

Your 2025 Social Security Guide

By Brett Gottlieb

The years leading up to [retirement](#) can feel overwhelming. You might be excited about the new chapter ahead, but also stressed about how to make it happen and uncertain about navigating the Social Security process. It's easy to feel like everyone else has it figured out while you're still trying to understand the system.

With the [Great Resignation](#) of 2021 and 2022 causing many to leave the workforce in the post-pandemic era, understanding how your Social Security benefits work—and how to optimize them—has never been more important.

In this detailed guide, we aim to [provide clarity](#), so you can confidently make the most of your Social Security benefits and step into the next phase of your life with peace and ease.

What Factors Determine Your Social Security Benefits?

Your Social Security benefits are determined by the Social Security Administration (SSA) based on your lifetime earnings, specifically the highest 35 years of income. To qualify for benefits, you need to have worked at least 10 years. If you've worked for fewer than 35 years, the SSA will factor in zero earnings for the years you were not employed. Your earnings are adjusted for inflation to reflect current wage levels.

After calculating your average monthly earnings over your top 35 years, a specific formula is applied to determine your primary insurance amount (PIA). The PIA represents the benefit amount you are eligible for when you reach your full retirement age (FRA).

However, the benefit you ultimately receive may differ from your PIA, as it can be adjusted based on when you decide to start claiming benefits. If you begin receiving benefits before your FRA, your monthly amount will be reduced, whereas delaying benefits past your FRA will result in a higher monthly benefit. Additionally, starting at age 62, your benefits will be adjusted annually for [cost-of-living increases \(COLA\)](#).

Spousal Benefits

Married people are eligible for benefits based on their spouse's work history. The spousal benefit is 50% of the working spouse's earned benefit. In order to receive these benefits, the working spouse must be at least 62 and have already filed for benefits.

If you are divorced, you may also be eligible to receive spousal benefits based on your ex-spouse's work history. Your marriage needs to have lasted at least 10 years, you must be divorced for at least two years, and you must still be single. In addition, you need to be at least 62 and not eligible for a higher benefit amount based on your own work record. Unlike spousal

benefits for married people, your ex-spouse does not need to have filed for benefits in order for you to claim them.

When Are You Eligible to Start Claiming Social Security Benefits?

You can start claiming Social Security benefits anytime between 62 and 70. Delaying benefits past age 70 won't increase your payout. However, the age at which you begin collecting benefits before 70 will affect the amount you receive.

Early Retirement

You can start receiving benefits as early as 62, but your monthly benefit will be lower than if you waited longer. Your basic benefit is reduced a fraction of a percent for each month you begin receiving benefits prior to full retirement age. Retiring early can permanently reduce your benefit by up to 30%.

Full Retirement Age

Your full retirement age (FRA) changes [based on the year you were born](#). FRA is 66 for those born between 1943 and 1954 and increases by two months for every year after that you were born until it settles at age 67 for those born in 1960 or later. If you wait until you reach full retirement age to begin collecting your Social Security benefits, you will receive the full PIA that you have earned.

Year Born	Full Retirement Age (FRA)
1943 to 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 and later	67

Delayed Benefits

If you're still working or don't need the money immediately, you can delay receiving your benefits. Your benefit will increase by 8% for each year that you delay, with a maximum possible increase of 32%. You cannot delay and increase your benefit indefinitely, though. Once you reach age 70, the amount of benefits you receive will not increase any further.

What's the Optimal Time to Claim Social Security Benefits?

While you're still working, earning a higher income can boost your future Social Security benefits. However, once you stop working, your control over your benefit is limited to when you decide to start claiming it. The timing of your claim plays a significant role in the amount you'll receive, so it's important to give it thoughtful consideration.

Social Security Statement

An important document that you will reference during the decision-making process is your Social Security statement. The Social Security Administration mails statements to workers age 60 and over who aren't receiving Social Security benefits and do not yet have a *my* Social Security account. These statements will be mailed out three months prior to your birthday, but you can also access the same information by setting up an account on their website.

The statement will tell you your:

- Estimated benefit if taken at age 62
- Estimated benefit if taken at FRA
- Estimated benefit if taken at age 70
- Estimated disability benefit
- Estimated family and survivor benefits
- Medicare information
- Earnings history

All benefit amounts listed are estimates and subject to change. They are calculated based on your date of birth and future estimated taxable earnings.

It is important to review your earnings history and check for accuracy. Your benefit is calculated based on those numbers, so any mistakes can affect your benefits. You should correct any errors as soon as possible.

Deciding When to Claim Benefits

Social Security benefits are determined using complex formulas that factor in life expectancy and projected rates of return. These calculations are not designed to favor early or late retirement. If you live as long as expected, the total amount you receive over your lifetime should be roughly the same, whether you claim benefits at age 62, age 70, or somewhere in between. You'll either receive smaller monthly payments over a longer period or larger payments for a shorter duration.

The ideal time to begin claiming benefits depends on your unique circumstances and health. If you anticipate a longer-than-average life expectancy, waiting to claim your benefits will likely result in a higher lifetime benefit. Conversely, if you don't expect to live into your mid-80s, claiming earlier may provide a greater overall benefit, even with a smaller monthly payment.

