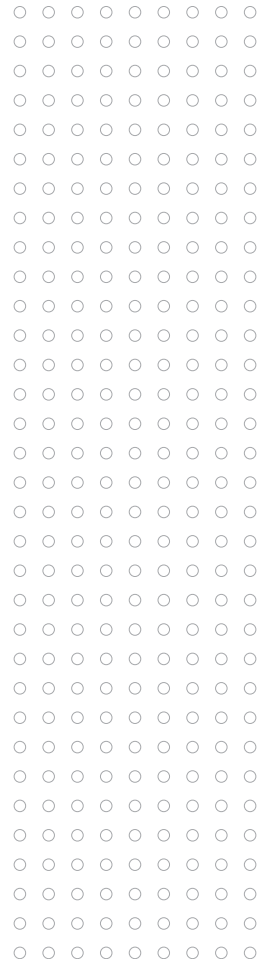


FINANCIAL BUILDING BLOCKS BY HUB

# Social Security



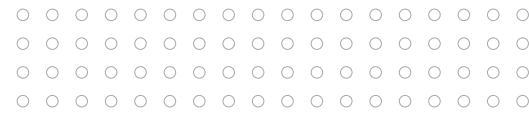
Social Security offers the certainty of guaranteed income throughout retirement. Yet many Americans are uncertain about the details, or if the program will be there for them when they retire. The following building blocks of knowledge will help you better understand the realities of Social Security and how it will best fit within your overall retirement income plan.



## Five Knowledge Building Blocks

- 1 | When Can You Claim Benefits?**
- 2 | What Are the Trade-Offs if You File Earlier vs. Later?**
- 3 | Should You Take Benefits Earlier or Later?**
- 4 | Will Social Security Still Be There When You Retire?**
- 5 | What's the Best Way to Stay on Top of It All?**

The source for this content is the Social Security Administration, [www.ssa.gov](http://www.ssa.gov).



# 1. When Can You Claim Benefits?

When it comes time to begin receiving Social Security benefits, you have a range of options. You can begin receiving benefits anytime between ages 62 and 70. Your full retirement age is the age at which you can begin receiving 100% of your primary insurance amount (PIA), also known as your full retirement age benefit. Your full retirement age depends on your year of birth. For example, for those born in 1960 or later, the full retirement age is 67.

## Full Retirement Age

Birth Year	Full Retirement Age
1955	66
1956	66 + 2 months
1957	66 + 4 months
1958	66 + 6 months
1959	66 + 8 months
1960 & later	67



# 2. What Are the Trade-Offs If You File Earlier vs. Later?

If you file at an age other than your full retirement age, your benefit amount will be reduced or increased. Filing earlier gives you a reduced benefit. Filing later gives you an increased benefit. For someone with a full retirement age of 67, here is what the Social Security Administration says you can expect, based on the age you actually file for benefits:

## Social Security Benefit by Filing Age

62	70%
63	75%
64	80%
65	87%
66	93%
67	100%
68	108%
69	116%
70	124%



### 3. Should You Take Benefits Earlier or Later?

Everyone's situation is unique, so it's important to look closely at the trade-offs before making your decision.

#### **Here are some reasons you might want to claim benefits earlier:**

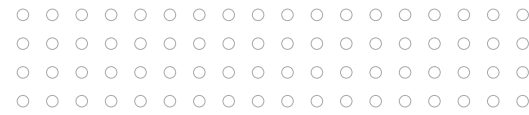
- You simply need the money to help pay living expenses.
- You cannot work longer due to health reasons.
- You have caregiving responsibilities for a family member.
- You have been laid off or lost your job through downsizing or other action.



#### **Here are some reasons you might want to claim benefits later:**

- You don't need the money right now, or have income from other sources to tide you over, such as a pension or 401(k) plan.
- You believe you have a longer life expectancy, during which higher payments would be helpful.
- You plan to work at some level during retirement.
- You simply like the idea of getting higher benefits over the long term.





## 4. Will Social Security Still Be There When You Retire?

Social Security benefits are considered a “pay as you go” system. This means that Social Security taxes collected from today’s workers goes to pay today’s retirees. For many years, more workers paid in taxes than the system needed to pay out to retirees at the same time. More money came in than went out, and the excess started to accumulate in a trust fund that reached \$2.82 trillion at the end of November, 2023<sup>1</sup>.

But now, due mostly to the large number of Baby Boomers who will continue to retire over the next several years, the worker to retiree ratio has started to shift. Soon, we’ll reach a point where there is not enough money coming into the system to pay out to all the people claiming benefits. To make up this shortfall, the Social Security Administration will begin pulling money from the trust fund.

The Social Security Administration projects that the current trust fund balance will only last until 2034. Once it’s depleted, benefits can only be paid directly from Social Security taxes collected from the current workforce. The projections show that will only generate about 80% of what’s needed to pay all benefits<sup>1</sup>. The Social Security Board of Trustees believes the most likely adjustments will come in the form of a reduction in benefits or an increase in taxes (or some combination of both). But it is highly unlikely that Social Security will go away.

