

SOLVING THE SOCIAL SECURITY PUZZLE

July 2025

Important Disclosures

Individual investors have needs in planning for retirement. No single solution fits every investor.

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**Your individual needs and goals
are just as unique as you are.**

Overview

What We'll Cover

- Social Security Basics
- Claiming Facts
- Benefits By Age
- Working and Receiving Benefits
- Appointment Planning
- Claiming Strategies
- Changing Your Mind
- Taxation of Benefits

ELIGIBILITY

- You qualify for lifetime monthly benefits if you have:
 - Worked at least 10 years (40 quarters), and
 - Paid into the Social Security system during that time.

PAYROLL TAX FUNDING (2025)

- Funded by a 5.2% payroll tax from both employee and employer (total 12.4%)
- Applies to earnings up to \$176,100 in 2025

FULL RETIREMENT AGE (FRA)

- Determined by year of birth:
- 66 for those born 1943-1954
- Increases by 2 months per year for those born 1955-1959
- 67 for those born 1960 or later

Sources: Social Security Administration (www.ssa.gov), IRS (www.irs.gov), Kiplinger (www.kiplinger.com)

Your Full Retirement Age (FRA) Chart

BIRTH YEAR	FULL RETIREMENT 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 & later	67

Social Security Claiming Facts

Key Terms to Know

PIA: Primary Insurance Amount

- The monthly benefit you will receive if you claim Social Security at your Full Retirement Age (FRA)

FRA – Full Retirement Age

- The age at which you are eligible to receive 100% of your PIA
- Determined by your year of birth, not the month you choose to retire

Remember: Claiming before or after FRA will adjust your benefit up or down.

Social Security Claiming Facts

Benefit Breakdown by Age

Claiming Age	% of PIA	Sample Monthly Benefit (2025)
Age 62 (Earliest)	~70%	\$2,831
Full Retirement Age (67)	100%	\$4,018
Age 70 (Latest)	~124%	\$5,108

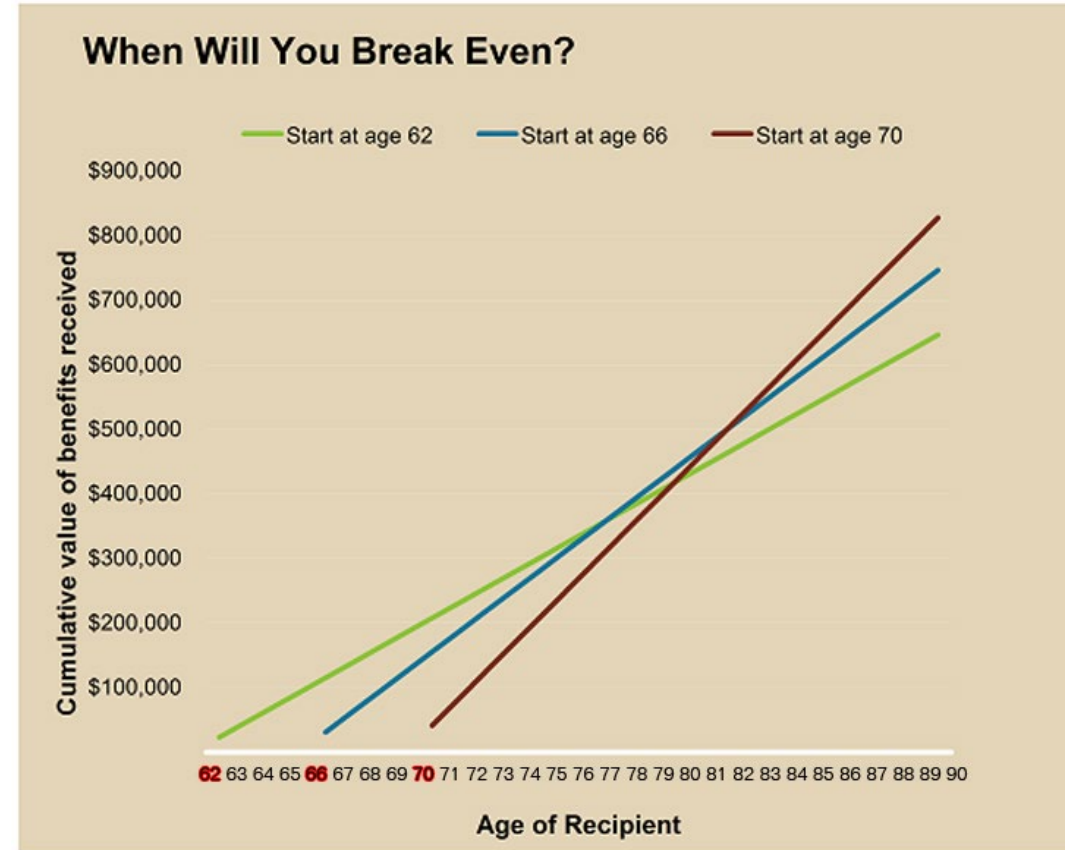
Key Takeaway:

