



# *Understanding and Optimizing Social Security Benefits*



**Keith A. Hurst, RSSA**



### **About (Keith Hurst)**

I've been an actuary for about 40 years, at Brighthouse Financial since 2016. Since 2011 I've been licensed to sell life/health insurance, but currently primarily offer health insurance (Medicare & Obamacare) to avoid any conflict of interest with my day job.

I live with my wife & four children in Waxhaw, NC and enjoy cooking out on my Kamado Joe and am a weather enthusiast with my own personal weather station.

### **Designations:**

- [Associate Society of Actuaries, ASA](#)
- [Chartered Life Underwriter, CLU®](#)
- [Chartered Financial Consultant, ChFC®](#)
- [Chartered Special Needs Consultant, ChSNC®](#)
- [Registered Social Security Analyst, RSSA®](#)



# You Will Learn About...

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## Importance of Social Security

Mitigating Risk for Retirees

## Social Security Basics

Rules and Benefits

## Client Claiming Considerations

The Complexities

## Optimizing Social Security Benefits

Case Examples





# **Importance of Social Security**

## ***Mitigating Risk for Retirees***

# Why Retirees Need Help



## Common Issues for Clients

Calling SSA multiple times, getting different answers to same question

60 Minutes segment on Social Security overpayments, Nov 2023

What causes SSA overpayments of potentially hundreds of thousands of dollars?<sup>3</sup>

### References

1- CBS/AP (2019). Almost all Americans take Social Security at the wrong time, study says. CBS/AP. Retrieved from <https://www.cbsnews.com/news/study-says-retirees-lose-more-than-100k-by-claiming-social-security-at-the-wrong-time/>

2- Konish, I. (2024). As baby boomers hit 'peak 65' this year, what the retirement age should be is up for debate. CNBC. Retrieved from <https://cnb.cx/3uqXR8M>

3- "How Social Security's overpayment mistakes can become your responsibility." 60 MINUTES – NEWSMAKERS. Anderson Cooper. 2023. Retrieved from <https://www.cbsnews.com/video/social-security-overpayments-60-minutes-video-2023-11-05/>

# Problems Clients Face

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2,728 rules, thousands of claiming options



SSA prohibited from giving personal claiming advice



Few other reliable resources



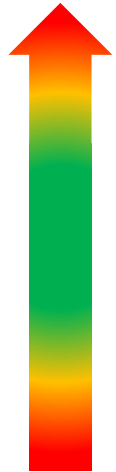


# How Much Can We Collect?

Peter

Alice

		2024 62	2025 63	2026 64	2027 65	2028 66	2029 FRA	2029 67	2030 68	2031 69	2032 70
2036	62	\$1,281,412	\$1,288,299	\$1,297,703	\$1,307,177	\$1,316,719	\$1,396,994	\$1,396,994	\$1,464,814	\$1,526,764	\$1,583,013
2037	63	\$1,283,364	\$1,290,251	\$1,299,670	\$1,309,157	\$1,318,714	\$1,399,003	\$1,399,003	\$1,466,838	\$1,528,803	\$1,585,067
2038	64	\$1,281,778	\$1,288,664	\$1,298,071	\$1,307,547	\$1,317,092	\$1,397,370	\$1,397,370	\$1,465,192	\$1,527,145	\$1,583,398
2039	65	\$1,277,699	\$1,284,586	\$1,293,963	\$1,303,409	\$1,312,924	\$1,393,171	\$1,393,171	\$1,460,963	\$1,522,885	\$1,579,106
2040	66	\$1,271,157	\$1,278,044	\$1,287,373	\$1,296,771	\$1,306,238	\$1,386,436	\$1,386,436	\$1,454,179	\$1,516,051	\$1,572,223
2041	FRA	\$1,262,178	\$1,269,065	\$1,278,329	\$1,287,661	\$1,297,061	\$1,377,192	\$1,377,192	\$1,444,867	\$1,506,672	\$1,562,775
2041	67	\$1,262,178	\$1,269,065	\$1,278,329	\$1,287,661	\$1,297,061	\$1,377,192	\$1,377,192	\$1,444,867	\$1,506,672	\$1,562,775
2042	68	\$1,244,087	\$1,250,973	\$1,260,105	\$1,269,304	\$1,278,570	\$1,358,567	\$1,358,567	\$1,426,106	\$1,487,773	\$1,543,738
2043	69	\$1,226,127	\$1,233,013	\$1,242,014	\$1,251,081	\$1,260,214	\$1,340,076	\$1,340,076	\$1,407,480	\$1,469,012	\$1,524,840
2044	70	\$1,208,297	\$1,215,183	\$1,224,054	\$1,232,990	\$1,241,991	\$1,321,720	\$1,321,720	\$1,388,990	\$1,450,387	\$1,506,079





