



# Social Security Benefit Basics

An Introduction to  
Social Security Benefits





# Social Security

**Provides eligible individuals, including retirees, with qualified benefits.**

- The funding for these benefits primarily comes from payroll taxes on employees' wages.
- Social Security is important for retirement planning, but additional savings and investments are crucial for a comfortable and secure retirement.



# Purpose of a Retirement Account



100%

30%



40%



30%



For illustrative purposes only. 40% replacement is a general rule of thumb. Actual Social Security Replacement will vary. Source: <https://www.ssa.gov/policy/docs/ssb/v68n2/v68n2p1.html>



# Eligibility



**Must be at least 62 years old**



**Have worked and paid Social Security taxes for at least 10 years**



**Have earned an average of 40 work credits**

Visit [ssa.gov](https://www.ssa.gov) for more information on benefit eligibility.

# Social Security Work Credit



4  
Per Year

40  
Total



## What's a Credit?

- **Credits represent earnings.**
- Each year the amount of earnings needed to earn one credit increases as average wages increase.
- You may earn up to **4 credits each year.**
- Must earn **a total of 40 credits** to be eligible for social security retirement benefits.
- Credits earned remain on your Social Security record even if you change jobs or stop working.

# Funded by Federal Insurance Contributions Act (FICA) Tax

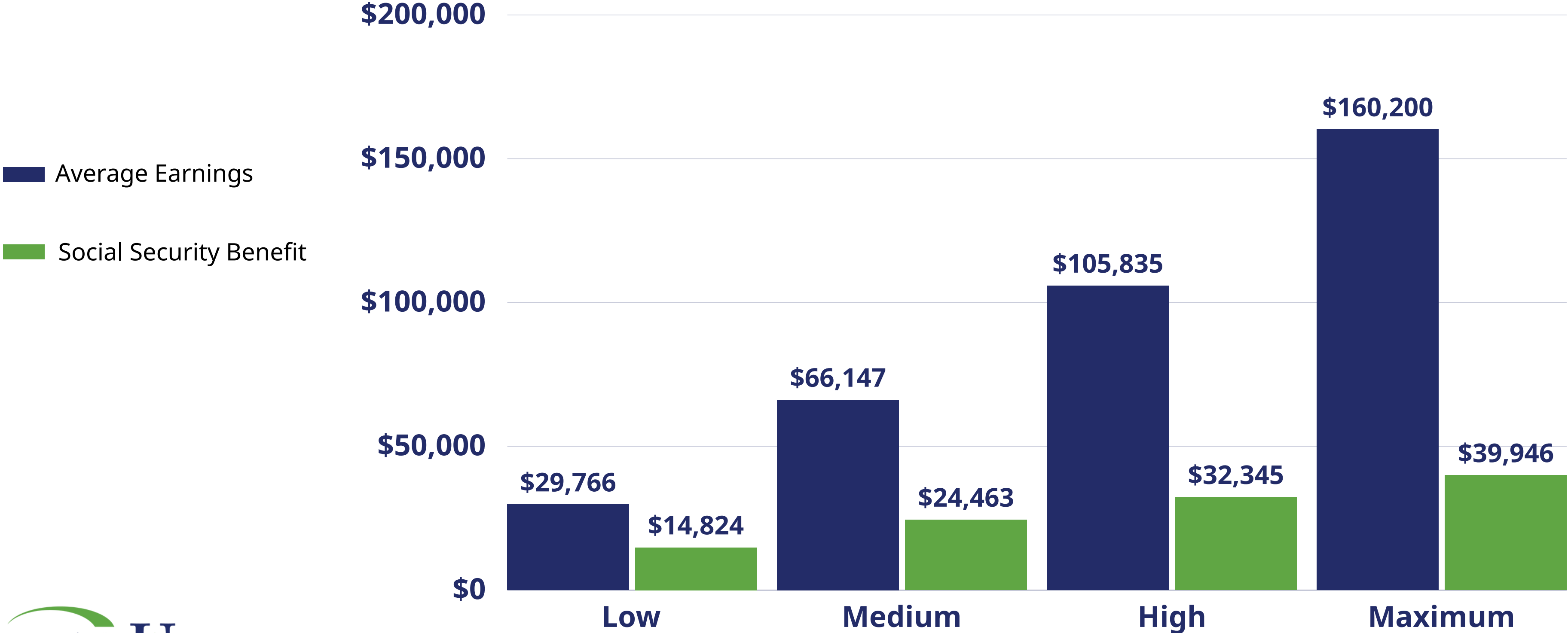
■ Pay ■ Social Security Tax ■ Medicare Tax



