BLUE CANYON WEALTH

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Understanding Social Security retirement benefits

Rules and figures for people claiming in 2026





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2026 AT A GLANCE

When to start Social Security is one of the biggest retirement decisions you will make

Popular wisdom says to claim as soon as you can, which today means age 62. That advice made more sense when people lived shorter retirements. Today you will also hear the opposite from plenty of online voices: always wait until 70 so your benefit grows as large as possible. Neither rule is right or wrong, because there is no one-size-fits-all answer. The right age to start taking Social Security retirement income depends on your health, other income, work plans, marital status and the needs of your spouse or survivors.

This guide walks through the rules that drive the decision, updated with the figures that apply to people claiming in 2026. Use it alongside your complete retirement, tax and income plan, and talk with your financial and tax professionals before you file.

$2,071	$4,152	$5,181	2.8%
AVERAGE CHECK per month, Jan. 2026	**MAX AT FRA** per month	**MAX AT AGE 70** per month	**2026 COLA** 3.6% announced for 2027

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Big change: WEP and GPO no longer apply

The Social Security Fairness Act, signed January 5, 2025, repealed the Windfall Elimination Provision and the Government Pension Offset. If you or your spouse worked for a school district, city, county or state, see page 7.

Individual collection decision

Qualifying for benefits

When you work and pay Federal Insurance Contributions Act (FICA) taxes, you earn "credits" toward retirement benefits, up to four per year based on your annual earnings. With 40 credits, roughly 10 years of work, you are fully insured. FICA tax, often shown on pay stubs as OASDI (old-age, survivors and disability insurance), is withheld from each paycheck up to the taxable earnings base for the year.

2026 FICA amounts	
Taxable earnings base	$184,500
Earnings required for one credit	$1,890
Earnings required for the maximum 4 credits per year	$7,560 ($1,890 × 4)
Credits needed to qualify	40

Collecting at full retirement age

Your primary insurance amount (PIA) is the monthly benefit you receive at your full retirement age (FRA). FRA depends on your year of birth. It was once 65 for everyone, and has been phased up for those born after 1937 to reflect longer lives.

Year born	Full retirement age (FRA)
1937 or earlier	65
1938–1942	65 + 2 months for every year after 1937
1943–1954	66
1955–1959	66 + 2 months for every year after 1954
1960 and later	67

How your PIA is calculated

The Social Security Administration (SSA) takes your highest 35 years of earnings, indexes them for wage growth, and averages them into your AIME. If you worked fewer than 35 years, the missing years count as zero. These 2026 formula amounts apply to people who first become eligible in 2026: turning 62, becoming disabled, or dying before 62.

Average indexed monthly earnings (AIME)	Primary insurance amount (PIA)
$0 – $1,286	90% of AIME
$1,286 – $7,749	$1,157.40 plus 32% of the excess over $1,286
$7,749 or higher	$3,225.56 plus 15% of the excess over $7,749

If you keep working after FRA, the SSA recalculates your benefit each year. When a new year of earnings beats one of your prior best 35, your benefit rises. The increase is generally made the following October, retroactive to January 1.

Collecting benefits earlier

You can start as early as age 62, but the reduction is permanent and does not reverse when you reach FRA. The size of the cut depends on your FRA and how many months early you start. Claiming on your 62nd birthday carries the maximum reduction, and it shrinks for each month you wait.

If your FRA is	Benefit if you claim at 62
65	80% (20% reduction)
66	75% (25% reduction)
67	70% (30% reduction)

70%	100%	124%
Claim at 62	FRA (67)	Claim at 70

Percent of PIA payable, for someone born 1960 or later with FRA of 67.

Working while collecting before FRA

Social Security is meant to supplement retirement income, so claiming early while still working triggers an annual earnings test until you reach FRA. If your wages exceed the limit, the SSA withholds part or all of your benefit. The test counts only the wages or self-employment earnings of the person collecting. It ignores pensions, investment income and a spouse's wages, although the test on spousal benefits can consider both spouses' earnings if both are under FRA.

If you claim before FRA	2026 limit
Under FRA: $1 withheld for every $2 over	$24,480 / yr
Year you reach FRA: $1 withheld for every $3 over (months before FRA)	$65,160 / yr
Month you reach FRA and beyond	No limit

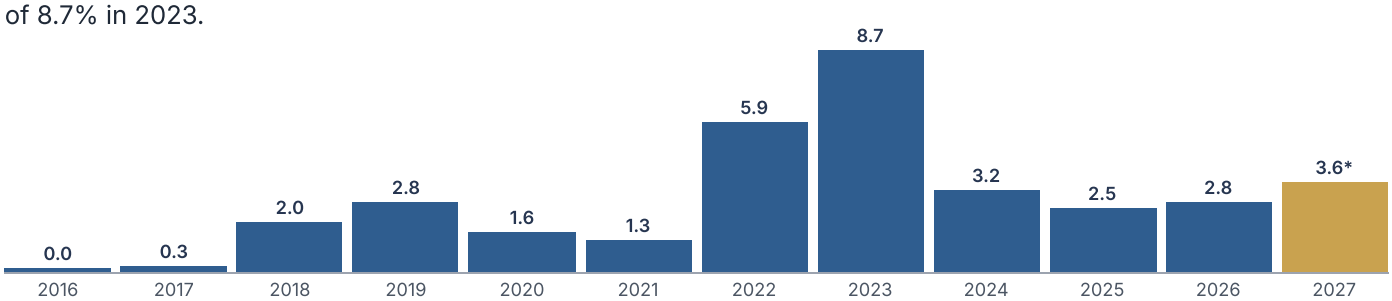
Examples. Under FRA: earned $34,480 − $24,480 = $10,000 over × ½ = $5,000 withheld. Year you reach FRA: earned $75,160 − $65,160 = $10,000 over × ⅓ = $3,333 withheld.