# »»» Social Security Facts

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**Married**



**Divorced**



**Widows**



**Children**



**Disabled**



**Self-Employed**

- ✓ **More than just a retirement program**
- ✓ **Guaranteed, lifetime benefit with COLA**
- ✓ **Financial foundation of retirement planning**
- ✓ **Majority of retirement income**





# **Social Security Basics**

## ***Rules and Benefits***



# Full Retirement Age, FRA

- Based on birthyear
- Primary Insurance Amount
- Full, unreduced benefit
- No longer subject to earnings test
- Retroactive benefits can be paid

Birth Year*	Full Retirement Age
1943-54	66
1955	66, 2 months
1956	66, 4 months
1957	66, 6 months
1958	66, 8 months
1959	66, 10 months
1960+	67

\*If birthday on 1<sup>st</sup>, assume born prior month.  
If birthday January 1<sup>st</sup>, refer to previous year.

# »»» Qualifying for Benefits

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## Eligibility

- 40 Credits, Quarters of Coverage, QC
- Only 4 per year, 2025 credit = \$1,810
- Employee and employer FICA payroll tax contributions
- 2025 maximum taxable earnings = \$176,100
- Wage index factor adjusts past earnings to age 60 year

# Primary Insurance Amount, PIA

**35** Highest 35 Years Indexed Earnings

**AIME** Average Indexed Monthly Earnings

**PIA** Primary Insurance Amount

**\$3,150,000** Sum Indexed Earnings

÷ **420** Months/35 Years

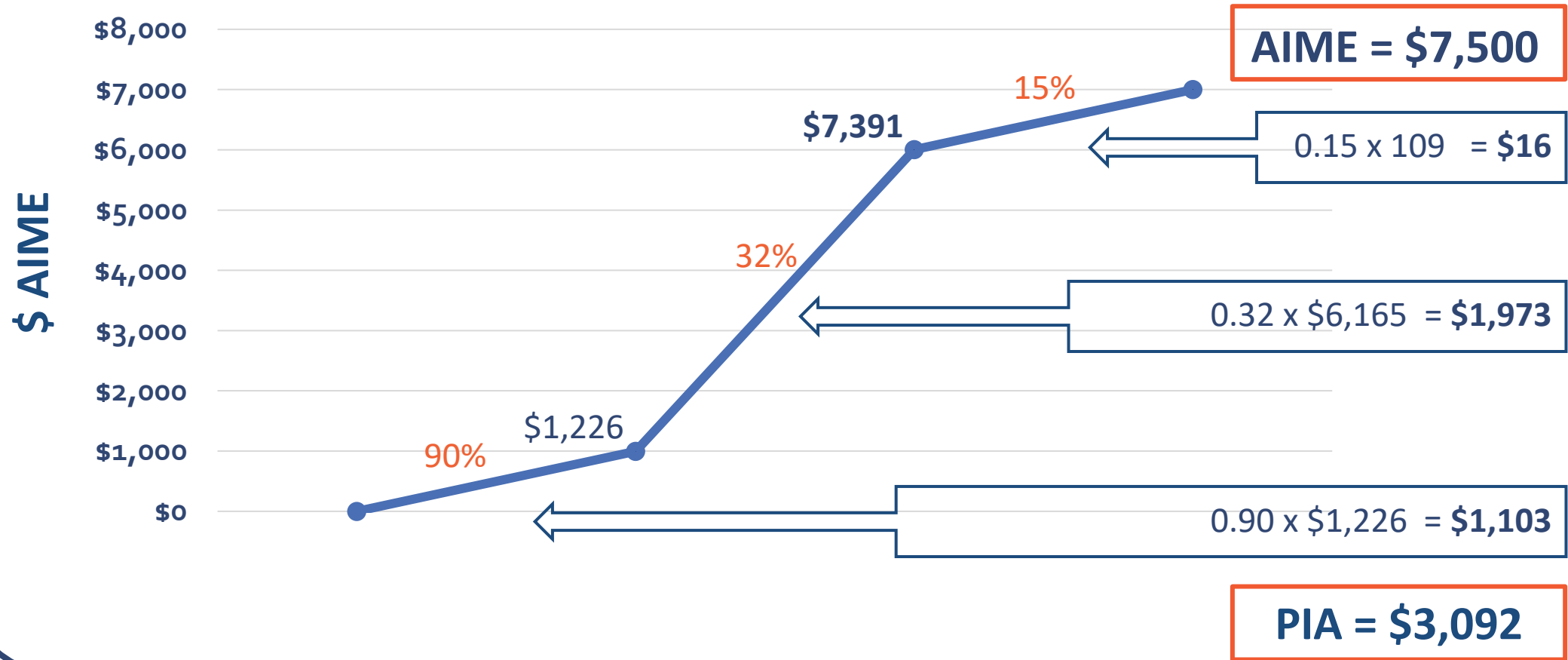
**\$7,500** AIME

Bend point calculation