Year	Maximum Taxable Income
2024	First \$168,600
2025	First \$176,100

*All examples are hypothetical and for illustrations purposes only.*

# Earnings By Income



Source: Center on Budget and Policy Priorities and Social Security Administration, 2023 Trustees Report. <https://www.cbpp.org/sites/default/files/atoms/files/8-8-16socsec.pdf>



# Retirement Age



**Early Retirement** Age 62



**Full Retirement** Age 67



**Delayed Retirement** Age 70



# Full Retirement Age

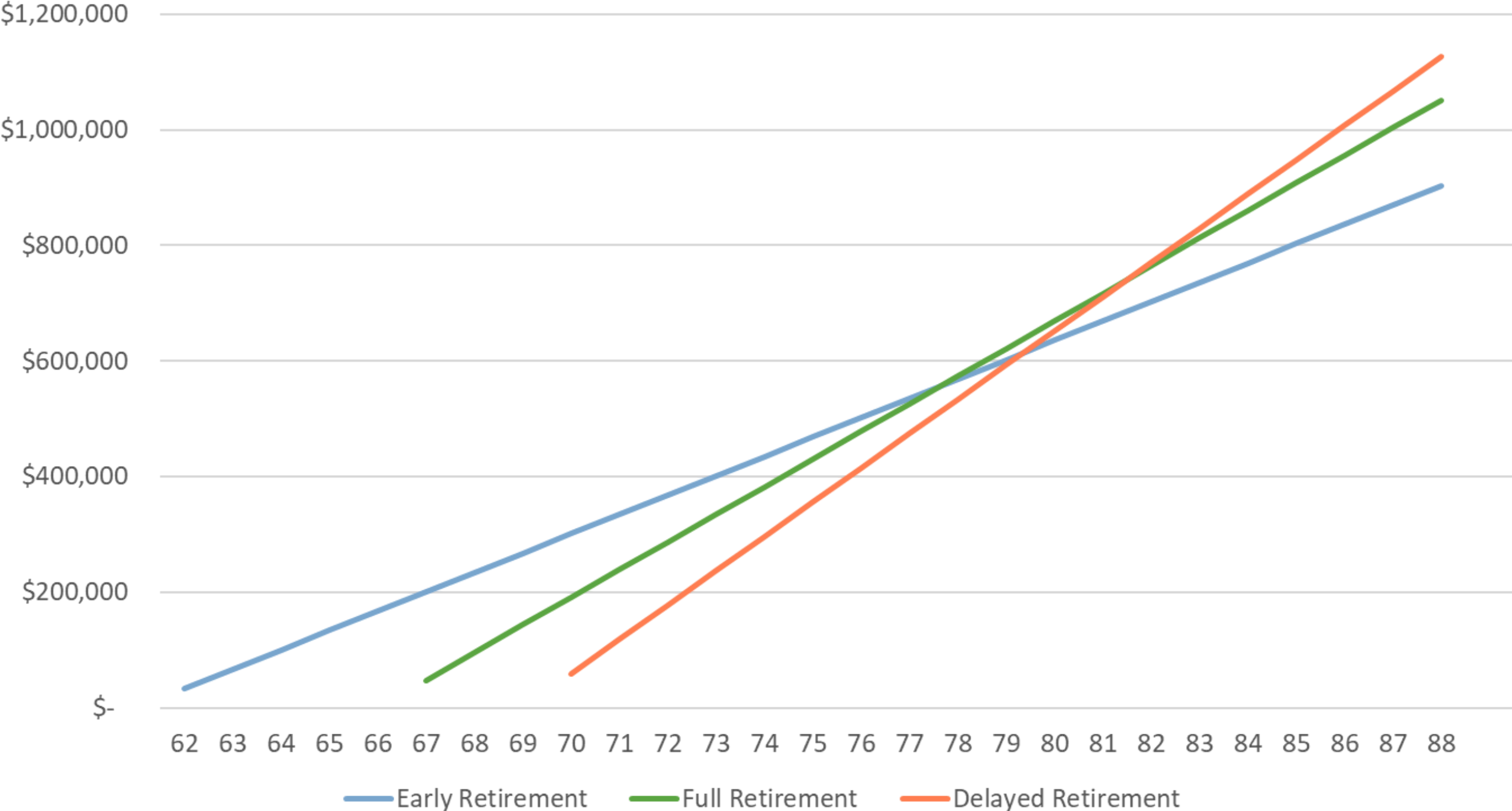
Birth Year	Full Retirement Age
1943-1954	66 years old
1955	66 + 2 Months
1956	66 + 4 Months
1957	66 + 6 Months
1958	66 + 8 Months
1959	66 + 10 Months
1960 and later	67 years old

Data source: <https://smartasset.com/retirement/social-security-break-even-age>

# Breaking Even

### Example

- Hypothetical \$100,000 salary at retirement age
- \$33,461 at age 62
- \$47,802 at age 67
- \$59,275 at age 70
- Does not account for inflation increases.



