



## **KCN Benefit Advisors LLC**

Medicare and Social Security Solutions for You

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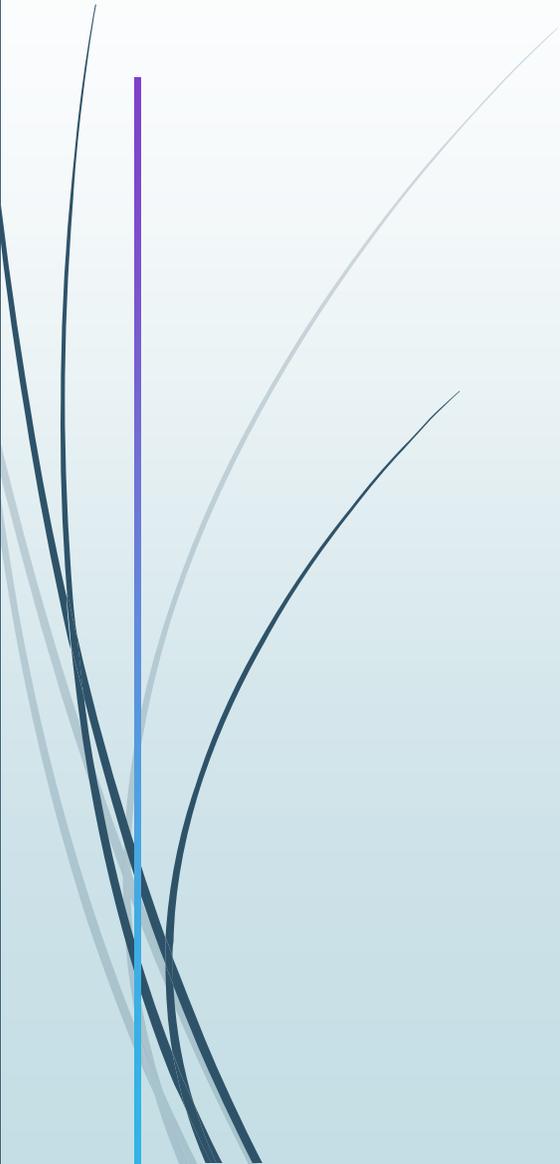


**Did you know Social Security cannot offer personalized advice regarding your filing decisions?**

## **What is a Registered Social Security Analyst®**

A Registered Social Security Analyst® (RSSA®) is a trained professional certified to help individuals maximize their Social Security benefits through tailored, strategic planning. Using proprietary software, they analyze complex rules regarding retirement age, spousal benefits, and taxes to create personalized filing strategies.

RSSAs help individuals and couples understand how to make decisions about when to retire, how to claim spousal benefits, and how to navigate Social Security regulations to maximize their benefits.



# Essential and Lesser-Known Social Security Facts: What Everyone Needs to Know

Important insights everyone should understand about social security



# Overview of Social Security and Its Purpose



## Purpose of Social Security

Social Security provides financial protection to retirees, disabled individuals, and survivors of deceased workers in the U.S.



## Reduction of Senior Poverty

The program reduces poverty among senior citizens by providing a dependable source of retirement income.



## Funding and Coverage

Funded by payroll taxes from current workers, Social Security serves over 65 million Americans as a social insurance model.



# Eligibility Requirements for Benefits



## **Credit Accumulation Requirement**

Individuals need 40 credits, approximately 10 years of work, to qualify for Social Security benefits.

## **Basis of Benefits**

Benefits depend mainly on earnings history and the age when benefits are claimed.

## **Types of Benefits Eligibility**

Retirement, disability, and survivor benefits have distinct eligibility requirements based on age, medical condition, and family relationship.

# How Social Security Is Funded



## Payroll Tax Funding

Social Security is mainly funded by payroll taxes collected under FICA from employees and employers.

## Tax Rates and Wage Limits

In 2026, employees and employers each pay 6.2% on earnings up to \$184,500; self-employed pay 12.4%. Medicare tax rate is 1.45%

## Trust Funds Allocation

Collected funds go into Old-Age, Survivors Insurance, and Disability Insurance trust funds.

## Funding Challenges

Demographic shifts and more retirees pose long-term funding challenges for Social Security sustainability.





# Taxation of Social Security Benefits



## Federal Tax Thresholds

Up to 85% of Social Security benefits may be taxed based on combined income thresholds for single and joint filers.

## Impact on Net Benefits

Taxation reduces net Social Security benefits, an important but often overlooked factor in retirement planning.

