

Social Security
2024 Benefits
Client Guide



Calculating Social Security Benefits

Work Requirements to Receive Social Security Benefits

40

The number of quarters of work that a worker needs in order to be eligible for full Social Security retirement benefits.

35

Social Security averages the 35 highest years of earnings. Years in which there are no earnings may be counted by adding in “zero years” to bring the total to 35 years.

Quarter of Coverage

	2023	2024
Earnings needed to obtain one Social Security credit	\$1,640	\$1,730

Maximum Taxable Earnings

	2023	2024
Maximum taxable earnings subject to Social Security payroll taxes	\$160,200	\$168,600
Medicare (Hospital Insurance only)	No Limit	No Limit

Maximum Social Security Benefit

	2023	2024
Worker retiring at Full Retirement Age (FRA)	\$3,627	\$3,822

Monthly Average Social Security Benefits

Estimated Benefit	Before 3.2% COLA ¹	After 3.2% COLA
All Retired Workers	\$1,848	\$1,907
Retired Couple, Both Receiving Benefits	\$2,939	\$3,033
Retired Widow(er) Alone	\$1,718	\$1,773

¹ Cost-of-living adjustment (COLA) is an increase in Social Security benefits that the Social Security Administration applies to counteract inflation. The 2024 COLA is 3.2%.

Social Security and Medicare Tax Withholdings while Working

Tax Rate	Social Security	Medicare	Total
Employee	6.20%	1.45%	7.65%
Employer	6.20%	1.45%	7.65%
Total ²	12.40%	2.90%	15.30%

² Self-employed individuals pay the combined employee and employer (self-employed) amount.

The Social Security portion is 6.20% on earnings up to the applicable taxable maximum amount. The Medicare portion (HI) is 1.45% on all earnings. Individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9% in Medicare taxes. The tax rates shown above do not include the 0.9%.

Social Security Taxes and Reductions

Reduction in Benefits if Taking Social Security Early and Working

Age	Amount of Reduction	Maximum 2024 Income Before Reduction	Earned Benefit
62 through year of attaining FRA	Lose \$1 in Social Security benefits for every \$2 earned above limit	\$22,320 (\$1,860/month)	
Year of attaining FRA*	Lose \$1 in Social Security benefits for every \$3 earned above limit	\$59,520 (\$4,960/month)	

*Beginning the month an individual attains full retirement age, there is no income limit.

Taxation of Social Security Benefits

	Up to 50% of Benefits Taxable	Up to 85% of Benefits Taxable
Single	\$25,000 - \$34,000	More than \$34,000
Married, filing jointly	\$32,000 - \$44,000	More than \$44,000

These thresholds were set in 1984 and were not indexed for inflation.

Calculating the Taxable Portion of Social Security Benefits



What is excluded from income when calculating taxation of Social Security benefits?

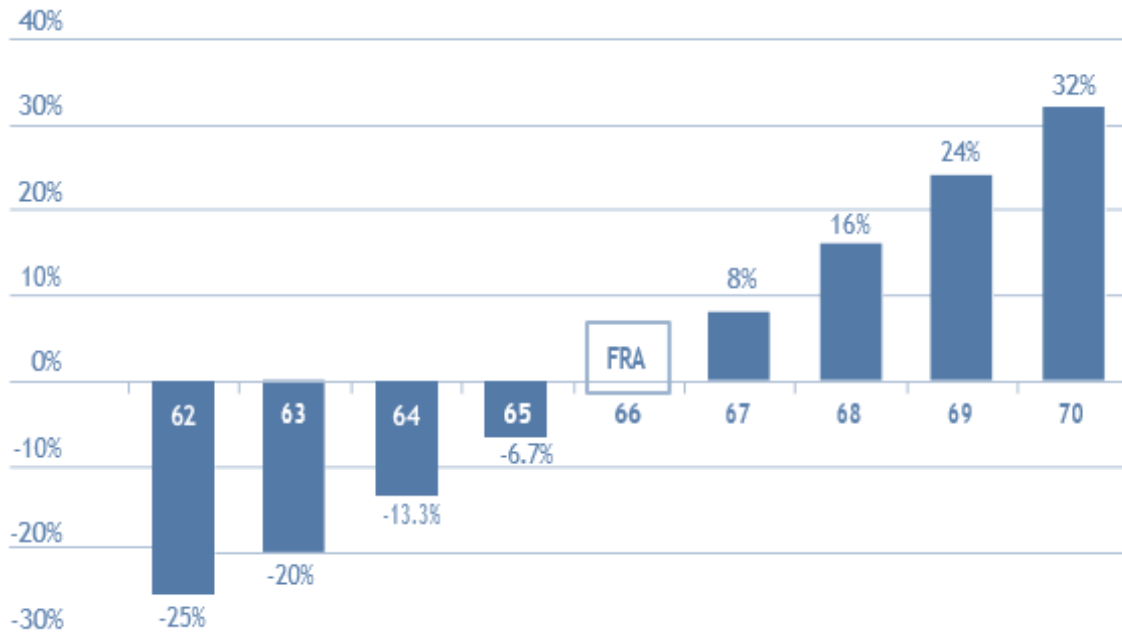
- » Roth IRA Distributions
- » Non-Taxable Pensions and Annuities
- » Qualified Charitable Distributions
- » Inheritance/Gifts
- » Life Insurance Proceeds
- » Qualified Medical Distributions from Health Savings Accounts (HSAs)

