

ASSET STRATEGY

Helping You Create, Manage, Protect, & Distribute Wealth®

2026

TOP 9 THINGS TO CONSIDER BEFORE CLAIMING SOCIAL SECURITY BENEFITS

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#1) Claiming Age, FRA & Delayed Credits

The First Big Decision Is When You Will Start Your Social Security Benefits
Age seriously matters because it changes how much you will get each month.

- **The Full Retirement Age (FRA) depends on your birth year.** (see the table below).
- **Claiming early at age 62 means a permanently reduced benefit.**
 - The reduction can be about 30% compared to claiming at FRA.
- **Delaying past your FRA up to age 70 adds delayed retirement credits.**
 - Your benefit increases by roughly 8% for each full year you wait after FRA until age 70.
- **Maximum benefits in 2026** (for those meeting high earnings criteria and working enough years).
 - **\$2,969/month** is the max benefit if claiming at age 62.
 - **\$4,152/month** is the max benefit at FRA.
 - **\$5,181/month** is the max benefit if waiting until age 70.

Year of Birth	Full Retirement Age
1937 or Earlier	65
1938	65 and 2 Months
1939	65 and 4 Months
1940	65 and 6 Months
1941	65 and 8 Months
1942	65 and 10 Months
1943–1954	66
1955	66 and 2 Months
1956	66 and 4 Months
1957	66 and 6 Months
1958	66 and 8 Months
1959	66 and 10 Months
1960 or Later	67

When you choose your claiming age, you're deciding between more years of payments with smaller checks or fewer years with larger checks. To pick the best age, think about how long you expect to live, what your financial needs are now vs. later, and whether you have other income or savings to support yourself while you wait!

If you were born on January 1st of any year, you should refer to the previous year. 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.

#2) Health & Life Expectancy

Your health and how long you expect to live are **critical** factors when deciding when to claim Social Security. Benefits are paid every month for as long as you are alive, so the longer you live, the more often it pays to wait before starting.

On the other hand, if you're in poor health, or your life expectancy is shorter, taking benefits earlier may provide much-needed income when you can use it most.

What Are the Current Life Expectancies in the United States?

The Average for Both Men & Women: ~79.0 years	
For Men: ~76.5 years	For Women: ~81.4 years
At Age 65: Women Can Expect ~20.8 More Years, Men ~18.4 More Years	

Source: <https://www.cdc.gov/nchs/fastats/life-expectancy.htm> as of 2.5.2026

These figures are averages, which means some people live far shorter and others far longer. None of us can truly know when we will die, which makes this decision uncertain.

How to Use This Information

- **If you are healthy** and have family members who live long lives or expect to live into your 80s or 90s, delaying can increase both your monthly check and your lifetime total.
- **If you have health problems**, a family history of shorter life spans, or immediate income needs, claiming earlier might make more sense.

Ultimately, choosing when to claim is about balancing risk and reward: smaller payments for more years vs. larger payments for fewer years. The best choice really depends upon many different factors that are unique to you.



#3) Work Status & Earnings Test

If you plan to keep working while also receiving Social Security before your Full Retirement Age (FRA), the Earnings Test is a key rule to understand.

It can temporarily reduce how much you receive if your earnings go above certain limits.



What Are the Earnings Limits in 2026?

- **Under FRA all year:** You can earn up to **\$24,480**. Beyond that, Social Security will withhold \$1 for every \$2 you earn above the limit.
- **Reaching FRA during 2026:** A higher limit applies in the months before your FRA birthday. You can earn up to **\$65,160**. Above that, \$1 is withheld for every \$3 earned.
- **At FRA or later:** There is no earnings limit. You can earn as much as you want without any reduction in Social Security benefits.

What Counts Toward the Limit

- **Wages from a job and net income from self-employment both count.**
- **Investment income, pensions, annuities, rental income, and interest do not count toward the earnings test.**

Withheld Benefits Are Not Gone Forever

Any benefits that are withheld are not lost permanently. Once you reach FRA, Social Security recalculates your payment and increases your monthly benefit going forward to account for the months that were withheld.

Planning Considerations

- **If you are planning to keep working full-time before FRA,** you may want to delay claiming benefits to avoid reductions.
- **If your earnings are part-time or below the limit,** it may still make sense to claim earlier.

Consider how your work income, taxes, and Social Security all interact before making your decision!

In short, the earnings test is temporary. It can lower your benefit payments in the short run, but once you reach FRA, your benefit will be adjusted upward so you get credit for those withheld months.