# Impact of Working After Retirement

## **Benefit Reduction Before Full Retirement – Earnings Test 2026**

Earnings above \$24,480 before full retirement age reduce benefits by \$1 for every \$2 earned in 2026.

## **No Withholding After Full Retirement**

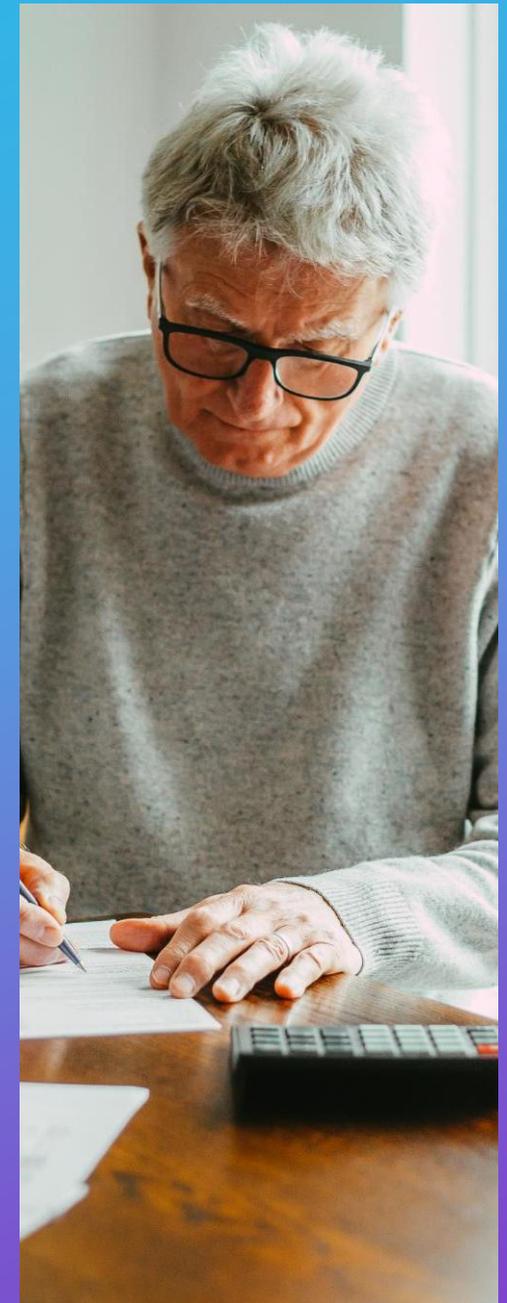
Once full retirement age is reached, no benefits are withheld regardless of additional income earned.

## **Increased Benefits with Longer Work**

Working longer can increase lifetime benefits by replacing lower earnings with higher income years in calculations.

## **Importance of Planning**

Careful financial planning is essential to maximize lifetime benefits without incurring unintended penalties.



# Special Rules for Divorced Spouses



## Eligibility Criteria

Divorced spouses qualify if marriage lasted 10 years, are unmarried and age 62 or older.

## Benefit Impact

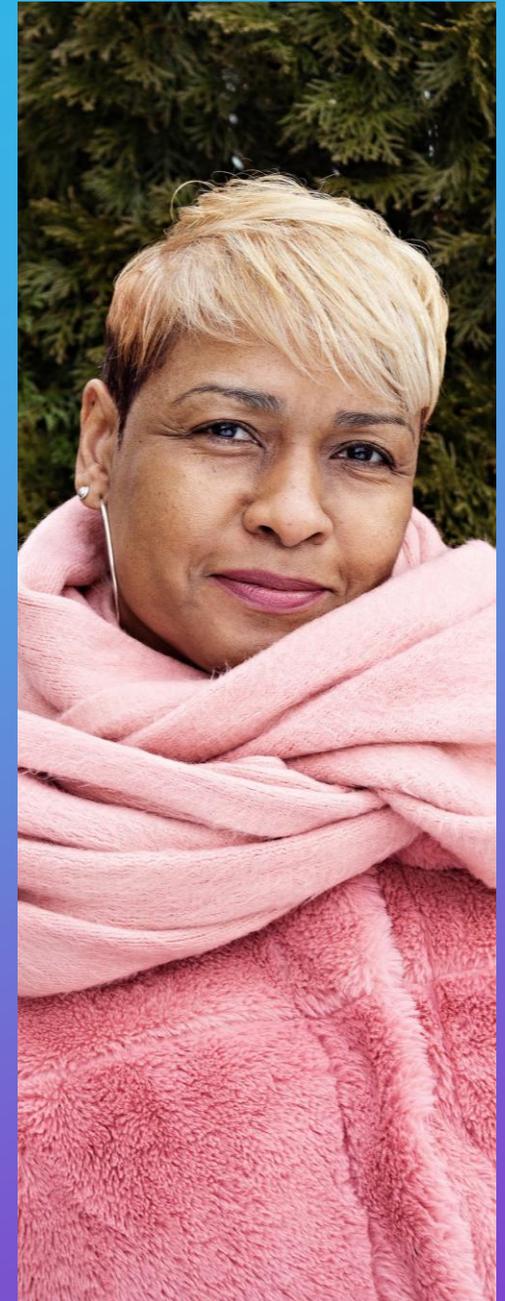
Divorced spouse benefits do not reduce the worker's benefits and provide additional financial support.

