Chapter 1
Social Security Benefits

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SYNOPSIS

1-1. Retirement Benefits

When you work and pay Social Security taxes, you earn **Social Security credits**. Most people earn the maximum of **four credits per year**. The number of credits required to qualify for retirement benefits depends on your date of birth. Individuals born in **1929 or later** need **40 credits** (10 years of work).

Your Social Security retirement benefit is based on:

- ✦ Your **highest 35 years of earnings**, indexed for wage growth; and
- ✦ The age at which you begin receiving benefits.

If you claim retirement benefits at **age 62** (the earliest possible age), your benefit is permanently reduced. In contrast, delaying benefits increases your monthly amount.

For **2026**, the **maximum monthly retirement benefit** is:

- ✦ **$4,152** at full retirement age (currently 67 for those born in 1960 or later); and
- ✦ **$5,251** if benefits are delayed until age 70.

Very few beneficiaries qualify for the maximum benefit, as it requires earning at or above the annual taxable wage base for 35 years.

Beneficiaries are strongly encouraged to create a **"My Social Security"** account at **www.ssa.gov** to review earnings records, correct errors, and estimate future benefits. Earnings records should be reviewed **annually**, as reporting errors, identity theft, or employer mistakes can materially affect benefits.

Full Retirement Age

"Full retirement age" (FRA) is the age at which a worker is entitled to receive 100 percent of their primary insurance amount. Due to longer life expectancy, FRA has gradually increased to **age 67** for individuals born in **1960 or later**.

Age to Receive Full Social Security Benefits	
Year of Birth	*Full Retirement Age*
1937 or earlier	65
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
1943-1954	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 or later	67

Early Retirement

Retirement benefits may begin as early as **age 62**, but the reduction is permanent. For individuals with a full retirement age of 67, claiming at age 62 results in approximately a **30 percent reduction**. Claiming early may be appropriate for individuals with shorter life expectancy or limited income options, but it reduces lifetime monthly payments.

The reduction is based on the number of months you will receive checks before you reach full retirement age. If your full retirement age is 65, the reduction for starting your Social Security at age 62 is about 20 percent; at age 63, it is about 13 $^1/_3$ percent; and at age 64, it is about 6 $^2/_3$ percent.

If your full retirement age is older than 65 (that is, you were born after 1937), you still will be able to take your retirement benefits at age 62, but the reduction in your benefit amount will be greater than it is for people retiring at their full retirement age.

As a general rule, early retirement will give you about the same total Social Security benefits over your lifetime, but in smaller amounts to take into account the longer period you will receive them.

Some people stop working before they reach age 62. In that case, it is important to remember that during years with no earnings, you miss the opportunity to increase your benefit amount by replacing lower earnings years with higher earnings years.

Delayed Retirement

Individuals who delay claiming retirement benefits beyond full retirement age receive **delayed retirement credits** of **8 percent per year** (two-thirds of 1% per month) until age 70. Delaying benefits can significantly increase both retirement income and survivor benefits payable to a spouse.

Important: Even if retirement benefits are delayed, individuals should **enroll in Medicare at age 65** to avoid late-enrollment penalties.

It may be to your advantage to have your Social Security benefits start in January, even if you do not plan to retire until later in the year. Depending on your earnings and your benefit amount, it may be possible for you to start collecting benefits even though you continue to work. Under current rules, many people can receive the most benefits possible with an application that is effective in January.

If you are not working, or your annual earnings are under the Social Security earnings limits, or you plan to start collecting your Social Security when you turn 62, you should apply for benefits three months before the date you want your benefits to start.

Increases for Delayed Retirement	
Year of Birth	*Yearly Rate of Increase*
1917-1924	3.0%
1925-1926	3.5%
1927-1928	4.0%
1929-1930	4.5%
1931-1932	5.0%
1933-1934	5.5%
1935-1936	6.0%
1937-1938	6.5%
1939-1940	7.0%
1941-1942	7.5%
1943 or later	8.0%
Important Point: If you decide to delay your retirement, **be sure to sign up for Medicare at age 65.** In some circumstances, medical insurance costs more if you delay applying for it. Other information about Medicare is in Chapter 2.	

