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Claiming Social Security While Working

Understanding when and how to claim Social Security benefits isn't always straightforward, especially if you plan to continue working. While you can start collecting benefits as early as age 62, continuing to work before you reach your full retirement age (FRA) may impact how much you can collect.

In this newsletter, we'll explore how working can impact your Social Security benefits so you can make informed decisions about your retirement income.

What happens to my Social Security benefits if I decide to start collecting while I am still working?

- If you are under your FRA in 2023 and earn more than the yearly earnings limit, your Social Security benefits will be reduced by \$1 for every \$2 earned above that limit.
- If you reach your FRA in 2023, your Social Security benefits will be reduced by \$1 for every \$3 you earn above the annual limit.

What is my FRA?

Your FRA is determined by the year you were born. For example:

- People born between 1943 and 1954 reach their FRA at 66.
- People born in 1955 reach their FRA at 66 and two months.
- People born in 1956 reach their FRA at 66 and four months.

How much can I earn before it affects my benefits?

- In 2023, the earnings limit for people under their FRA is \$21,240 per year (\$1,770 monthly).
- For people who will reach their FRA in 2023, the limit is \$56,520 (\$4,710 monthly) for the months preceding their birthday.
- Once you reach your FRA, there is no earnings limit.

The earnings limits only apply to income you make from working — not investments or pensions.

What is the one-time Social Security do-over?

- If your financial situation or retirement plans unexpectedly change, you can withdraw your application within your first year of receiving Social Security benefits.
- If you use this one-time withdrawal option, you will have to repay the benefits you have already received, as well as any money withheld for Medicare premiums and taxes.

Creating a secure retirement plan doesn't have to be complicated. If you'd like to discuss your options or have any questions, let's chat soon.

Helping clients get back to the basics of building and maintaining wealth in a tax efficient way.



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