**PIA = ?**



# Calculating PIA



The bend points for 2025 are \$1,226 and \$7,391

# Retirement Reductions and Credits

Claiming Age	Monthly Benefits	% of PIA	
62	\$2,164	70	Benefit is Reduced
63	\$2,319	75	
64	\$2,474	80	
65	\$2,690	87	
66	\$2,876	93	
67 (FRA)	\$3,092	100	PIA Amount
68	\$3,339	108	Benefit is Increased
69	\$3,587	116	
70	\$3,834	124	

# »»» Spousal Benefits

- Up to 50% of spouse's PIA
- Maximum at FRA
- **Married** – eligible after 1 year
  - Other spouse must be collecting retirement benefit
- **Divorced** – eligible after 10 years
  - *Independently entitled* after 2 years

Claiming Age	% of PIA	Monthly Benefit	
62	32.5	\$1,005	Benefit is Reduced
63	35	\$1,082	
64	37.5	\$1,160	
65	41.66	\$1,288	
66	45.83	\$1,417	
67 (FRA)	50	\$1,546*	Maximum Spousal Benefit
68	50	\$1,546	
69	50	\$1,546	
70	50	\$1,546	

\*Spouse's PIA is \$3092



# »»» Survivor Benefits

## Married Requirements

- Married for 9 months or more

## Divorced Requirements

- Married for 10 or more years
- Not re-married before age 60

## Widow's Limit

- 82.5% of PIA

Filing Age	Survivor Benefit Amount
60	71.50
61	75.58
62	79.65
63	83.72
64	87.79
65	91.86
66	95.93
67 (FRA)	100
68	100
69	100
70	100

# Dependent Benefits

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- Parent must be collecting or deceased
- Receive 50% of PIA while parent is alive
- Receives 75% of PIA if parent is deceased
- Limited by family maximum benefit
- Subject to earnings test