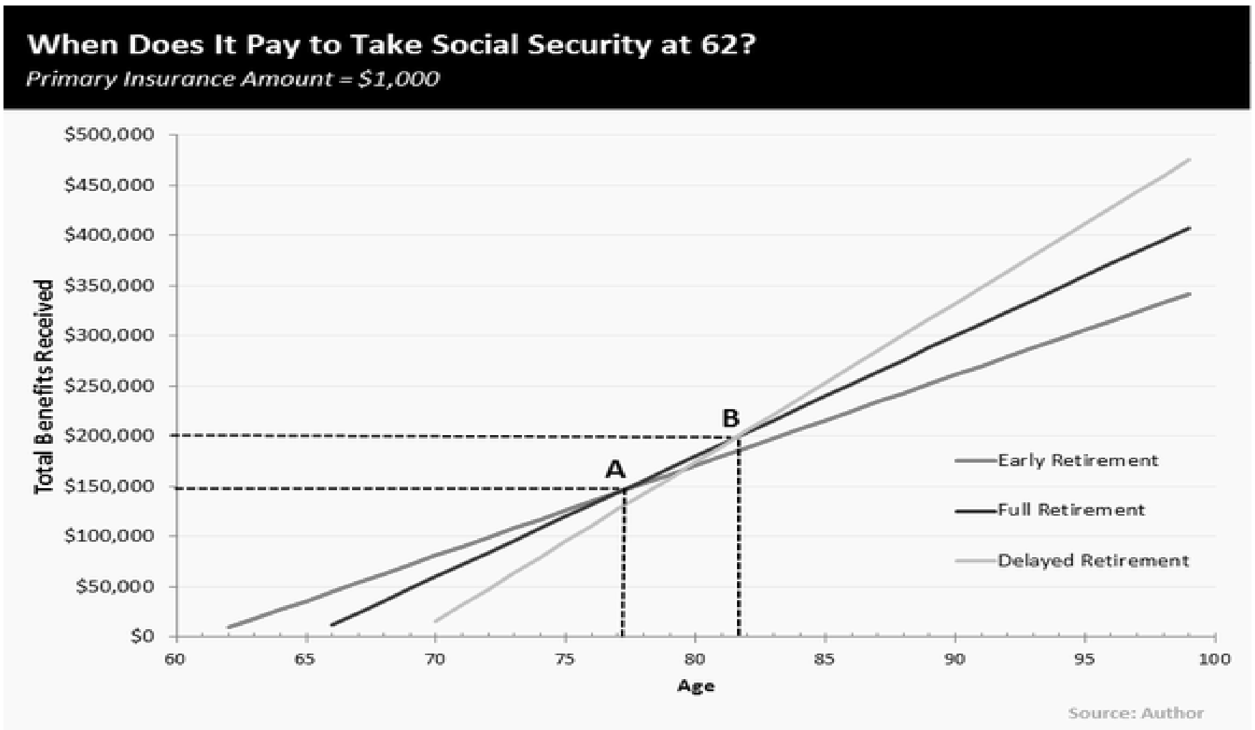
When Should You Receive Your Benefits?

There is no universal answer. Factors to consider include:

1. **Health and longevity expectations**;
2. **Employment stability and income needs**; and
3. **Spousal and survivor benefit planning**.

For individuals with sufficient resources who expect longevity into their 80s or beyond, delaying benefits may result in substantially higher lifetime income.