Withheld benefits

Withheld benefits are not refunded, but the SSA adjusts your benefit at FRA to give you credit for them. Say your FRA is 67 and you claim at 62, a 30% reduction. If you return to work at 65 and two years of benefits are withheld, your reduction is recalculated as if you had started at age 64 (20% reduction) instead of 62 (30%).

Cost-of-living adjustments (COLAs)

Benefits are adjusted each year for inflation starting at age 62, whether or not you have claimed. COLAs are tied to the Consumer Price Index and are never negative. They averaged about 3% a year over 2017–2026, with a high of 8.7% in 2023.



COLA percentages by the year the increase applies to benefits. *The 2027 COLA of 3.6% was announced in October 2026.

Waiting to collect benefits

If you delay past FRA, you earn Delayed Retirement Credits (DRCs) for every month until age 70, when your benefit maxes out. The credit is 8% per year (for anyone born in 1943 or later), and it is added on top of any COLAs. Someone with an FRA of 66 who waits until 70 collects 132% of PIA.

Claim at	Benefit as % of PIA (FRA of 67)
Age 67 (FRA)	100%
Age 68	108%
Age 69	116%
Age 70	124%

The 2026 maximums

$4,152 per month at full retirement age, rising to $5,181 per month for a maximum earner who waits until 70.

Changing your mind

If you start collecting and regret it, you can file a "Request for Withdrawal of Application" with the SSA. If granted, you repay everything paid on your record, including amounts paid to family members, with no interest or penalty, and you can refile later. Requests must be made within 12 months of starting benefits, and you get only one in your lifetime.

1	2	3	4
File the withdrawal form	SSA grants or denies	If granted, repay all benefits paid	Refile when ready

If any repaid benefits were subject to federal income tax, you may be able to claim an itemized deduction for the repayment year. Check with your tax professional.

Taxation of benefits

About one-third of recipients owe federal income tax on part of their benefits. Higher-income households must include up to 85% of benefits in taxable income. The thresholds below are set by statute and are **not indexed for inflation**, so more retirees are caught by them each year.

Provisional income = adjusted gross income + tax-exempt interest + 50% of your Social Security benefits.

Single or head of household	Married filing jointly	Taxable portion of benefits
Under $25,000	Under $32,000	0%
$25,000 – $34,000	$32,000 – $44,000	Up to 50%
Over $34,000	Over $44,000	Up to 85%

Illustration: a single filer with $30,000 of other income (including tax-exempt interest) and a $24,000 annual benefit has provisional income of $30,000 + $12,000 = $42,000, which is over $34,000, so up to 85% of the benefit can be taxable. Actual taxable amounts follow IRS Publication 915 worksheets.

Family collection decision

Who can collect on your record

Family member	Who qualifies	Benefit amount
Your spouse	Age 62 or over; any age if caring for your child who is under 16 or disabled before 22. Married at least one year for spousal benefits.	Up to 50% of your PIA (32.5% if taken at 62 with FRA 67).
Your unmarried child	Under 18; up to 19 if still in high school; any age if disabled before 22.	50% of your PIA. Family maximum applies.
Your ex-spouse	Age 62 or over; marriage lasted at least 10 years; not currently married; not entitled to an equal or higher benefit on their own record.	Up to 50% of your PIA, reduced if taken before FRA. Not counted in the family maximum.

Family maximum: total benefits on one worker's record are capped at roughly 150% to 188% of the worker's PIA. If a spouse's and children's benefits would exceed it, theirs are reduced proportionally; the worker's own benefit is never affected.

How spousal benefits work

- **The worker must have filed.** You can collect on your spouse's record only after they have applied for their own retirement benefit. Their age and FRA do not matter. (Ex-spouses divorced two years can collect even if the worker has not filed.)
- **It is a top-up, not a second check.** Spousal = 50% of your spouse's PIA minus your own PIA. If your PIA is already half or more of theirs, the top-up is $0. You receive the higher benefit, never both in full.
- **No "spousal only" if born after January 1, 1954.** Filing for one benefit counts as filing for both, so you cannot take spousal and let your own grow.
- **Timing:** claiming before FRA reduces it (about 65% at 62 with FRA 67); waiting past FRA adds nothing.

Example: Tom and Mary

Tom is 67 with a PIA of $2,000 (born 1959, past his FRA of 66 and 10 months). Mary is 62 with a PIA of $1,200 and an FRA of 67.