# Eligible Dependents

**Minor Child Under Age 18**

Age 19 if still in High School



**Disabled Adult Child, DAC**

If disabled prior to age 22



**Child In-Care Spousal Benefit**

Spouse caring for child under age 16 or DAC





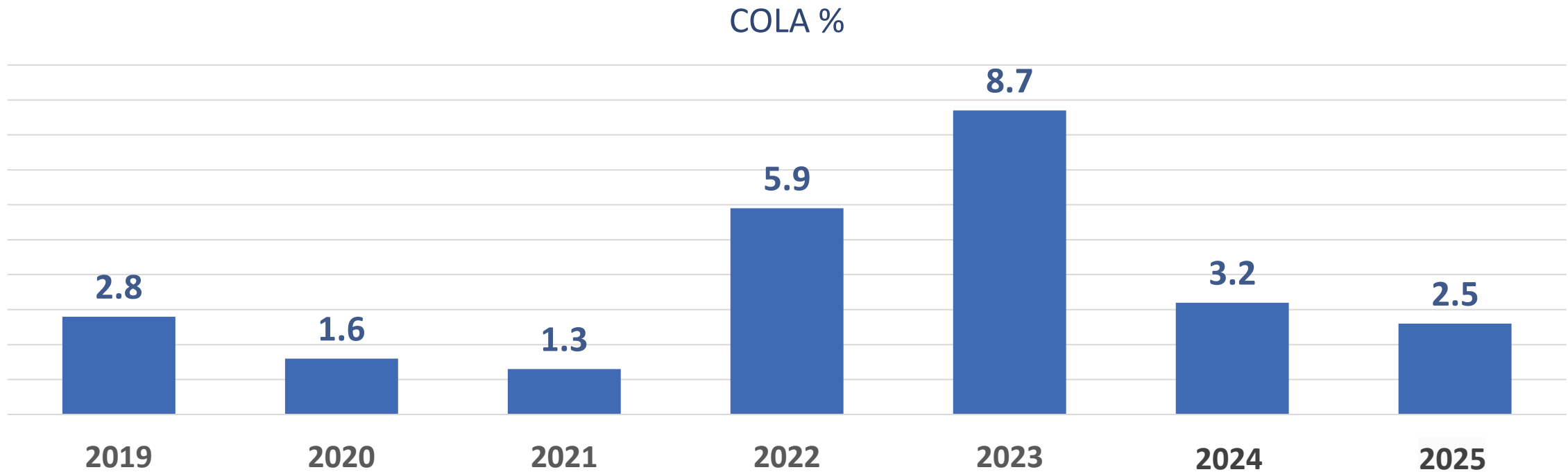
# Cost of Living Adjustments, COLA

## Collecting Benefits

- Increases the benefit amount

## Not collecting Benefits

- After 62, COLA adjusts Primary Insurance Amount





# **Client Claiming Considerations**

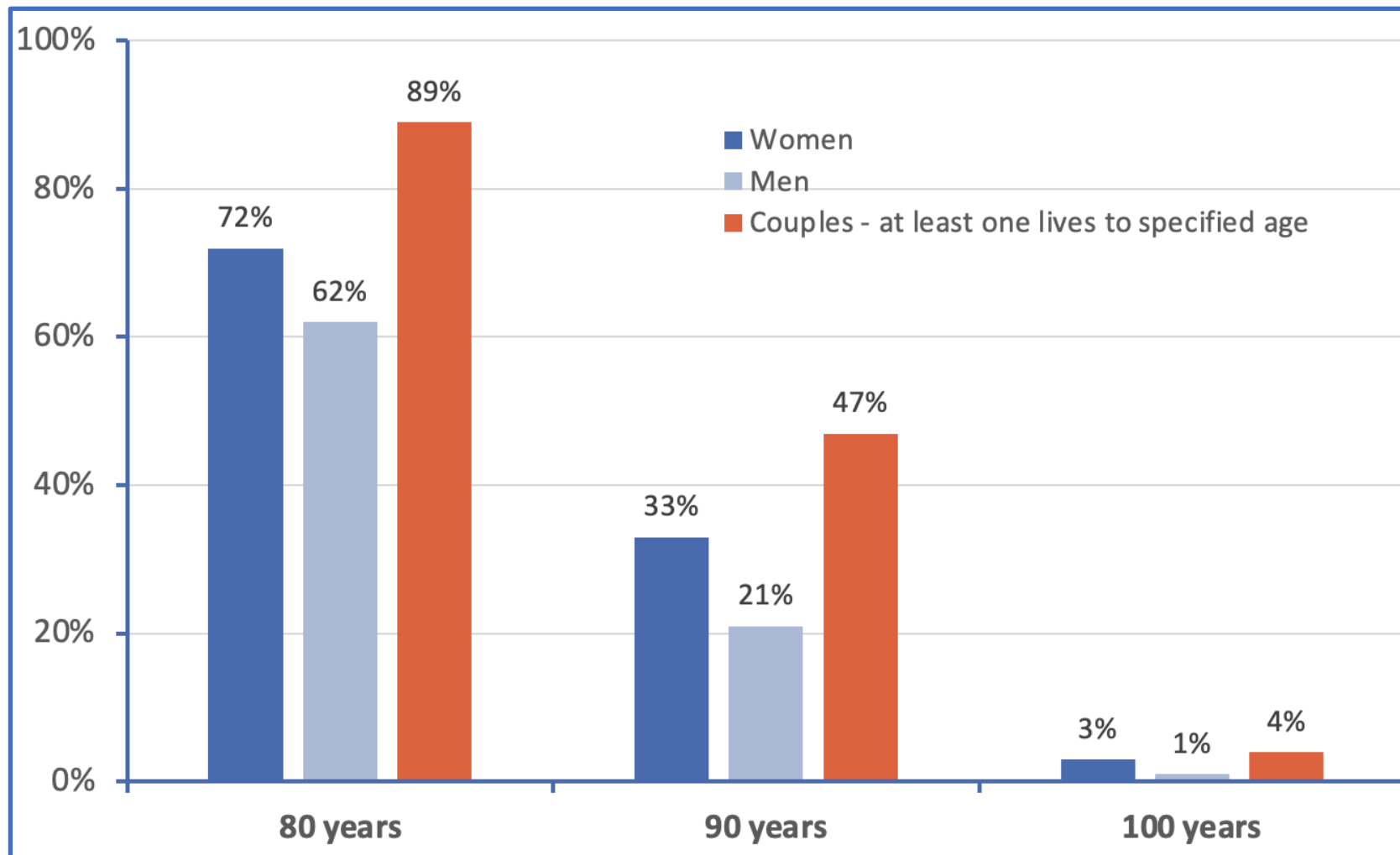
## ***The Complexities***



# Maximum Life Expectancy

## Probability of current 65-year-old retiree living to a certain age

\*Source: Social Security Administration, J.P. Morgan Asset Management



# »»» Dual Entitlement

- Only collect higher of two amounts,
- Own retirement benefit first, then “top off” to higher spousal/survivor amount
- Each benefit reductions and credits calculated separately

Claiming Age	Retirement Benefit	Spousal “Top-Off” Benefit	Total Benefit Amount Calculated RB + SB “Top-Off”
62	\$700	\$325	\$1,025
63	\$750	\$350	\$1,100
64	\$800	\$375	\$1,175
65	\$867	\$416	\$1,283
66	\$934	\$458	\$1,392
FRA 67	\$1,000	\$500	\$1,500
68	\$1,080	\$420	\$1,500
69	\$1,116	\$384	\$1,500
70	\$1,240	\$260	\$1,500

- Annie PIA of \$1,000
- Andrew PIA of \$3,000
- Spousal at Annie’s FRA or older = \$1,500



# »»» Earnings Test

Age 62 to FRA, working and collecting benefits

- **62 to year of FRA:**  
\$1 for every \$2 earned above \$23,400\*
- **Year of FRA:**  
\$1 for every \$3 earned above \$62,160\*
- **No limits at or after month of FRA**
- **Pitfall: Beware of overpayments!**

Earned Income	Not Earned Income
<ul style="list-style-type: none"><li>• Employment Income (W-2 Wages)</li><li>• Net Income from Self-Employment</li></ul>	<ul style="list-style-type: none"><li>• Pension Payments</li><li>• Annuity Payments</li><li>• IRA Distributions</li><li>• Dividends</li><li>• Interest Income</li><li>• Capital Gains</li><li>• Rental Income...</li></ul>

# »»» Overpayments

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**When a beneficiary receives more money for a month than they should have been paid.**

➤ **Earnings test below FRA**

- Unaware of limitation, especially young widows, other dependent benefits
