SAFETREE
Retirement

SIMPLIFYING SOCIAL SECURITY

AND OPTIMIZING RETIREMENT BENEFITS

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KEY TERMS

Eligible To be eligible for benefits, a worker must be fully insured which means they have earned 40 credits (or quarters of coverage) and have attained age 62. 1 credit = $1,810 of earnings for a max of 4 credits per calendar year ($7,240).

Entitled To be entitled to benefits, a worker must be eligible (fully insured and at least age 62) and have filed a claim for benefits.

Types of Benefits

Retirement Benefit amount based on your own work record.

Spousal Benefit amount based on spouse's retirement benefit. (ie. not your own work record).

Divorced Spousal Benefit amount based on ex-spouse's retirement benefit. A divorced spouse can get benefits based on their ex-spouse's Social Security record if the marriage lasted at least 10 years. The divorced spouse must be 62 or older and unmarried.

Survivor/Widowed Benefit Benefit amount based on your deceased spouse's retirement benefit. A widow/widower is eligible at age 60 or older, 50 or older if disabled, or any age if caring for a child under age 16 or disabled before age 22. Widow/widower may be eligible for benefit based on deceased ex-spouse's record.

Full Retirement Age (FRA) Full Retirement Age (FRA) is the age at which a person becomes entitled to full, unreduced retirement benefits. FRA ranges from 66 to 67, depending on year of birth. For individuals born between 1943 and 1954, FRA is 66.

Early Retirement You can claim Social Security retirement benefits as early as age 62. However, if you begin benefits before reaching full retirement age (FRA), your monthly benefit will be permanently reduced. The reduction is calculated based on the number of months benefits are claimed before FRA.

Delayed Retirement Credit (DRC) If you delay claiming Social Security benefits beyond full retirement age, your benefit may increase through delayed retirement credits. For most individuals, benefits increase by 8% per year for each year claiming is delayed, up to age 70. Delaying benefits beyond age 70 does not result in additional increases.

Primary Insurance Amount (PIA) The "primary insurance amount" (PIA) is the monthly benefit you would receive if you begin claiming Social Security at your full retirement age. At FRA, benefits are neither reduced for early claiming nor increased by delayed retirement credits.

PIA is calculated based on your lifetime earnings record, generally using your highest 35 years of earnings. For 2026, the maximum PIA at full retirement age is $4,128, and this maximum amount may increase over time as earnings levels change.

Cost of Living Adjustment (COLA) A Cost of Living Adjustment (COLA) is an annual increase applied to Social Security benefits to help offset inflation. COLAs are based on changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), measured from the third quarter of one year to the third quarter of the next.

If there is no increase in the CPI-W, no COLA is applied. COLAs are applied only after a beneficiary becomes eligible for benefits.

Voluntary Suspension of Benefits Individuals who have reached full retirement age may voluntarily suspend their retirement benefits. When benefits are suspended:

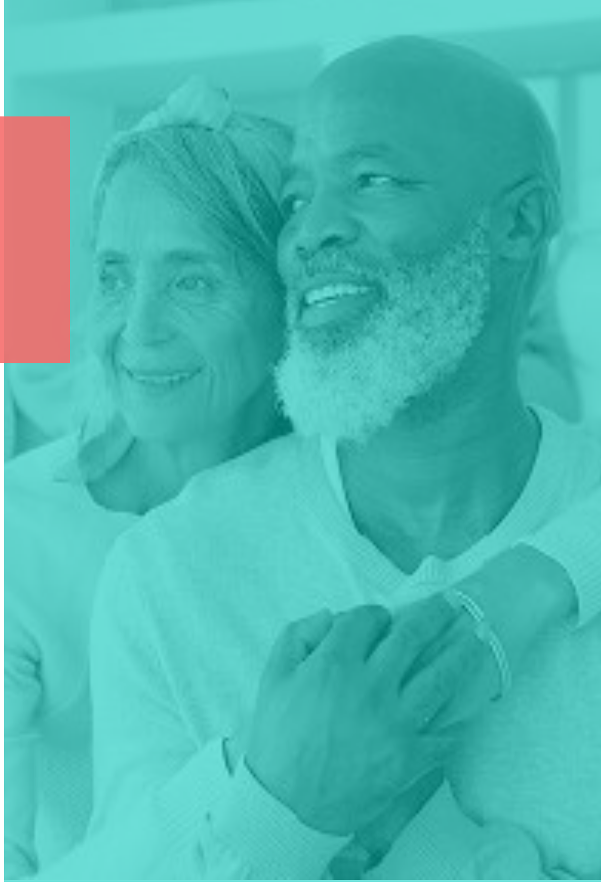
- Other benefits payable on the worker's record are generally suspended for the same period (with limited exceptions, such as divorced spouse benefits).
- Any benefits the worker receives on another person's record are also suspended.
- Medicare Part B premiums cannot be deducted from suspended benefits.

If benefits are reinstated after a voluntary suspension, payments resume beginning with the month after the request is made.

Restricted Application A restricted application allows an individual to claim only spousal benefits while allowing their own retirement benefit to continue growing. This option is available only to individuals born on or before January 1, 1954, who have reached full retirement age and have not yet claimed their own retirement benefit. Individuals born on or after January 2, 1954 are generally subject to deemed filing rules and cannot restrict their application to spousal benefits.

Widows and widowers, however, may still have flexibility to claim survivor benefits separately from their own retirement benefits.

KEY FACTORS AFFECTING BENEFITS



Taxation of Benefits Social Security benefits may be subject to federal income taxes in some cases. (In the State of Ohio benefits are not subject to income tax.)

- Up to 50% of benefits may be taxable if 'provisional income' is greater than $25,000 for single taxpayers and $32,000 for married filing jointly.
- Up to 85% of benefits may be taxable if 'provisional income' is greater than the adjusted base income amount of $34,000 for single taxpayers and $44,000 for married filing jointly.
- Provisional Income = adjusted gross income (before Social Security or Railroad Retirement benefits are considered) plus tax-exempt interest income plus ½ of Social Security or RR benefits.

Working and Collecting Benefits Benefits can be withheld if a person is under FRA, collecting benefits and has wages (ie. Earned income) above the specified yearly limit as follows:

- In any full year under FRA Social Security will withhold $1 in benefits for every $2 of earnings over the limit of $24,480 (2026).
- In the year FRA is reached Social Security will withhold $1 of benefits for every $3 earnings over the limit of $65,160 (2026).
- Once FRA is reached there is no loss of benefits regardless of income.

Windfall Elimination Provision (WEP) Previously, individuals who earned a pension from a job where they didn't pay into Social Security (such as certain federal, state, or local roles) saw their Social Security benefits reduced under the Windfall Elimination Provision. However, this rule was repealed in January 2025.
If you were affected by WEP in the past, your benefit may now be higher, and the Social Security Administration is in the process of issuing updated monthly payments and retroactive adjustments.

Government Pension Offset (GPO) The GPO applies to spousal and survivor/widow(er) Social Security benefits. The GPO used to reduce spousal or survivor Social Security benefits if you received a government pension based on non-covered employment. Like WEP, this rule was also repealed in early 2025.
Now, if you're receiving a government pension, it no longer reduces the Social Security benefits you may be eligible for through a spouse or survivor. The SSA has begun updating payments for those affected.

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