The chart below may help you determine when you should take your Social Security benefits. The earlier you take your benefits, the longer it takes to receive as much as you would if you were to delay. For instance, if you take your benefits at 62, your lifetime benefit would be less than if you waited for your full retirement age of 67 when you reach 77 years old. If you wait to take your benefits at age 70, your lifetime benefits will be greater than early acceptance at 78 years old, and more than your full benefit when you reach 82. This could result in an additional $100,000 over your lifetime if you live into your 90s.



From the Motley Fool – www.fool.com

Retirement Benefits for Widow(er)s

Widow(er)s may claim survivor benefits as early as **age 60** (or **age 50** if disabled). Survivor benefits may later be switched to retirement benefits if higher. The rules governing survivor benefits are complex and individualized advice from Social Security or legal counsel is recommended.

Family Benefits

Eligible family members may receive benefits on a worker's record, including spouses, minor children, disabled adult children, and certain divorced spouses. Family benefits are subject to a **maximum family benefit cap**, though the worker's own benefit is not reduced

Those who can include:

- ✦ Your wife or husband age 62 or older;
- ✦ Your wife or husband under age 62, if she or he is taking care of your child who is under age 16 or disabled;
- ✦ Your former wife or husband age 62 or older;
- ✦ Children up to age 18;
- ✦ Children age 18 to 19, if they are full-time students through grade 12; and
- ✦ Children over age 18, if they are disabled.

Spouse's Benefits

A spouse receives one-half of the retired worker's full benefit unless the spouse begins collecting benefits before age 65. In that case, the amount of the spouse's benefit is permanently reduced by a percentage based on the number of months before she or he reaches 65. However, if your spouse is taking care of a child who is under age 16 or disabled and receiving Social Security benefits, your spouse gets full benefits, regardless of age.

If you are eligible for both your own retirement benefits and for benefits as a spouse, Social Security always pays your own benefit first. If your benefit as a spouse is higher than your retirement benefit, you will receive a combination of benefits equaling the higher spouse benefit.

The earliest a widow or widower can start receiving Social Security survivors benefits based on age is age 60. At age 60, you will get 71.5 percent of the monthly benefit because you will be getting benefits for an additional 72 months. At age 62, you will get 81.0 percent of the monthly benefit because you will be getting benefits for an additional 48 months.

Maximum Family Benefits

If you have children eligible for Social Security, each will receive up to one-half of your full benefit. But there is a limit to the amount of money that can be paid to a family. If the total benefits due your spouse and children exceed this limit, their benefits will be reduced proportionately. Your benefit will not be affected.

Benefits for a Divorced Spouse

A divorced spouse may claim benefits on a former spouse's record if:

- ✦ The marriage lasted **at least 10 years**;
- ✦ The divorced spouse is **age 62 or older** and unmarried; and
- ✦ The worker is eligible for Social Security benefits.

Divorced spouse benefits do **not** reduce benefits payable to a current spouse.

If You Work and Receive Social Security at the Same Time

You can continue to work and still receive retirement benefits. Your earnings in (or after) the month you reach your full retirement age will not affect your Social Security benefits. However, your benefits will be reduced if your earnings exceed certain limits for the months before you reach your full retirement age: age 65 for persons born before 1938 and gradually increasing to age 67 for persons born in 1960 or later.

You may continue working while receiving Social Security. For **2026**, the earnings limits are:

- **Under full retirement age for all of 2026:**

$24,480 per year; benefits reduced $1 for every $2 earned over the limit.

- **Year full retirement age is reached:**

$65,160 (applies only to earnings before the FRA month); benefits reduced $1 for every $3 earned over the limit.

Once full retirement age is reached, you may earn unlimited income without benefit reduction. Benefits withheld due to earnings are later credited through an increased monthly benefit.

If you and your spouse were born before 1954, you may be able to apply for benefits on your spouse's record while you continue to accumulate benefits on your own record. The restricted application is available to you only when the following requirements have been met:

(1) You must reach full retirement age to file the restricted application; and
(2) You have not filed for your own retirement benefit before; and
(3) Your spouse has filed for his/her own retirement benefit.