For people who retired during the year and earned more than the yearly earnings limit before they first claimed Social Security. (See "Retirement Planner: Special Earnings Limit Rule" on the Social Security website for more information.)

You may have to add in other exclusions. Please contact a qualified tax professional for further details

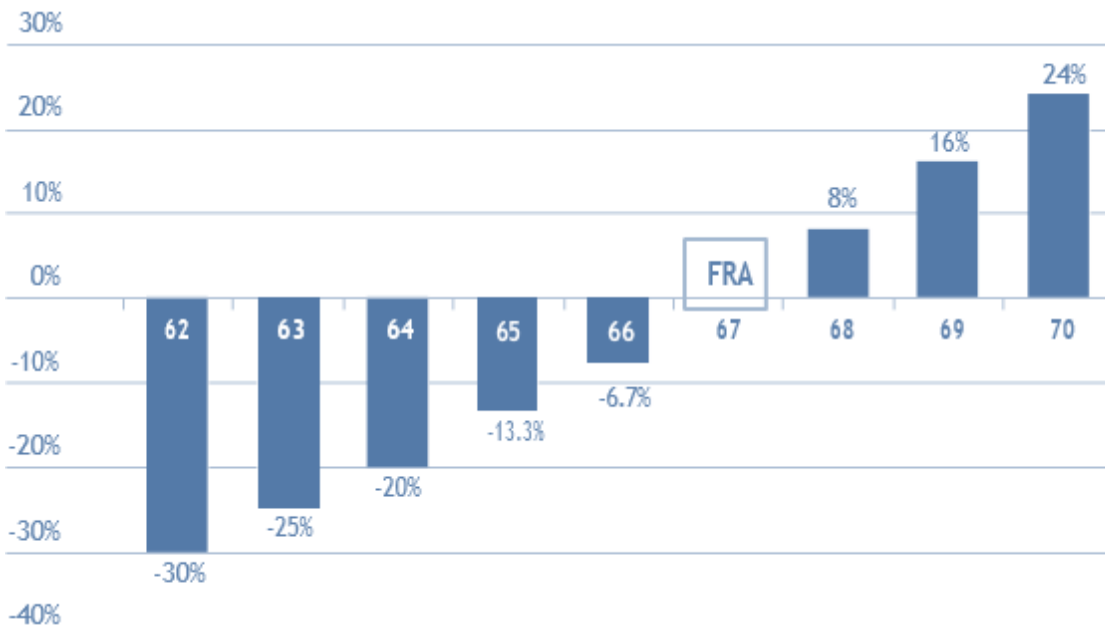
Claiming Social Security Before or After Full Retirement Age

Benefit Reductions and Increases for FRA 66



Assumes a client was born between 1943 and 1954. For Social Security recipients born between 1955 and 1959, add two months to age 66 for every year after 1954.

Benefit Reductions and Increases for FRA 67



Assumes a client was born 1960 or later.

Options if Claiming Before or After Full Retirement Age

Summary of Retirement, Spousal and Survivor Benefits

	Claim Before FRA	Claim At or After FRA
Social Security Retirement Benefits	Benefits are permanently reduced	Benefits are increased
Working and Collecting Social Security¹	Benefits reduced by \$1 for every \$2 of earned income over \$22,320	Can earn as much as you want and collect Social Security
Spousal Benefits	Spousal benefits are reduced	Maximum spousal benefit at FRA
Survivor Benefits	<p>Reduced widow benefit if:</p> <ul style="list-style-type: none"> Widowed individual claims widow benefit before FRA <p>AND/OR</p> <ul style="list-style-type: none"> Deceased claimed retirement benefits before FRA 	<p>Maximum widow benefit if:</p> <ul style="list-style-type: none"> Widowed individual claims widow benefit at or after FRA <p>AND</p> <ul style="list-style-type: none"> Deceased claimed benefits at or after FRA (or passed away before claiming)
Benefits for Divorced Individuals	<p>Never worked: reduced spousal benefit</p> <p>Worked: Greater of reduced ex-spousal or reduced personal</p>	<p>Never worked: maximum spousal benefit</p> <p>Worked: Greater of ex-spousal or personal</p>