Does Mary get a spousal benefit? No. Half of Tom's PIA is $1,000, which is less than her own $1,200, so her top-up is $0. (If her PIA were $400, the top-up would be $600, payable once Tom has filed.) Her only choice is when to claim her own benefit: **$840** at 62 (70%), **$1,200** at 67, or **$1,488** at 70 (124%). Tom can claim now for **$2,000**, or wait until 70 for about **$2,507** (+8% a year).

Strategy	Monthly Social Security	Mary's survivor benefit if Tom dies first
A. Tom claims now; Mary claims at 62	$2,000 + $840 = **$2,840**	$2,000
B. Tom claims now; Mary waits until 67	$2,000, then **$3,200** once Mary starts	$2,000
C. Tom waits until 70; Mary waits until 67	Nothing until Tom is 70, then about $2,507; about **$3,707** once Mary starts	About $2,507

The takeaway: Tom's claiming age matters most to Mary. If Tom dies first she keeps the larger of the two benefits for life, and she is five years younger. Waiting means about three years without Social Security, covered by work income or savings, and Tom's extra $507 a month takes until roughly age 82 to repay the checks he skipped.

Collecting survivor benefits

If you were married at least nine months and your spouse dies, you may be entitled to survivor benefits. Remarrying before 60 ends eligibility unless the new marriage ends; remarrying after 60 does not. A surviving spouse caring for the worker's child under 16 can collect at any age, and a surviving child receives 75% of the worker's PIA.

The amount depends on when your spouse started benefits. If death came before they collected, you receive 100% of their PIA at your FRA. If they were already collecting, you receive their actual benefit, but not less than 82.5% of their PIA if they had claimed with a reduction of more than 17.5%. A survivor benefit, if higher, replaces your own.

Early: survivor benefits are available from age 60, reduced by up to 28.5% (about 71.5% of the full amount).

Jordan's claiming age	Jordan's monthly benefit	Alex's survivor benefit*
62	$1,540	$1,815
FRA (67)	$2,200	$2,200
70	$2,728	$2,728

*Assumes the higher earner has an FRA of 67 and a PIA of $2,200, and the surviving lower earner has reached FRA. The higher earner's claiming choice sets the survivor benefit for life.

Choosing between benefits

If you qualify for both your own and a survivor benefit, you can start one and switch to the other later. For example, you can take a reduced survivor benefit at 60 and convert to your own unreduced benefit at FRA or later, or the reverse.

Spousal and survivor benefits after divorce

If you were married to the same person at least 10 years and are not currently married, you may collect spousal or survivor benefits on an ex-spouse's record. For spousal benefits, you both must be at least 62; you do not have to wait for your ex-spouse to file once you have been divorced two years.

Government pensions: WEP and GPO repealed

The Social Security Fairness Act (signed January 5, 2025) repealed the Windfall Elimination Provision and the Government Pension Offset for benefits payable for January 2024 and later. A pension from work that did not pay Social Security tax no longer reduces your own, spousal or survivor benefit. The SSA began adjusting benefits in February 2025 and is paying retroactive amounts. If you worked for a school district, city, county or state, confirm your record was updated.

Key terms

Term	Meaning
AIME	Average indexed monthly earnings: your highest 35 years, indexed for wage growth. Used to calculate your PIA.
COLA	Cost-of-living adjustment: the annual inflation increase to benefits.
DRC	Delayed retirement credit: the 8% per year increase for waiting past FRA, up to age 70.
FICA	Federal Insurance Contributions Act tax: the payroll tax that funds Social Security and Medicare.
FRA	Full retirement age: when you are entitled to your entire PIA (65 to 67, by birth year).
PIA	Primary insurance amount: your full monthly benefit at FRA. Spousal and survivor benefits are based on it.

Getting started

What works for others may not work for you. Download your Social Security Statement at ssa.gov, then let's build a claiming strategy that fits your complete retirement plan. Call Alvin Parra at (626) 441-2284.

Important disclosures

This material is provided for educational purposes only and is not intended as specific individual advice. It is not warranted or endorsed by the Social Security Administration or any other U.S. government agency. No investment, legal or tax advice is provided. Please consult a qualified professional.

Information is as of October 2026 and is based on current law and published 2026 SSA and IRS figures. Congress has made changes to the laws in the past and can do so at any time. Benefit amounts, thresholds, ages and rules shown are generalizations and may not apply to your situation. Examples are hypothetical, are for illustration only, and do not represent any actual person or a projection of your benefits. Your actual benefit depends on your own earnings record, birth year, claiming age and other factors. For personalized figures, visit ssa.gov or contact the Social Security Administration directly.

Taxation of Social Security benefits depends on your total income and filing status, and the thresholds shown are not currently indexed for inflation. Consult your tax professional about how benefits affect your return.

Sources: SSA, 2026 Cost-of-Living Adjustment Fact Sheet; SSA, PIA formula bend points; SSA, Cost-of-Living Adjustment history; SSA, Social Security Fairness Act; SSA, Retirement Benefits by Year of Birth; IRS Publication 915.

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