An ex-spouse can use this strategy as well provided he/she was married to the former spouse (must be age 62 and older) for at least 10 years and has not remarried.

Special Monthly Rule

A special rule applies to your earnings for one year, usually your first year of retirement. Under this rule, you can receive a full Social Security check for any month you are "retired," regardless of your yearly earnings. Your earnings must be under a monthly limit. If you are self-employed, the services you perform in your business are taken into consideration as well.

Ticket to Work

If you receive Social Security Disability Insurance (SSDI), Social Security has a Work Incentive called the Trial Work Period (TWP), which allows you to test your ability to work for at least nine months and still receive benefits. As long as you report your work activity and continue to meet Social Security's disability requirements, you will continue to receive your benefits payments regardless of how much money you make. The TWP continues until you accumulate nine TWP service months (not necessarily consecutive) within a rolling 60-month period.

Your Benefits May Be Taxable

About 20 percent of people who get Social Security have to pay taxes on their benefits. This provision affects only people who have substantial income in addition to their Social Security.

At the end of each year, you will receive in the mail a Social Security Benefit Statement showing the amount of benefits you received. You can use this statement when you are completing your federal income tax return to find out if any of your benefits are subject to tax.

Pensions from Work Not Covered by Social Security

If you get a pension from work where you paid Social Security taxes, it will not affect your Social Security benefits. However, if you get a pension from work that was not covered by Social Security — for example, the federal civil service, some state or local government employment, or work in a foreign country — your Social Security benefit may be lowered or offset.

Elimination of WEP and GPO

The **Social Security Fairness Act**, effective beginning in 2025 and fully implemented by 2026, eliminated the **Windfall Elimination Provision (WEP)** and **Government Pension Offset (GPO)**. As a result, individuals receiving pensions from non-covered employment (such as PERA or other public retirement systems) are no longer subject to these reductions.

Leaving the United States

If you are a United States citizen, you can travel or live in most foreign countries without affecting your eligibility for Social Security benefits. However, there are a few countries — Cambodia, Cuba, North Korea, Vietnam, and many of the former Soviet republics (except Estonia, Latvia, Lithuania, and Russia) — where Social Security cannot send Social Security checks.

If you work outside the United States, different rules apply in determining if you can get your benefit checks.

Most people who are neither U.S. residents nor U.S. citizens will have 25.5 percent of their benefits withheld for federal income tax.

1-2. Disability Benefits

Social Security Disability Insurance Benefits (SSDIB), formerly known as Social Security Disability Income (SSDI), is a federal entitlement program in which eligibility does not depend upon financial need. SSDIB is an income benefit from Social Security available to blind or disabled persons under age 65 who have earned a sufficient number of qualifying quarters of work.

Disability is determined according to the criteria in § 1382c(a)(3) of the Social Security Act. To be considered "disabled," you must have a diagnosed medical condition (including mental illness) that is expected to last at least 12 months or to result in death. Further, you must be unable to engage in substantially gainful activity due to your medical condition. Generally, you are deemed to be engaging in substantially gainful activity if you are able to earn at least $1,690 per month ($2,830 if you are blind).

The number of work quarters needed to qualify for SSDIB benefits depends upon your age when you become disabled. If you are age 31 or older, you will need at least 20 qualifying quarters within the 10-year period immediately before your application for SSDIB. If you are under age 24, you will need only six qualifying quarters; if you are between the ages of 24 and 31, you will need enough qualifying quarters to account for having worked half of the time between age 21 and your age at the onset of your disability.

SSDIB does not pay for medical care. However, after you have maintained SSDIB eligibility for at least 24 consecutive months from your date of the onset of disability, you will automatically become eligible for Medicare. If you are disabled with amyotrophic lateral sclerosis (ALS), you do not have to wait 24 months to become eligible for Medicare.