#4) Other Income & Savings

Before you decide when to claim Social Security, it is important to look at the **bigger picture of your income and savings**. Social Security is only one piece of your retirement puzzle, and the strength of your other resources can influence whether you should claim early or delay.

How Other Savings Affect Timing

- **If you have a solid amount of retirement savings such as IRAs, 401(k) plans**, brokerage accounts, or other investments, you may have the flexibility to wait longer for Social Security. Waiting can give you higher monthly benefits for life.
- **If your savings are limited or your monthly expenses are high**, claiming earlier may be necessary to cover essential needs like housing, food, and medical costs.

Impact on Taxes

Income from retirement accounts, pensions, or part-time work can push you into higher tax brackets and cause more of your Social Security benefits to become taxable. Coordinating withdrawals with when you claim can help manage this.

Preserving Your Nest Egg

Some people use Social Security to slow down how quickly they draw from their retirement accounts.

This can help extend the life of those accounts and protect against market downturns, especially early in retirement.



Other Income Sources to Consider

- **Part-time or freelance work**
- **Rental income or business income**
- **Pension or annuity payments**
- **Investment income from dividends or interest**

Emergency and Unexpected Costs

Think about health care, long-term care, or family support needs. If waiting until age 70 gives you a larger benefit but forces you to spend down savings or even take on debt in the meantime, that strategy may not pay off.

#5) Spousal & Survivor Benefits

Are You Married, Single, Etc.?

Your marital status shapes your Social Security choices. *Singles* decide based only on their own income and health. *Married couples* must consider both partners, since one spouse's decision affects the other's benefits.

How Spousal Benefits Work

At your Full Retirement Age, you may collect up to **50%** of your spouse's benefit if that is higher than your own. This can be valuable for a lower-earning spouse or one with fewer years in the workforce.

Survivor Benefits

If one spouse dies, the survivor may receive up to **100%** of the higher earner's benefit at survivor FRA. The higher earner's claiming age is critical, since it determines what the survivor could receive.

Coordinating as a Couple

A strong strategy often means the higher earner delays claiming to increase long-term and survivor benefits, while the lower earner may claim earlier. Couples should think about *shared expenses*, *health*, and *longevity*, and aim to *maximize combined lifetime income*.

Example: Coordinating Benefits as a Couple

Meet Bob and Mary.

Scenario 1—Both Claim Early at 62

- **Bob** claims at 62. His \$3,000 PIA is reduced by about 30%, leaving him with **\$2,100/month**. Mary claims spousal benefits at 62. Instead of \$1,500, her benefit is reduced to about **\$1,050/month**. Together, they receive about **\$3,150/month**, but at permanently reduced levels.

Scenario 2—Bob Waits Until 70, Mary Claims at 62

- **Bob** delays until 70. His benefit grows by about 24% from delayed retirement credits, giving him about **\$3,720/month**. Mary claims her reduced spousal benefit at 62, receiving about **\$1,050/month**. Together, they start lower, but once Bob claims, their combined income jumps to about **\$4,770/month**. If Bob passes away first, Mary's survivor benefit steps up to **\$3,720/month**, giving her a stronger safety net.

The Lesson?

The higher earner delaying can greatly increase long-term income and survivor protection.



#6) Taxes & Income Thresholds

How Much of Your Benefit is Taxed

How much of your Social Security benefit is taxed depends heavily on your total income from **all sources**. Knowing the IRS rules helps you plan, avoid surprises, and possibly pay less in taxes!

What Counts as Combined (Provisional) Income

You add up three things:

- **Your adjusted gross income** (*wages, IRA withdrawals, interest, etc.*)
- **Any nontaxable interest** (*for example, municipal bond interest*)
- **1/2 of your Social Security benefit**

The total of those three is your “provisional income” or combined income for this purpose.

Federal Tax Thresholds in 2026

Your filing status determines the income ranges that decide how much of your benefit is taxed.

Filing Status	Lower Threshold	Upper Threshold
Single / HoH / Qualifying Widow(er)	\$25,000	\$34,000
Married Filing Jointly	\$32,000	\$44,000

- If your provisional income is at or below the lower threshold, none of your S.S. benefit is taxed.
- If your income is between the lower and upper threshold, up to 50% of your benefit may be taxed.
- If your income is above the upper threshold, up to 85% of your benefit may be taxed.

Senior Deduction Under New Law

Recent changes to law allow taxpayers age 65+ to claim an additional deduction for tax years 2025-2028.