Delaying your claim increases your benefit — up to 8% more per year after FRA, until age 70

When Should You Claim Social Security?

This chart compares total benefits received based on starting at age 62, 66, or 70.

- Starting earlier means more payments, but smaller amounts.
- Delaying increases your monthly benefit, which may pay off if you live longer. Your break-even point is where the total value evens out. The right choice depends on your health, income needs, and retirement goals.



This chart is based on standard break-even calculations using estimated monthly benefits at different claiming ages. It reflects assumptions from the Social Security Administration but may vary depending on personal earnings history and cost-of-living adjustments. Source: Social Security Administration actuarial assumptions; analysis modeled by CAPTRUST.

Social Security – Work or Claim?

You can claim benefits before retirement, but...
 Claiming before your Full Retirement Age (FRA) may trigger the earnings test, which can temporarily reduce your benefit.

2025 Earning Test Thresholds

Scenario	Earnings Limit	Benefit Reduction
Before FRA	\$23,400	\$1 withheld for every \$2 earned above limit
Final year before reaching FRA	\$62,160	\$1 withheld for every \$3 earned above limit

Important Notes:
 Only earned income counts (i.e., wages from a job or self-employment).
 Excluded income: pensions, interest, capital gains, Social Security, annuities, etc.
 Benefits recalibrate at FRA to credit for any withheld amounts.

Social Security – Claiming Benefits: Widow's Benefit

Who Qualifies?

- Available starting at age 60 (or age 50 if disabled)
- Benefit amount is reduced if claimed before Full Retirement Age (FRA)

Benefit Amounts

- Age 60 to FRA: Receives 71% to 99% of deceased spouse's benefit
- At FRA: Receives 100% of deceased spouse's benefit
- Note: Survivor benefits do not increase beyond FRA.

Important Consideration

- If you are eligible for both your own benefit and a widow's benefit, you must take the higher of the two. Filing before age 62 may lock in your own benefit at a reduced rate.

Social Security - Spousal Benefit

Eligibility Requirements

- You can only receive a spousal benefit if your spouse is eligible for Social Security (typically age 62 or older).
- You must also be at least 62 to begin receiving spousal benefits.

Key Rules

- Once you apply after age 62, the government will automatically deem your application to include both your own and spousal benefits; you cannot choose which one to take first.

Benefit Amount

- The maximum spousal benefit is 50% of your spouse's Full Retirement Age (FRA) benefit, if claimed at your own FRA.
- If claimed early, the benefit is permanently reduced.
- The earning test may further reduce benefits if you are still working and below FRA.

Social Security – Divorced Spouse Benefit

10, 2, Not Married Rule

Eligibility Requirements

- Married for at least 10 years
- Divorced for at least 2 years
- Not currently married

Key Details

- Your ex-spouse must be eligible for Social Security (minimum age 62), but does not need to be claiming benefits.
- If you have multiple eligible ex-spouses, you may receive the highest benefit available to you.
- Maximum benefit is 50% of your ex-spouse's Primary Insurance Amount (PIA) if you file at your FRA.
- Earnings test and early filing reductions may apply.