**Social Security should not be considered as your primary source of retirement income. It’s important to save as early and as much as you can in a 401(k) or IRA account to help meet all your retirement income needs.**



<sup>1</sup> ssa.gov, 2023

## 5. What's the Best Way to Stay on Top of It All?

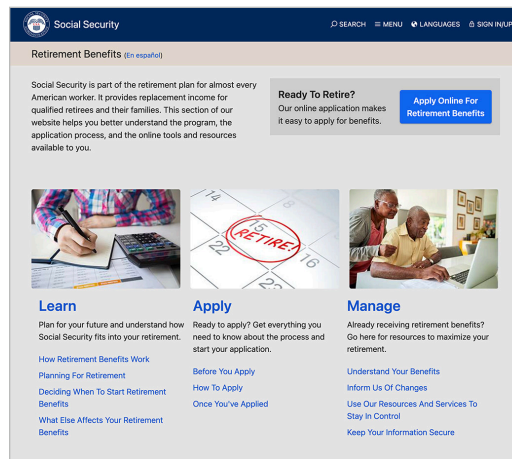
When it comes to planning ahead for Social Security, there's a lot to know and understand. And many details are bound to change over time. Here are some tips to help you stay on top of Social Security and prepare yourself to make the best decisions for your financial future.

### Continue to increase your knowledge

Be sure to check out these valuable resources you can access to help increase your knowledge about Social Security:



**AARP's Social Security Resource Center**  
(aarp.org/retirement/social-security)



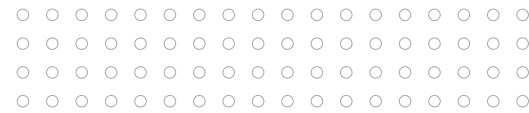
**Social Security Planner**  
(ssa.gov/planners)

### Knowledge is Retirement Power

The Social Security Administration recently introduced a new look and feel to the Social Security Statement, available online at: [socialsecurity.gov/myaccount](https://socialsecurity.gov/myaccount).

The Statement is one of the most effective tools people can use to learn about their earnings and future Social Security benefits. The new fresh look allows people to see their earnings information and estimates of future benefits quickly and securely. For examples, see [socialsecurity.gov/myaccount/statement.html](https://socialsecurity.gov/myaccount/statement.html).

In addition, the SSA has added new fact sheets to accompany the Statement. The fact sheets are designed to provide clarity and useful information, based on your age group and earnings situation. They can help you better understand Social Security programs and benefits.

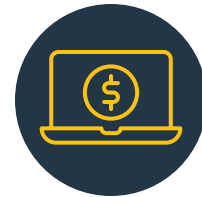


# Keep a Big Picture Perspective

According to the Social Security Administration, Social Security benefits will replace about 40% of an average employee’s pre-retirement income after retirement. This replacement percentage will be lower for people in upper income brackets and higher for people in lower income brackets.

In addition, most financial advisers say that a typical person will need about 80-90% of their pre-retirement earnings to comfortably maintain their pre-retirement standard of living. That means that Social Security will provide about half of what the average person will need. How can you make up the difference?

- Make sure you are saving as much as you can in any 401(k) or other employer-sponsored retirement plan available to you.
- Aim to save at least enough to receive the maximum employer matching contribution (if available).
- If you are self-employed, save as much as you can in an IRA account.



## 2024 Retirement Plan Contribution Limits

Account Type	2024 Regular Contribution Limit	2024 Catch-up Contribution Limit	Total Potential Contribution
Traditional or Roth IRA	\$7,000	\$1,000	\$8,000
Traditional or Roth 401(k)	\$23,000	\$7,500	\$30,500

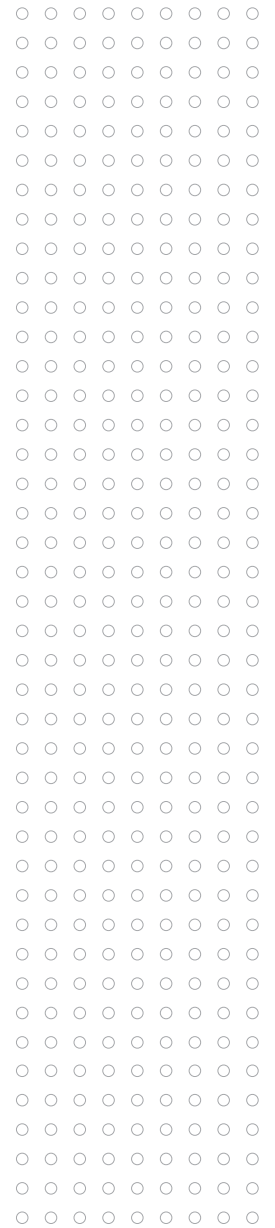
Source: Internal Revenue Service, [www.irs.gov](http://www.irs.gov).



### **Consider Working with a Financial Advisor**

You may want to consider working with a financial advisor to help you prepare to make the best decisions when it comes to Social Security. Your HUB International advisor can be a valuable resource for this and other financial planning issues. Here's how they can help you:

- Work with you to develop financial goals based on your needs and desires
- Develop an investment strategy to help you fund your financial goals
- Help you better understand what's happening in the market and how it can affect your investment strategy
- Meet with you on a regular basis to track progress and make adjustments as necessary



The source for this content is the Social Security Administration, [www.ssa.gov](http://www.ssa.gov).

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