



# CARDINAL ADVISORS

## Social Security Pay Back

Hans and Tom use this document to discuss Social Security in the video entitled "Social Security Pay Back"

SOCIAL SECURITY PAY BACK		
SS <input type="checkbox"/>	62 (FRA) 70 FULL RETIREMENT AGE (FRA) 1960+ = AGE 67	Income <input type="checkbox"/>
MED <input type="checkbox"/>	-SOCIAL SECURITY BEFORE FRA MAXIMUM EARNINGS FROM WAGES = \$21,240 \$1 FOR \$2	Estate <input type="checkbox"/>
LTC <input type="checkbox"/>	-SOCIAL SECURITY YEAR OF FRA, MAXIMUM EARNINGS FROM WAGES = \$56,520 \$1 FOR \$3 (ZERO DEDUCTION FOR MONTHS FOLLOWING FRA)	Taxes <input type="checkbox"/>
401K/IRA <input type="checkbox"/>	-AFTER FRA-EARN ALL YOU WANT FROM WAGES, NO SOCIAL SECURITY REDUCTION -401K OR IRA? CONSIDER PAYING YOURSELF SOCIAL SECURITY EQUIVALENT AND DELAY UNTIL FRA	

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Oct 2023

## Receiving Benefits While Working (En español)

You can work while you receive Social Security retirement or survivors benefits. When you do, it could mean a higher benefit for you and your family.

Each year, we review the records of all Social Security beneficiaries who have wages reported for the previous year. If your latest year of earnings is one of your highest years, we recalculate your benefit and pay you any increase you are due. The increase is retroactive to January of the year after you earned the money.

If you receive survivors benefits, the additional earnings could help make your retirement benefit higher than your current survivors benefit.

### How Much Can I Earn and Still Get Benefits?

When you begin receiving Social Security retirement benefits, you are considered retired for our purposes. You can get Social Security retirement or survivors benefits and work at the same time. However, there is a limit to how much you can earn and still receive full benefits.

If you are younger than full retirement age and earn more than the yearly earnings limit, we may reduce your benefit amount.

If you are under full retirement age for the entire year, we deduct \$1 from your benefit payments for every \$2 you earn above the annual limit. **For 2023, that limit is \$21,240.**

In the year you reach full retirement age, we deduct \$1 in benefits for every \$3 you earn above a different limit. **In 2023, this limit on your earnings is \$56,520.** We only count your earnings up to the month before you reach your full retirement age, not your earnings for the entire year.

If your earnings will be more than the limit for the year and you will receive retirement benefits for part of the year, we have a special rule that applies to earnings for one year. The special rule lets us pay a full Social Security benefit for any whole month we consider you retired, regardless of your yearly earnings.

If you receive survivors benefits, we use your full retirement age, for retirement benefits when applying the annual earnings test (AET) for retirement or survivors benefits. Although the full retirement age for survivors benefits may be earlier, for AET purposes, we use your full retirement age for retirement benefits. This rule applies even if the beneficiary is not entitled to retirement benefits.

When you reach full retirement age:

- Beginning with the month you reach full retirement age, your earnings no longer reduce your benefits, no matter how much you earn.
- We will recalculate your benefit amount to give you credit for the months we reduced or withheld benefits due to your excess earnings.

## How We Deduct Earnings From Benefits

In 2023, if you're under full retirement age, the annual earnings limit is \$21,240. If you will reach full retirement age in 2023, the limit on your earnings for the months before full retirement age is \$56,520.

Starting with the month you reach full retirement age, there is no limit on how much you can earn and still receive your benefits.

Let's look at a few examples. You are receiving Social Security retirement benefits every month in 2023 and you:

- **Are under full retirement age all year.** You are entitled to \$800 a month in benefits. (\$9,600 for the year)

You work and earn \$31,240 (\$10,000 more than the \$21,240 limit) during the year.

- Your Social Security benefits would be reduced by \$5,000 (\$1 for every \$2 you earned more than the limit). You would receive \$4,600 of your \$9,600 in benefits for the year. ( $\$9,600 - \$5,000 = \$4,600$ )

- **Reach full retirement age in August 2023.** You are entitled to \$800 per month in benefits. (\$9,600 for the year)

You work and earn \$63,000 during the year, with \$57,000 of it **in the 7 months from January through July**. (\$480.00 over the \$56,520 limit)

- Your Social Security benefits would be reduced through July by \$160 (\$1 for every \$3 you earned more than the limit). You would still receive \$5,440 out of your \$5,600 benefits for the first 7 months. ( $\$5,600 - \$160 = \$5,440$ )
- Beginning in August 2023, when you reach full retirement age, you would receive your full benefit (\$800 per month), no matter how much you earn.

When we figure out how much to deduct from your benefits, we count only the wages you make from your job or your net profit if you're self-employed. We include bonuses, commissions, and vacation pay. **We don't count** pensions, annuities, investment income, interest, veterans benefits, or other government or military retirement benefits.

If you are eligible for retirement benefits this year and are still working, you can use our [earnings test calculator](#) to see how your earnings could affect your benefit payments.