Social Security – Divorced Benefits

Similar to Spousal Benefits

- Follows most of the same rules as the spousal benefit.
- Subject to the earnings test and early filing reductions if claimed before your Full Retirement Age (FRA).

Benefit Amount

- Up to 50% of your ex-spouse's Primary Insurance Amount (PIA) if claimed at your FRA.

Important Notes:

- Your ex-spouse's benefit is not reduced or affected by your claim.
- You cannot receive a divorced benefit if your ex-spouse has suspended their benefit.

What if I Change My Mind?

Benefit Suspension and Do-Over

STEP ONE: WITHIN 12 MONTHS

Full withdrawal allowed

- Must repay all benefits received
- One-time only

STEP TWO: AFTER 12 MONTHS

Only suspension allowed

- Must be FRA or older
- Earns Delayed Retirement Credits (8%/year)

Is Social Security Taxed?

What is Provisional Income?*

Provisional income includes the sum of wages, taxable and nontaxable interest, dividends, pensions, and self-employment and other taxable income, plus half of annual SS benefits

BENEFITS TAXED

- 0%
- Up to 50%
- Up to 85%

SINGLE FILERS*

- \$25,000
- \$25,000 - \$34,000
- Above \$34,000

MARRIED FILERS*

- \$32,000
- \$32,000 - \$44,000
- Above \$44,000

Provisional income may include wages, business income, interest, capital gains, dividends, ira distributions, rental income, municipal bond income, 50% of social security benefits and more.

Source: Social Security Administration

When to Set Up an Appointment

Timing Recommendations

- Contact Social Security at least 4 months before the date you plan to start receiving benefits.
- Or, reach out at the beginning of the year in which you reach your Full Retirement Age (FRA).

How to Apply

- Apply online at www.ssa.gov
- Or call 1-800-772-1213 to schedule an appointment

Starting early ensures you avoid delays and have time to gather any required documentation.

Medicare Overview

What Is Medicare?

Medicare is the federal health insurance program for individuals age 65 and older.

When to Enroll

- Sign up 3 months before you turn 65 at www.ssa.gov
- If you are not receiving Social Security at age 65, you may not automatically receive enrollment materials, it's important to be proactive.
 - Call Social Security to confirm your status and avoid delays.

Still Working at 65?

- If you or your spouse is still working and covered by employer health insurance, you may delay enrolling in Medicare Part B without penalty.
- Always check with your employer's HR or benefits team for specific rules and coverage details.

What Are the Parts of Medicare?

PART A

Hospital Insurance that helps pay for inpatient care in hospital or skilled nursing facility (following a hospital stay), some home healthcare and hospice care. Free if you qualify/can also purchase.

PART B

Medical Insurance that helps pay for services from doctors and other healthcare providers, outpatient care, some home health care, durable medical equipment and some preventative services.

PART C

Medicare Advantage is A & B together through a private healthcare company.

PART D

Prescription Drug Coverage that helps pay for the cost of prescription drug coverage.

How You Qualify for Medicare?

You are eligible for Medicare at age 65 or older if any of the following apply:

1. You are a U.S. citizen or a permanent legal resident, and
2. One of the following is true:
 - You or your spouse has worked long enough (typically 10 years/40 credits) to qualify for Social Security or railroad retirement benefits, even if you're not yet receiving them.
 - You or your spouse is a government employee or retiree who did not pay into Social Security, but did pay Medicare payroll taxes during employment.

Medicare Enrollment Periods

Initial Enrollment Period (IEP)

- Begins 3 months before your 65th birthday and lasts for 7 months total (3 months before, the month of, and 3 months after your birthday).
- It's best to enroll early to avoid coverage gaps or penalties.

Part B Late Enrollment Penalty

- If you delay enrolling in Part B, your monthly premium may increase by up to 10% for each 12-month period you were eligible but did not enroll.

Medicare Enrollment – Initial Period

When to Enroll

- Your Initial Enrollment Period (IEP) begins 3 months before your 65th birthday.
- Lasts for 7 months total: 3 months before, the month of, and 3 months after your 65th birthday.

