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2025 Social Security Reference Guide

This guide highlights important information
about Social Security benefits for 2025.



Planning for Social Security

Investors are increasingly looking to better understand and plan for their Social Security benefits in order to maximize their potential retirement income.

This Social Security Reference Guide highlights important benefit information to assist financial advisors and investors. It includes basic facts about how benefits are calculated and taxed, as well as updates that apply specifically to 2025. Use this reference to help navigate Social Security rules, including the following:

- Full retirement age (FRA)
- Reductions for starting benefits early
- Increases for delaying benefits
- How Social Security is taxed
- The Social Security earnings test
- Spousal benefit calculations
- Milestone ages

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As of January 1, 2025

Information provided is current as of the date specified and is subject to change without notice

FULL RETIREMENT AGE

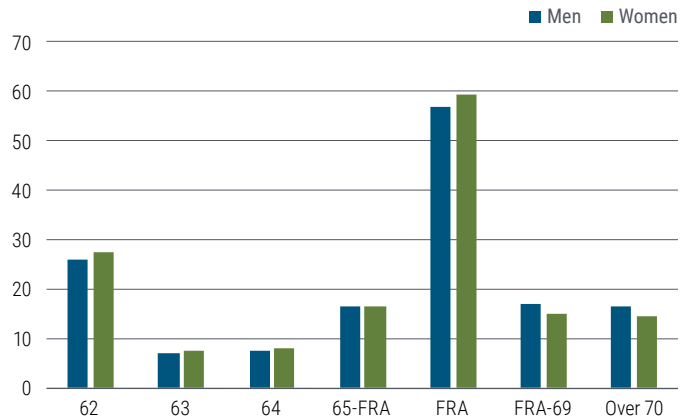
Full retirement age (FRA) is the age at which a person becomes entitled to full or unreduced retirement benefits. An individual’s FRA varies based on the year they were born.

Year of Birth	FRA Age
1943-1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 and later	67

Source: Data from ssa.gov, calculations by PIMCO

Claiming considerations

Social Security claims data



As of 12/31/24

Source: Social Security Administration, Annual Statistical Supplement (2023)

THE TIMING OF BENEFITS

Reduction for Starting Benefits Early

A retiree has the option to begin benefits as early as age 62, although the annual benefit will be reduced. The FRA amount is reduced by 6.7% per year if begun up to 3 years early, and 5% per year for years 4+.

Begin Benefits at:	Total Reduction in FRA Amount	
	When FRA = 66	When FRA = 67
62	25.0%	30.0%
63	20.0%	25.0%
64	13.3%	20.0%
65	6.7%	13.3%
66	n/a	6.7%

The reduction is calculated on a monthly basis (5/9 of 1% for the first 36 months, then 5/12 of 1% for months 37+).

Source: Social Security Administration

Increase for Delaying the Start of Benefits

A retiree can delay the start of benefits to as late as age 70. Doing so will increase a benefit by 8% of the FRA amount per year.

Begin Benefits at:	Total Increase to FRA Amount	
	When FRA = 66	When FRA = 67
67	8.0%	n/a
68	16.0%	8.0%
69	24.0%	16.0%
70	32.0%	24.0%

The increase is calculated on a monthly basis (2/3 of 1% per month benefits are delayed).

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SOCIAL SECURITY AND TAXES

Social Security benefits are paid for by taxes on the earned income of employees and the self-employed.

Maximum earned income subject to Social Security tax	\$176,100
Social Security tax rate - employees/employers	6.2%
Social Security tax rate - self-employed	12.4%

Social Security benefits are federal tax-free for those with low levels of income. As income rises, a larger percentage of benefits become taxable.