SSDIB beneficiaries may test their ability to work during a **Trial Work Period (TWP)**. In **2026**, a month counts as a TWP month if earnings exceed **$1,210**. Beneficiaries may accumulate nine trial work months within a 60-month period without loss of benefits

Children may also receive SSDIB benefits, but only from a disabled, retired, or deceased parent who was eligible for Social Security benefits. Sometimes benefits are also available to the spouse or divorced spouse of an insured disabled person.

SSDIB Offset

Workers' compensation or certain public disability benefits may offset SSDI if combined benefits exceed **80 percent of average current earnings**. Offsets generally cease when disability benefits convert to retirement benefits.

1-3. Supplemental Security Income Benefits

Supplemental Security Income (SSI) is a financial needs-based public benefit program, which provides income to the elderly, blind, or disabled. SSI is federally funded and governed solely by federal law. SSI does not pay for medical care. However, in Colorado, if you are eligible for SSI, you will also be eligible to have medical benefits through the Medicaid program. An individual applying for SSI must meet strict income and resource tests to qualify.

The monthly income limits for SSI are identical to the maximum federal SSI benefit: $994 per month for an individual and $1,491 for a married couple. Generally, any asset that is spent or disposed of by the individual in the same calendar month as it is received is considered "income." Income under SSI regulations consists of both earned and unearned income.

Earned income consists of your wages, as well as net earnings from self-employment. Unearned income consists of your income from other sources, including support and maintenance furnished in cash or in kind; payments from an annuity, workers' compensation, old-age pension, survivors and disability insurance, and unemployment benefits; payments occasioned by the death of another (which would include payments from an inheritance, life insurance policy, or wrongful death action); support and alimony payments; and earnings of and additions to a non-exempt trust of which you are a beneficiary.

Income (and resources) can also be "deemed" under SSI regulations. That is, if you are living at home with your ineligible spouse or child, you will be deemed to have access to a portion of the spouse's or child's income. Generally, an individual under age 18 living with his or her family will also be deemed to have access to a portion of his or her ineligible parents' incomes. However, for individuals who do not live in the same home as their families, the income of a spouse, child, or parent is not deemed available. For individuals who have resident alien status and are eligible for SSI, the income and resources of a sponsor are deemed to the individual, regardless of whether they live in the same household.

SSI exempts the first $20 per month of your unearned income, the first $65 of your earned income, and one-half of your monthly earned income over $65. In Colorado, you may also receive a state benefit in addition to the federal SSI benefit. These state payments are also exempt, as are certain other types of income. These income exemptions are often referred to as the "income disregards."

Generally, to qualify for SSI you must have nonexempt income below $994. Earned and unearned income from sources other than SSI, after deducting the income disregards, will offset your SSI benefit on a dollar-for-dollar basis. An offset for other income that reduces your SSI benefit to $0 will make you ineligible.

There are also restrictions on resources. Resources are assets consisting of cash or other liquid assets that (1) could be converted to cash and (2) are not spent or disposed of in the month received. Certain exempt resources, including your house, one car, your personal property, household goods, a burial space, or a pre-paid burial plan are not counted. Nonexempt resources are restricted to a total of no more than $2,000 for individuals and $3,000 for married couples.

Transfers Without Fair Consideration (Gifts)

Individuals often consider making gifts of their excess resources to reduce those resources to eligibility levels. To prevent the abuse of this strategy, federal laws impose penalty periods for certain transfers without fair consideration during the "look-back period" of 60 months preceding the filing of the SSI application. During a resulting penalty period, the individual may not qualify for SSI.

To calculate the penalty period for any transfers of resources, the total uncompensated value of all transfers made during the look-back period is divided by the maximum SSI benefit plus any corresponding state payment. Under Medicaid law, the penalty period is calculated by dividing the uncompensated value of the transfer by the average monthly cost of nursing home care for an individual in the state in which the individual lives. The maximum penalty period is 36 months.