- Returned to work after previously retiring
- Misunderstood the first-year rule of monthly limits

➤ **Other Benefits**

- SSI
- SSDI
- Convicted of criminal offense

# Options if Collecting

- Withdraw an Application
  - 12-month window
  - Repay all benefits collected
- Voluntary Suspension
  - FRA or older
  - Accrue delayed retirement credits



# »» Non-Covered Pensions – Repealed Jan 2025

Pensions from work in which Social Security taxes were not withheld

## Windfall Elimination Provision (WEP)

- Reduces *retirement or disability*
- Based on years of substantial earnings
- Over 2 million impacted

## Government Pension Offset (GPO)

- Reduces *spousal or survivor*
- Based on amount of pension
- Over 724,000 impacted

*For current information and status of H.R 82 implementation, see  
<https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html>*

# RSSA Roadmap Social Security Planning Tool

**Get started by using the QR code**



<https://rssa.com/analyst/keith-hurst/roadmap/>

## Once Your Account is Created:

You will be asked to log in and get started. a 2-factor authentication, so your account is secured. After signing in, you will see the screen below to get started.

**Please click the “Get Started” tab to begin entering your information.**

A screenshot of the RSSA Roadmap Client Portal interface. The header is blue with "ROADMAP CLIENT PORTAL" on the left and "VIDEOS" and "LIVE HELP" on the right. Below the header, the user is logged in as "John Smith". A progress bar shows five steps: 1. Welcome (active), 2. Client Information, 3. Client Earnings, 4. Additional Information, and 5. Calculator. The main content area has a "Welcome to RSSA Roadmap" message. A box indicates an estimated completion time of "5-10 minutes". A list titled "What is needed" shows three items: "Personal details", "SSA.gov account" (with a link to "How to create my Social Security account"), and "Estimated future earnings". A large orange "GET STARTED" button is prominent. A disclaimer states "WE WILL NEVER ASK FOR A SOCIAL SECURITY NUMBER." and notes that the tool is updated regularly. An "Important" section at the bottom advises downloading the Earnings Record from SSA.gov and provides a "HOW TO DOWNLOAD" link.



# Questions?

***Thank You!***