INCOME

Married, filing jointly	Taxable portion of Social Security
\$0-\$32,000	0%
\$32,000-\$44,000	50%
\$44,000+	85%
All Others	Taxable portion of Social Security
\$0-\$25,000	0%
\$25,000-\$34,000	50%
\$34,000+	85%

SOCIAL SECURITY BENEFIT PAYMENTS

	2025	2024	2023
Cost of Living Adjustment (COLA) for benefits	2.50%	3.20%	8.70%
Estimated average benefit paid to all retired workers	\$1,976	\$1,907	\$1,827
Maximum benefit paid to worker retiring that year at FRA	\$4,018	\$3,822	\$3,627

SOCIAL SECURITY EARNINGS TEST

A retiree who begins benefits before FRA while continuing to work may be required to forfeit some or all of the benefit.

	Earnings limit	Reduction in benefit
Annual limit, any year before FRA	\$23,400	\$1 for every \$2 earnings exceed the threshold
Monthly limit, any year before FRA*	\$1,950	
Annual limit, year of FRA	\$62,160	\$1 for every \$3 earnings exceed the threshold
Monthly limit, year of FRA*	\$5,180	

*Monthly limit only applies to the first year a retiree receives benefits, before the year the retiree reaches FRA

Source: Social Security Administration

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SPOUSAL BENEFITS

Someone who is married to a worker that qualifies for a Social Security retirement benefit may be eligible for a benefit off that working spouse's earnings history*. The base "spousal benefit" is equal to 50% of the FRA benefit of the working spouse.

The table below shows the spousal benefit available to a non-working spouse at various start ages and FRAs. Benefits are paid to a non-working spouse as a percentage of the working spouse's FRA benefit.**

Benefits start age	Spouse whose FRA is 66	Spouse whose FRA is 67
62	35.0%	32.5%
63	37.5%	35.0%
64	41.7%	37.5%
65	45.8%	41.7%
66	50%	45.8%
67+	50%	50%

* If the non-working spouse claims a spousal benefit prior to their own FRA, the benefit is subject to a reduction.

** Delaying the spousal benefit beyond their own FRA does not result in an increased benefit.

MILESTONE AGES

Age	Eligibility
50	<ul style="list-style-type: none"> Catch-up contributions for IRA, 401(k), 403(b) and other employer sponsored retirement plans Penalty-free withdrawals from governmental retirement plans for public safety employees who are separated from service Disabled widow eligible for Social Security survivor benefit
55	<ul style="list-style-type: none"> Penalty-free withdrawals from 401(k) if separated from service Additional contributions for Health Savings Accounts
59 ½	<ul style="list-style-type: none"> Penalty-free withdrawals from IRA and retirement plans In-service distribution if plan permits
60	<ul style="list-style-type: none"> Minimum Social Security survivor benefits
62	<ul style="list-style-type: none"> Minimum Social Security retirement benefits Minimum Social Security spousal benefits
65	<ul style="list-style-type: none"> Medicare eligible HSA penalty-free withdrawals for nonqualified medical expenses (qualified medical expenses are tax free)
66	<ul style="list-style-type: none"> FRA for retirees born 1943–1954 Maximum spousal benefits for spouses born 1943–1954 Maximum survivor benefits for survivors born 1945–1956
67	<ul style="list-style-type: none"> FRA for retirees born 1960 or later Maximum spousal benefits for spouses born 1960 or later Maximum survivor benefits for survivors born 1962 or later
70	<ul style="list-style-type: none"> Maximum Social Security retirement benefit
73	<ul style="list-style-type: none"> Required minimum distributions for traditional IRAs and some retirement plans

Please consult your tax advisor for information on qualified medical expenses.

Source: Social Security Administration

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Questions for investors to consider with advisors

1. When we think about my overall retirement strategy, how do Social Security benefits factor in?
2. How important is Social Security to my total retirement income picture?
3. What does “Full Retirement Age mean”, compared with when I plan to retire?
4. How does the timing of taking Social Security influence the total benefits I will receive?
5. How does working in retirement affect my Social Security benefits?
6. How can I anticipate my spending to change in retirement?
7. What if I’m divorced or widowed? Am I eligible for a Social Security spousal benefit?

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