While transfers of resources are generally penalized under SSI law, certain transfers of resources are exempt and will *not* incur a penalty period. These exempt transfers are essentially the same as those for Medicaid long-term care and Home and Community Based Services (HCBS) benefits.

1-4. Statewide Social Security Offices

Social Security Offices

General information: (800) 772-1213
For updates: www.ssa.gov

Alamosa Office 602 Del Sol Dr., Ste. 1-A Alamosa, CO 81101 (888) 475-0297	**Durango Office** 103 Sheppard Dr., Ste. 120 Durango, CO 81303 (888) 472-6115	**Littleton Office** 8000 Southpark Ln. Littleton, CO 80120 (800) 772-1213
Aurora Office 14280 E. Jewell Ave., # 250 Aurora, CO 80012 (800) 772-1213	**Ft. Collins Office** 301 S. Howes St., 4th Floor Ft. Collins, CO 80521 (866) 336-7385	**Louisville Office** 480 W. Dahlia St. Louisville, CO 80027 (800) 772-1213
Cañon City Office 115 N. 10th St. Cañon City, CO 81212 (866) 272-5728	**Grand Junction Office** 825 N. Crest Dr. Grand Junction, CO 81506 (866) 931-7120	**Montrose Office** 1805 Pavilion Dr. Montrose, CO 81401 (866) 758-1317
Colorado Springs Office 2306 E. Pikes Peak Ave. Colorado Springs, CO 80909 (888) 880-0688	**Greeley Office** 5400 W. 11th St., Ste. A Greeley, CO 80634 (877) 405-9195	**Pueblo Office** 3769 Parker Blvd. Pueblo, CO 81008 (888) 737-1761
Denver Office 1500 Champa St., 2nd Fl. Denver, CO 80202 (800) 772-1213	**Lakewood Office** 13151 W. Alameda Pkwy. Lakewood, CO 80228 (800) 772-1213	

1-5. Resources

Social Security Administration

This is the official social security website. It has many videos, brochures, calculators, and other materials regarding all aspects of social security.

(800) 722-1213
(800) 325-0778 (TTY)
www.ssa.gov

The National Organization of Social Security Claimants' Representatives

The National Organization of Social Security Claimants' Representatives provides information for the public as well as a referral service for attorneys and representatives.

www.nosscr.org

AARP

AARP has a large section that provides additional information regarding social security benefits, frequently asked questions, and up-to-date information regarding changes in laws and regulations at the national level.

www.aarp.org/social-security/

AARP - Colorado Chapter

Provides counseling and information on health insurance to AARP members.

303 E. 17th Ave.
Denver, CO 80203
(866) 554-5376
www.aarp.org/states/colorado/
coaarp@aarp.org

The Motley Fool

The Motley Fool site began as a tool for investors and has grown into a resource on all topics regarding financial matters, including Social Security. They have videos on YouTube that discuss when you should take your social security benefits as well as what to expect on Social Security.

www.fool.com

Your Congressional Representatives

Your Senators and Representatives all have staff that assist with Social Security matters. They also listen to your concerns and suggestions regarding Social Security.

Senator Michael Bennett
Senator John Hickenlooper
Rep. Diana DeGette – 1st District – Denver
Rep. Joe Neguse – 2nd District – Boulder/Ft. Collins/Granby/Breckenridge/Vail
Rep. Jeff Hurd – 3rd District – Western Slope/Telluride/Cortez/Alamosa/Pueblo
Rep. Lauren Boebert – 4th District – Eastern Plains/Greeley/Sterling/Limon/Trinidad
Rep. Jeff Crank – 5th District – El Paso/Fremont/Teller/Park/Chaffee
Rep. Jason Crow – 6th District – Aurora/Centennial/Adams County
Rep. Brittany Pettersen – 7th District – Jefferson/Adams
Rep. Gabe Evans – 8th District – Adams/Larimer/Weld