- **Deduction (2025-2028):** Single 65+ deduct \$6,000; a married couple where both spouses are 65+ deduct \$12,000 (\$6,000 each).
- **Phase-out begins:** Single filer MAGI over \$75,000, or married filing jointly MAGI over \$150,000.
- **Fully phased out:** Single filers with MAGI over \$175,000 and \$250,000 for joint filers.
- **Rule of Thumb:** The deduction is reduced by 6% of the income above the threshold (about \$60 for every \$1,000 over the limit).



Other Things That Can Affect Tax on Your Benefit

- **Pensions, IRA/401(k) withdrawals, part-time work, dividends, and capital gains** all add to your combined income and may push you above thresholds.
- **State taxes:** Some states tax Social Security benefits; others do not.
- **Filing status matters:** Married filing separately who lived with their spouse during year generally face more stringent treatment.

#7) Cost of Living Adjustments (COLA) & Inflation

What COLA Means

Social Security includes a yearly adjustment for inflation called the Cost of Living Adjustment, or COLA. For 2026 the COLA was 2.8%. It is based on how much the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased from the third quarter of 2024 through the third quarter of 2025.

How COLA Helps Your Income Keep Up

COLA helps ensure that your benefit keeps some of its purchasing power as the cost of everyday goods and services goes up. Each year your monthly check rises by whatever percentage the CPI-W shows, so your income does not remain fixed while prices climb.

Why COLA Might Not Match Your Costs

COLA is based on the CPI-W index, which reflects general inflation for urban wage earners. But many retirees face costs that can rise faster than general inflation, such as housing and health care. Even with COLA, your personal expenses may grow more quickly than your benefit increase.

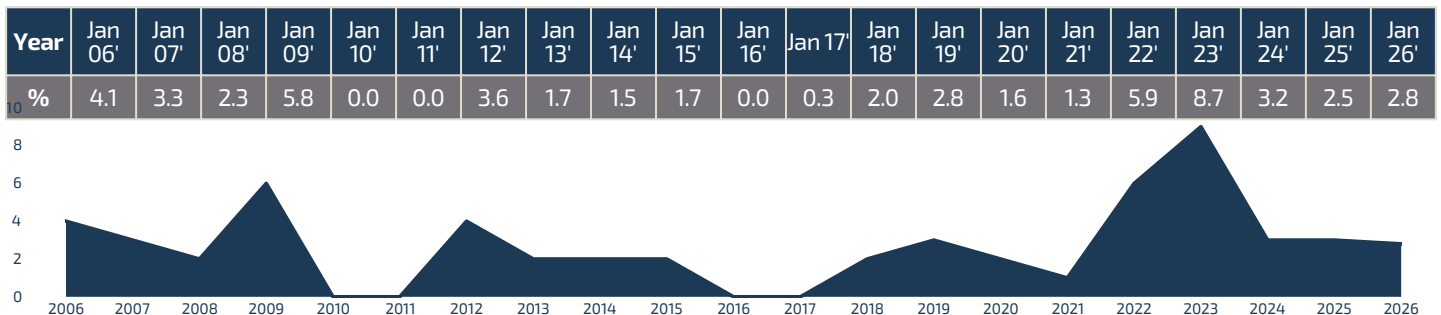
When Inflation Trends Matter

If inflation rises sharply, future COLAs may be larger. If inflation falls, COLA increases will be smaller. Because COLA is set once a year, monthly benefit increases respond only after the CPI-W numbers for the relevant quarters are known.

Why Delaying Can Boost COLA Effects

Delaying benefits increases your base monthly benefit. When your base is higher, the same COLA percentage produces a larger dollar increase. This means if you wait to claim, your monthly benefit increases will also likely be larger in absolute dollars.

The Social Security Cost-Of-Living Adjustments (COLA) from January 2006 to 2026



Planning for Your True Retirement Costs

COLA is a helpful safeguard, but you should plan beyond it. Consider how your housing, medical, and other essentials will change over time.

Evaluate whether your retirement savings or other income are inflation-protected. That might include investments or income streams that grow with inflation.



#8) Benefit Calculations & Your Earnings History

How Your Benefit Is Calculated

The Social Security benefit you get if you claim at your **Full Retirement Age (FRA)** is called your **Primary Insurance Amount (PIA)**. It is based on **your 35 highest years of earnings**. Each of those years is indexed (adjusted) for wage growth before averaging. If you have fewer than 35 years of earnings, zeros are used for the missing years.

