earnings stay within the income limit. Otherwise, you could have to pay taxes on up to 85% of your benefit payments. Spouses have a variety of options available to get the most out of their benefits. For example, you can claim spousal benefits while allowing your own benefit amount to grow until you reach age 70. Everyone's situation is unique, so it's a good idea to meet with a financial professional who can help you sort through all your options and create the right strategy for you.

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