If attaining full retirement age in 2024, reduction is \$1 for every \$3 of earned income over \$59,520(\$4,960/month)

Benefits for Divorced Individuals

Divorce Eligibility Requirements

Length of Marriage	At least ten years
Years Since Divorce	At least two years to receive the spousal benefit if ex-spouse has not applied for Social Security (if less than two years, refer to married couple rules)
Options if You Remarry	Generally forfeit the benefit of the ex-spouse (see table below)
Options if Ex-Spouse	Remain entitled to a benefit off of ex-spouse;

Options if You Remarry

	Remarry Before 60 (50 if Disabled)	Remarry After 60 (50 if Disabled)
Spousal Benefit on Ex-Spouse	Typically forfeited	Typically forfeited
Survivor Benefit on Ex-Spouse	Typically forfeited	Keep

- If the second marriage ends, may again become entitled to benefits based on first marriage
- Cannot claim benefits on two ex-spouses at the same time

Spousal Claiming Options: Divorced Versus Married Couples

	Divorced Couples	Married Couples
Maximum Number of Spousal Benefits	Both ex-spouses could receive an ex-spousal benefit off of each other simultaneously (may need to be age FRA). ¹	Only one spouse at a time can collect a spousal benefit.
Requirements to Receive Spousal Benefits	Your ex-spouse does not need to apply for personal benefit in order for you to collect an ex-spousal benefit. ²	Primary worker must have applied for and be collecting personal benefit in order for spouse to receive spousal benefits.
Both Worked	You will receive your personal benefit first. If the benefit on your ex-spouse's record is higher, you will receive an additional amount on your ex-spouse's record so that the combination of benefits equals that higher amount.	You will receive your personal benefit first. If the benefit on your spouse's record is higher, you will receive an additional amount on your spouse's record, so that the combination of benefits equals that higher amount.

Both ex-spouses must be age 62 and divorced for at least two years in order for both to be eligible for a spousal benefit. If you were born before January 2, 1954 and have reached FRA, you can choose to receive only your spouse's/ ex-spouse's benefit and delay receiving your retirement benefit until a later date. If you were born on or after January 2, 1954, the option to take only one benefit at FRA no longer exists. If you file for one benefit, you will be filing for all retirement or spousal benefits.

Medicare

Medicare Taxes on Earnings

Earnings Threshold	Employee	Employer	Total
• Single < \$200,000	1.45% on earnings	1.45% on earnings	2.90% on earnings
• Married, filing jointly < \$250,000	< the threshold amount	< the threshold amount	< the threshold amount
• Married, filing separately < \$125,000			
• Single > \$200,000	2.35% on earnings	1.45% on earnings	3.80% on earnings
• Married, filing jointly > \$250,000	> the threshold Amount	> the threshold Amount	> the threshold Amount
• Married, filing separately > \$125,000			

Medicare Taxes on Investments

Category	Tax Information
AGI Threshold	Single >\$200,000 Married, filing jointly >\$250,000 Married, filing separately >\$125,000
Medicare Tax	3.8%
Calculation	If AGI crosses the thresholds, tax is on lesser of: -Net investment income for the year -Modified AGI in excess of the thresholds

Medicare and Other Provisions

Combination	Guidelines
Medicare and HSAs	Cannot contribute to HSAs once you have Medicare
Medicare and Social Security	If you are collecting Social Security, you cannot decline Medicare Part A once you are age 65
Medicare and	-If AGI is below \$206,000 and you are married, filling joint!
Hold Harmless Provision	(\$103,000 or less if single), increases in Medicare Part B premiums will not reduce Social Security benefits -Only Part B premiums can be capped if income is below \$206,000 if married, filing jointly (\$103,000 if single): -Part D premiums may increase regardless of income

Please consult a qualified tax professional for more detail

Medicare Premiums

Medicare Part A

Quarters of Medicare-Covered Employment	Monthly Part A Premium
40 or more	None
Less than 40	Up to \$505.00

Part B + D Premium

Individual Tax Return with 2022 Income	Joint Tax Return with 2022 Income	2024 Part B Monthly Premium ¹	2024 Part D Monthly Premium
\$103,000 or less	\$206,000 or less	\$174.70	Plan Premium
\$103,001 - \$129,000	\$206,001 - \$258,000	\$244.60	\$12.90 + Plan Premium
\$129,001 - \$161,000	\$258,001 - \$322,000	\$349.40	\$33.30 + Plan Premium
\$161,001 - \$193,000	\$322,001 - \$386,000	\$454.20	\$53.80 + Plan Premium
\$193,001 - \$499,999	\$386,001 - \$749,999	\$559.00	\$74.20 + Plan Premium
\$500,000 and above	\$750,000 or above	\$594.00	\$81.00 + Plan Premium

Married, Filing Separately, but Living Together	2024 Part B Monthly Premium ²	2024 Part D Monthly Premium ²
\$103,000 or less	\$174.70	Plan Premium
Above \$103,000 and less than \$397,000	\$559.00	\$74.20 + Plan Premium
\$397,000 and above	\$594.00	\$81.00 + Plan Premium

¹For more information, please refer to Social Security publication “Medicare Premiums: Rules for Higher-Income Beneficiaries” (SSA Publication No. 05-10536).