Once those 35 years are indexed and averaged, the result is called your **Average Indexed Monthly Earnings (AIME)**. The AIME is then run through a benefit formula with "bend points." For 2026 those bend points are:

90% of the
first \$1,286 of AIME

32% of AIME between
\$1,286 and \$7,749

15% of AIME
over \$7,749

The Taxable Earnings Cap

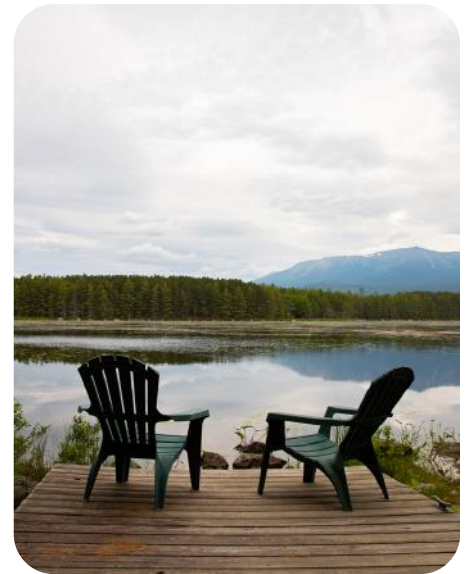
There is a maximum amount of earnings subject to Social Security tax each year. In 2026 that cap is **\$184,500**. Wages above that amount in a year do not increase your benefit calculation, though they may still matter for other purposes.

Importance of Your Earnings Record

It is essential to check your Social Security earnings record.

Errors like missing years, under-reporting, or wrong wage amounts can reduce your future benefit. Fixing these errors before you claim can make a meaningful difference.

Also, if you continue working past the point where you have 35 years of earnings, higher-earning years may replace lower-earning ones in your top 35, which can increase your PIA.



Examples: High Earners & Delaying Benefits

- For high earners who meet the maximum taxable earnings amount in 35 years, the highest monthly benefit possible in 2026 is **\$5,181** if they wait until age 70.
- If someone's PIA at FRA would be the maximum (**\$4,152** in 2026), delaying until 70 increases that base benefit. The boost from delaying applies proportionally depending on your earnings history.

#9) Personal Goals & Lifestyle Needs

What Retirement Means to You

To be clear, retirement is not just about money. It is about how you want to spend your time and what will make you feel fulfilled.

Some people picture retirement filled with travel, hobbies, and new experiences. Others want to slow down, focus on health, or spend more time with family. Social Security is part of the financial foundation that supports these choices, but your definition of happiness will shape when you decide to claim.

Matching Benefits to Your Lifestyle

If you want to live more actively in your early retirement years, you might choose to claim Social Security earlier to have extra cash flow for travel, volunteering, or leisure activities. If your priority is long-term peace of mind and stability, you may prefer to wait for a larger monthly benefit. **There is no single right answer. The best choice is the one that lines up with the life you want to live.**

Planning for Comfort and Security

Think about how you want to live day to day. Will you stay in your home or move to a new area? Will you downsize for simplicity or keep space for family visits? Your Social Security decision should support those lifestyle choices. A smaller monthly benefit may be enough if your expenses are modest and your happiness comes from low-cost activities. A larger benefit might feel more important if you want financial room for bigger goals.

Happiness as a Factor

In the end, happiness in retirement comes from balance.

Social Security provides guaranteed income, but how you use it matters just as much.

Aligning your claiming strategy with what makes you feel secure and fulfilled helps ensure that your retirement years are not only financially stable but also personally rewarding.





If you have any questions about Social Security,
feel free to reach out to our team.
Set up a 15-Minute Discovery Call at:
www.assetstrategy.com/contact

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- Max benefit at 62 (\$2,969) and at 70 (\$5,181): SSA FAQ KA-01897, ssa.gov/faqs as of 09.03.2026
- 2026 bend points (\$1,286 and \$7,749) and taxable maximum: Federal Register, "Cost-of-Living Increase and Other Determinations for 2026," federalregister.gov as of 09.03.2026
- Life expectancy (2024 final data): CDC/NCHS Data Brief No. 548, "Mortality in the United States, 2024," January 2026, cdc.gov/nchs as of 09.03.2026
- Senior deduction (2025-2028), amounts and phase-outs: IRS, "2026 filing season updates and resources for seniors," irs.gov/newsroom as of 09.03.2026
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