

7 Ways to Squeeze More Money Out of Social Security for Life

The average monthly Social Security retirement benefit is \$1,907 as of January 2024, and that's not going to buy you a luxurious retirement. But those monthly checks can certainly make your golden years more comfortable.

Deciding when to take Social Security is a complicated piece of retirement planning. Some people opt to start benefits sooner and take smaller checks, while others try to hold out for the biggest check. If you're in the latter camp, we'll discuss some strategies for how to maximize your Social Security benefits.

7 Ways to Maximize Your Social Security Benefits

We're going to be honest: There are no easy shortcuts that will get you more Social Security. Any strategy that will boost your benefit boils down to: Work longer. Earn more money. Wait as long as possible.

One thing we want to make clear, though: Don't count on Social Security cost-of-living adjustments to make much difference. Benefits increase at a snail's pace compared to the actual costs of living for older adults. The 2024 Social Security COLA was 3.2%, so don't expect a big bump each year. The 2023 adjustment was higher at 8.4% because of soaring inflation. Here are seven other smart tips if you're wondering how to maximize social security without relying on COLA.

1. Work at least 35 years.

You typically need the equivalent of 10 years of full-time work to qualify for Social Security. But you'll get the highest benefit if you stay on the job for at least 35 years.

Social Security uses your 35 highest earning years to calculate your benefit.

If you worked only 32 years, they'd use your 32 years of earnings plus three zeroes to get your 35 years. Working more than 35 years can pay off if you're making significantly more than you were in your early career because you get to replace some of those low-earning years with higher wages.

2. Earn more money.

We get it: If only you could snap your fingers and suddenly make more money. But we're just explaining the rules here. If you're able to find a better-paying job or boost your earnings with part-time or freelance work, you'll get more money out of Social Security.

There's a limit, though. Social Security has an earnings cap. Money that you make above that amount isn't taxed, and it also doesn't affect your future benefits. In 2024, Social Security taxes only the first \$168,600. If you make \$200,000 or even \$2 million, Social Security will still consider your income \$168,600 for the year.

3. Report all your earnings.

If you're a regular W-2 employee, you don't have to worry about reporting your earnings to Social Security because your employer handles that and also deducts the payroll taxes that fund Social Security and Medicare on your behalf. But if you under report income you earn from tips, freelancing or self-

employment, you're not just putting yourself at risk of troubles with the IRS. You could reduce the amount of Social Security you get later on.

4. Wait as long as you can to take benefits.

If your retirement funds are lacking, delaying Social Security payments for as long as possible is one of the best things you can do. Full retirement age is the age when you qualify for 100% of your benefit. For most workers, it's between 66 and 67, depending on when you were born.

You can take benefits as early as age 62. But every year you claim before your full retirement age reduces your benefit by 6.66%. Once you reach full retirement age, you can also wait even longer. You'll get an extra 8% delayed retirement credit for each year until you hit 70. At that point, delayed retirement credits stop. Waiting until you reach age 70 can result in a monthly benefit that's 77% higher than if you claimed at 62.

5. Avoid taking benefits early if you're still working.

If you take Social Security early while you're still working, your benefits will be reduced by the following amounts in 2024:

- \$1 for every \$2 you earn above \$22,320 until the year you reach full retirement age.
- \$1 for every \$3 you earn above \$59,520 the year you reach full retirement age until your birthday.

Working while claiming Social Security early can seriously reduce your benefit or eliminate it altogether. But once you reach your full retirement age, Social Security will give you credit for the benefits it withheld and recalculate your benefit at a higher amount. That means you could recoup all the money Social Security withheld if you live long enough. When you hit full retirement age, your earnings won't affect your benefits.

6. Marry someone who qualifies for a bigger benefit.

If you don't qualify for much Social Security based on your own record, you may be eligible for more based on your spouse's record. You can get up to 50% of your spouse's full retirement benefit once you reach your full retirement age provided that you've been married for at least a year.

So if your full retirement age is 67 and your spouse's full benefit is \$2,000 a month, you'd qualify for a \$1,000 a month spousal benefit if you started at 67. If you took benefits a year early, you'd get \$934 a month, because you'd reduce your benefits by 6.66%. You can't get those delayed retirement credits of 8% per year based on a spouse's record, though, so you'll get your maximum benefit at your full retirement age of 66 or 67.

Divorced? If you're not remarried, you could claim benefits based on your ex's record under the above rules, provided that your marriage lasted at least 10 years. (No, you won't affect their benefits.)

If your current or ex-spouse dies, you could qualify for 100% of their benefit through survivor benefits, including any delayed retirement credits they earned. However, you can't earn those 8% credits by waiting past your own full retirement age to claim.

7. Stop your benefits if you claimed them too soon.

If you claim your benefits and then regret it, you need to act fast. Social Security lets you withdraw your application if it's been less than 12 months since you started your benefits. You'll have to repay everything you received, including taxes and Medicare premiums that were withheld.

Once you've reached your full retirement age, you can suspend your benefits to earn 8% delayed retirement credits. You'll be able to restart them for a higher amount whenever you want. Social Security will automatically resume your payments once you're 70.

Can You Get the Maximum Social Security Benefit?

Probably not. The maximum Social Security benefit in 2024 is \$4,873. But very few people will actually get that amount. To get that much, you'd have to earn the maximum salary for the year (\$168,600 in 2024) for 35 years and hold out until age 70.

Most people will have to make do with much less than the maximum benefit. The less you can rely on Social Security, the more comfortable you'll be. If you're still working, the best thing you can do is keep socking away as much as you can in a retirement account.