For illustrative purposes only. Data source: <https://smartasset.com/retirement/social-security-break-even-age>





# Deciding when to take Social Security Benefits



**What will your cost of living be?**

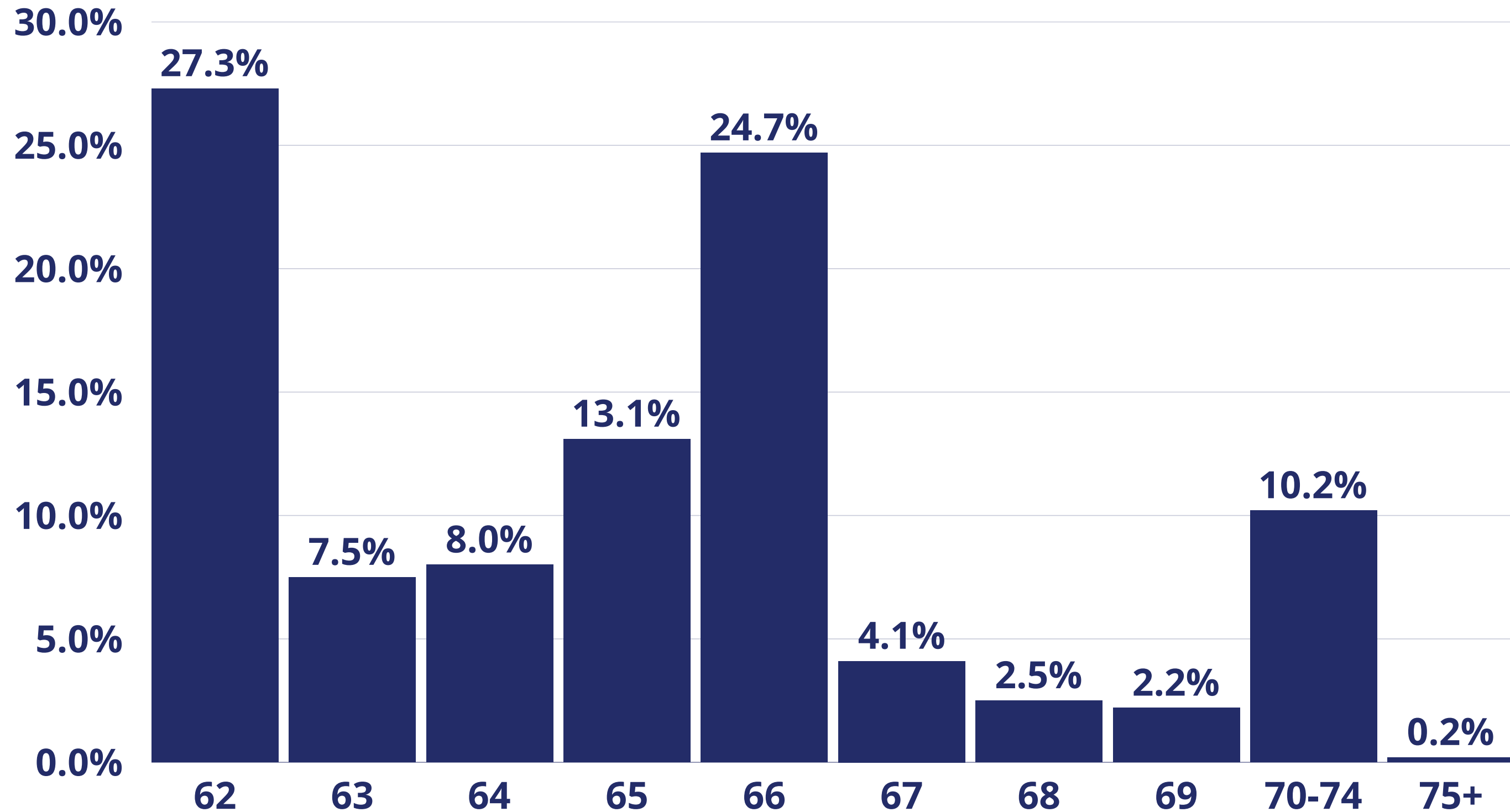


**What other assets will you draw from?**



**Will you continue working in any capacity?**

# Average Age Americans Take Social Security



Source: Annual Statistical Supplement to the Social Security Bulletin, 2023



# Changes Incoming?

Current projections have the **Social Security Trust Fund depleted in 2033**, after which, it is estimated **79%** of benefits can be paid.



**Tax Increases**



**Benefit Reduction**



**Program Changes**



**For more  
information Visit**

**[ssa.gov](https://ssa.gov)**