Why It Matters

- Enrolling on time helps you avoid coverage gaps.
- Delaying Part B enrollment could result in lifetime premium penalties.

Part B Premium (2025)

- Standard monthly premium : \$185
- Often deducted automatically from your Social Security check

General Enrollment and Penalties

General Enrollment & Late Penalties

General Enrollment Period (GEP)

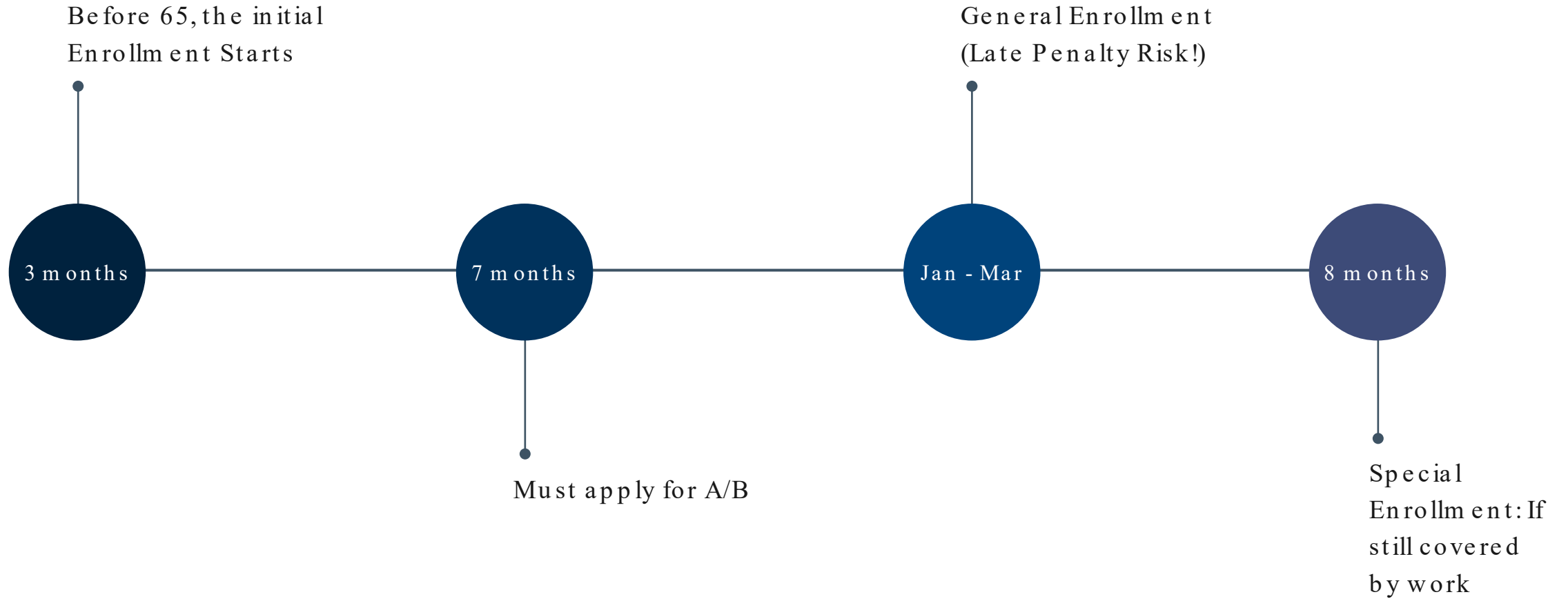
- Occurs annually from January 1 to March 31
- Coverage begins on July 1 of that year

If You Miss the Initial Period

- You may enroll during GEP, but:
 - A late enrollment penalty could apply
 - Your Part B premium may increase by 10% for every 12 months you delayed enrollment without a valid exception

Reminder: Late penalties are permanent and cumulative.

If You Are Covered



Important Contact Information

www.socialsecurity.gov

1.800.772.1213

www.medicare.gov

1.800.633.4227