When to Start Benefits: The Longer You Wait, [the Larger the Benefit](#)

Age at which benefits are claimed	% of Benefit if FRA = 66	Basic Benefit
62	75%	\$1,500
63	80%	\$1,600
64	87%	\$1,740
65	93%	\$1,860
66	100%	\$2,000
67	108%	\$2,160
68	116%	\$2,320
69	124%	\$2,480
70	132%	\$2,640

Age 62 (Lose 25%)

8% per year (+32%)

Maximum benefit at full retirement age

Once you decide when you want to start receiving benefits, remember to complete your application three months before the month in which you want your retirement benefits to begin.

How Can Couples Optimize Their Social Security Benefits?

Married couples have the option to claim either their own benefit or a spousal benefit, giving them more options to consider when filing. With the right approach, couples can optimize their benefits.

In many cases, the lower-earning spouse may choose to start collecting benefits early, while the higher-earning spouse waits as long as possible. This allows the couple to collect the smaller benefit early while maximizing the larger one.

Typically, the husband has the higher benefit and the wife has the lower one. Since women generally live longer, waiting as long as possible to claim the higher benefit helps maximize the husband's retirement benefit during his lifetime and allows the wife to receive a larger [survivor benefit](#) after his passing.

Restricted Application

While it used to be a popular claiming strategy, the Restricted Application is now only available to those born before January 2, 1954. By restricting your application, you can receive a spousal benefit if your spouse is already collecting benefits while allowing your own benefit to continue to grow until age 70. That way, you can begin to receive spousal benefits while maximizing your own benefit.

How Does Employment Impact Social Security Benefits?

Working does not affect your benefits once you reach FRA, but it does before that. Only earned income, such as wages and self-employment earnings, affects your Social Security benefits. Income from investments, pensions, and annuities do not affect Social Security benefits.

When you are [under FRA](#) for the whole year, your Social Security benefit is reduced by \$1 for every \$2 you earn over \$21,240. In the year that you reach FRA, your benefit is reduced by \$1 for every \$3 you earn over \$56,520. Once you [reach FRA](#), your benefit is no longer reduced no matter how much you earn. These dollar amounts adjust each year, so your benefit may change in following years.

2025 Cost-of-Living Adjustment

The [2025 COLA is 2.5%](#), slightly lower than 2024's increase of 3.2%. There is also an increase in the [Social Security tax cap](#). The cap is increased from \$160,200 to \$168,600, meaning Social Security taxes will not be withheld from income earned above that amount.

This substantial increase in benefits will hopefully provide retirees some relief from the rising cost of goods and services. Historically, a COLA that fails to keep pace with inflation only serves to exacerbate financial hardships. It's important to keep in mind that the COLA will affect pre-retirees and retirees differently. Here's what to expect based on where you are in your retirement journey.

Retirees Taking Social Security

While this increase is good news for retirees, it's not a license to change spending habits all that much—as most retirees know all too well.

It will still be necessary to keep track of your finances, spending—and, importantly, your tax liabilities; some beneficiaries could experience increased taxes in the coming years, depending on their thresholds.

Retirees Not Taking Social Security

Retirees who haven't yet started claiming Social Security will still benefit from the COLA increase, even if they wait to start receiving benefits this year. There is no reduction in the COLA, so these higher payments will remain in effect. Keep in mind that, depending on your situation, it may be worth waiting a few years before claiming Social Security, as discussed earlier. The decision to delay benefits will depend on your unique circumstances.

Collaborate With a Skilled Advisor

When and how you claim your Social Security benefits can be one of the most crucial decisions in your retirement planning, especially depending on your savings. Given the complexity and importance of this choice, it's wise to consult with [a financial professional](#) before making any decisions.

At [Comprehensive Advisor](#), we work closely to guide you through the Social Security process so you feel confident and prepared for this next phase of your life. If you're approaching retirement and have questions about how Social Security fits into your overall plan, we're here to help. Email us at info@ComprehensiveAdvisor.com or call (760) 813-2125.

About Our Advisors

Brett Gottlieb is the founder of [Comprehensive Advisor](#) and a financial advisor with nearly two decades of industry experience. He graduated from California State University-Chico with two bachelor's degrees, in business administration and economics, and is Life Insurance licensed in several states. He is passionate about guiding his clients on retirement income planning, helping each client pursue their specific retirement goals, and defending the assets his clients have worked so hard to achieve. Brett is a California native and currently resides in San Elijo Hills with his beautiful wife and three children.

Our team of qualified professionals have experience in the financial service industry, and our advisors hail from some of the largest independent broker/dealers and banking institutions in the country. They have dedicated their professional careers to creating personalized financial strategies for individuals and families who seek successful retirement planning and currently offer investment advisory services through AE Wealth Management, LLC. Our advisors take a common-sense approach to the planning process and work with clients to create a comprehensive retirement roadmap to help ensure their assets are preserved and they receive the income needed to enjoy their future. Based in Carlsbad, California, they work with clients throughout San Diego County and beyond. Learn more by connecting with Brett on [LinkedIn](#) or email them at info@ComprehensiveAdvisor.com.

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