## Survivor Benefits

Widowed divorced spouses may also qualify for survivor benefits under special rules.

## Retirement Planning Advantage

Understanding these special rules can lead to significant overlooked financial gains in retirement planning.





# Long-Term Effects on Retirement Income

## Impact of Early Claiming

Claiming Social Security benefits early can reduce monthly payments by up to 30%, affecting lifetime income.

## Benefits of Delayed Claiming

Delaying Social Security claims until age 70 can increase monthly payments by up to 24%, boosting retirement income.

## Strategic Retirement Planning

Combining Social Security timing with personal savings and pensions improves overall retirement financial security.

# How Decisions Affect Survivor Benefits



## Impact of Claiming Choices

Primary earner's benefit claiming decisions directly influence the amount survivors receive after their death.

## Benefit Delaying Advantages

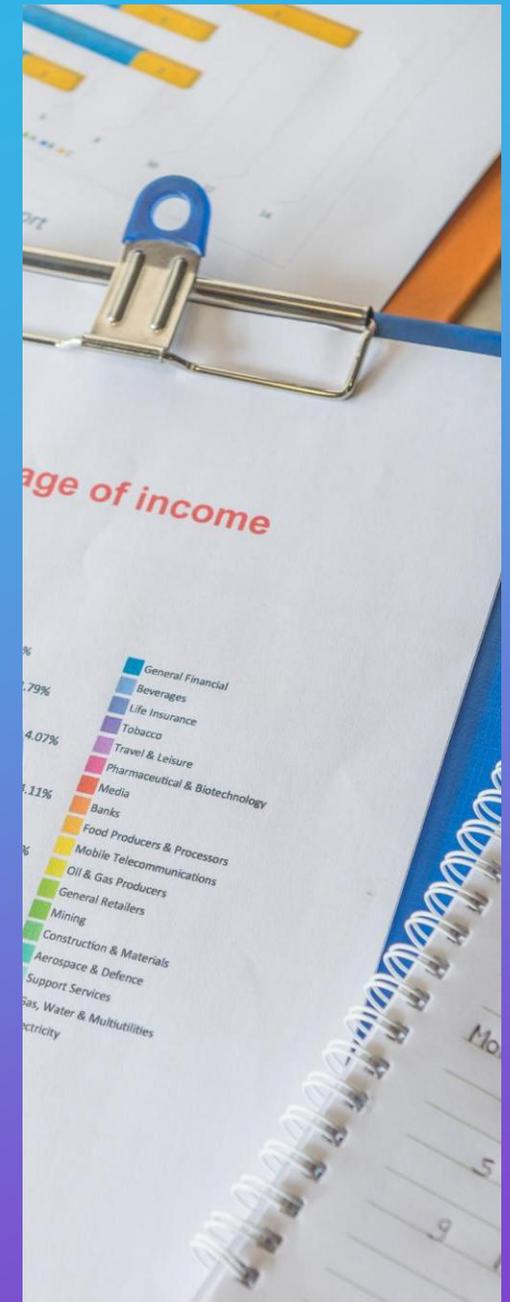
Delaying benefits increases survivor's monthly income, reducing financial risks for surviving family members.

## Risks of Early Claiming

Early benefit claiming locks in lower survivor benefits, potentially causing financial challenges for dependents.

## Importance in Financial Planning

Considering survivor benefits is critical in household financial planning, especially for couples with a higher earning spouse.



# Strategies for Maximizing Lifetime Benefits



## Delaying Benefit Claims

Delaying Social Security claims can increase monthly benefits, maximizing lifetime income, but your individual needs may determine your timing.

## Coordinating Spousal Benefits

Coordinating benefits between spouses optimizes total household Social Security income.