²Premiums are based on modified adjusted gross income, as reported on IRS tax return two years ago.

Miscellaneous Information

Sources of Income and Social Security Earnings Test¹

Nonqualified Deferred Compensation Plan	Count as earnings in last month of employment period or earlier, if there is no substantial risk of forfeiture.
Stock Bonus Plan	Count the fair market value of the stock if not tax exempt
Stock Option Plan	Count as income the difference between the fair market value of stock at the time the option is exercised and the option price Count this income in the period the option was granted
HSA Contributions	-Employee contributions to HSAs counted as wages for earnings test purposes -Employer contributions to HSAs not counted as wages for earnings test purposes
Unemployment Compensation	Not counted as earned income
Worker Compensation	Not counted as earned income (but may reduce disability benefits)

Marriage Requirements

Type of Benefit	Length of Marriage	Amount
Spousal Benefits	Married to worker for one continuous year before he or she filed for spousal benefits or is the parent of their child	35%-50% of worker's FRA benefit (32.5%-50% if FRA is 67)
Retired Surviving Spouse Benefits	Generally, must have been married to the deceased spouse for at least nine	71.5%-100% of deceased's FRA benefit or benefit at
Benefits for Divorced Spouse and Divorced Surviving Spouse	Must have been married for at least ten years	See sections on benefits for widowed and divorced individuals
Child-in-Care Widowed Spouse	No length of marriage requirement; must be caring for worker's biological, adopted or dependent stepchild who is < age 16 or disabled	75% of deceased's benefits subject to family maximum

¹If individual is age 62 through FRA, any benefit will be reduced by \$1 for every \$2 of earned income over \$22,320 (\$59,520 if attaining full retirement age in 2024). Applies only to earnings for months prior to attaining full retirement age. Beginning the month an individual attains full retirement age, there is no income limit. This is just a small sampling of what is and is not counted as wages. Please contact a qualified tax professional for more information

Important Ages

Full Retirement Age for Retired Workers

Year of Birth	FRA	Age 62 Benefit
1943-1954	66	75.0%
1955	66 and 2 months	74.2%
1956	66 and 4 months	73.3%
1957	66 and 6 months	72.5%
1958	66 and 8 months	71.7%
1959	66 and 10 months	70.8%
1960 and later	67	70.0%

Retirement Milestones

Age	Milestone
50	Catch-up contributions for IRAs, 401(k), 403(b)
55	<ul style="list-style-type: none"> Penalty-free distribution from 401(k) following separation from service Separation of service must occur during or after the calendar year in which the participant reached age 55
59½	Penalty-free distributions from Traditional IRAs and Qualified Retirement Plans - 401(k), 403(b)
60	Surviving spouse eligible to collect partial Social Security benefits of deceased spouse
62	<ul style="list-style-type: none"> Primary worker eligible to receive reduced Social Security benefits
65	<ul style="list-style-type: none"> Enroll in Medicare Penalty-free distribution from HSAs for non-medical withdrawals (still subject to income taxes)¹
66	<ul style="list-style-type: none"> Full Retirement Age for individuals born 1943–1954 For Social Security recipients born between 1955 and 1959, add two months to age 66 for every year after 1954 through 1959
67	Full Retirement Age for individuals born 1960 or later
70	Ending age for accruing delayed credits for Social Security
70½	Required minimum distributions (RMDs) must generally begin ² from IRAs (excluding Roth IRAs) and certain retirement plans for IRA owners/participants born before July 1, 1949
72	RMDs must generally begin ² from IRAs (excluding Roth IRAs) and certain retirement plans for IRA owners/participants born July 1, 1949 – December 31, 1950
73	RMDs must generally begin ² from IRAs (excluding Roth IRAs) and certain retirement plans for IRA owners/participants born January 1, 1951 – December 31, 1959
75	RMDs must generally begin ² from IRAs (excluding Roth IRAs) and certain retirement plans for IRA owners/participants born January 1, 1960 or later

¹Qualified medical expenses are exempt from income taxes. ² If later, you may be able to delay taking Required Minimum Distributions until the year you retire, if your employer retirement plan allows. Sources: Social Security Administration (www.ssa.gov), Internal Revenue Service and US Centers for Medicare and Medicaid Services (www.medicare.gov).

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