

Social Security Benefits – 2015 Update

A Federal law passed over 20 years ago finally took effect in year 2000, gradually raising the Social Security retirement age from 65 to 67. For people born in 1938 or later, the eligibility age for full Social Security benefits is gradually increased.

<u>Year of Birth</u>	<u>Full Retirement</u>
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and beyond	67

People looking to retire early can still collect benefits at age 62 however; the percentage reduction in their benefits will increase. For example, a person born in 1937 or earlier collecting at age 62 sees about a 25% reduction in their payments (from their full age 65 benefit). A person born after 1960 collecting at age 62 will incur about a 30% reduction in payments.

Working and Collecting Benefits

- If you are under the normal retirement age collecting Social Security:

2015: A \$1 reduction of Social Security benefit for every \$2 of income over \$15,720

IMPORTANT: This is earned income – not pension or investment (passive) income!

- Starting the month you reach the normal retirement age:

NO REDUCTION IN YOUR SOCIAL SECURITY BENEFITS FOR EARNED INCOME!

TAXATION OF YOUR BENEFITS (2015)

The levels of modified adjusted gross income (from all sources) that will cause your Social Security Benefits to be taxable: **Modified means all income plus 50% of your Social Security benefits.**

	<u>Tax-Free</u>	<u>50% Taxable</u>	<u>85% Taxable</u>
Married Filing Jointly:	Under \$32,000	\$32,000 - \$44,000	over \$44,000
Single:	Under \$25,000	\$25,000 - \$34,000	over \$34,000