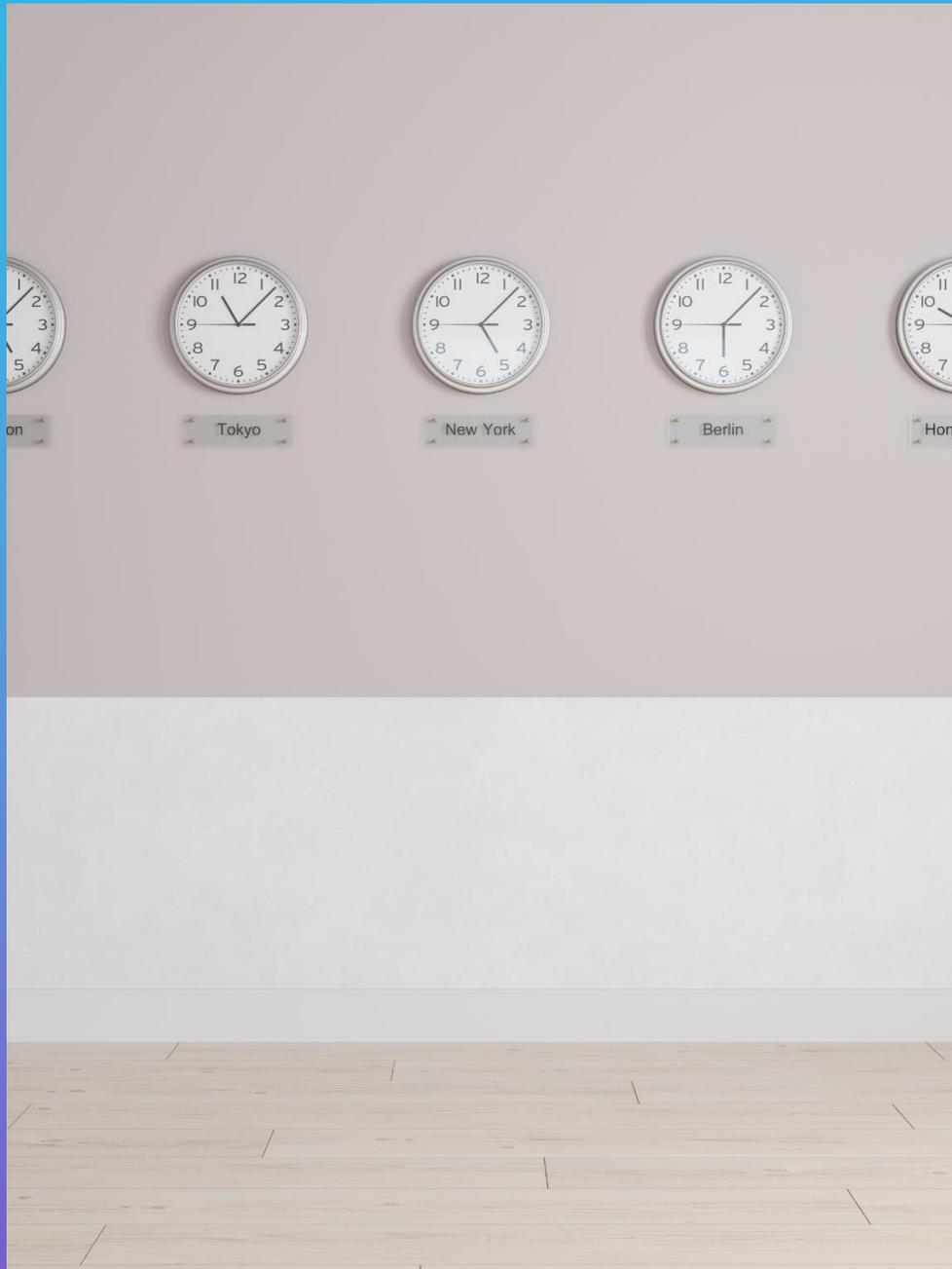
## Working Longer

Working longer increases earnings records, but your situation may show filing earlier is right for you.

## Using Financial Tools and Advisors

Utilizing benefit calculators and consulting advisors helps in optimizing claim timing and tax planning. We can help you to determine the best time to file to maximize your benefits.





# Social Security Age Milestones



## Early Eligibility Age 62

Individuals can claim Social Security benefits as early as age 62, but benefits may be reduced compared to full retirement age.

## Full Retirement Age Range

Full Retirement Age varies between 66 to 67 based on birth year, providing full benefit entitlement without reduction.

## Delayed Retirement Credits

Delaying claims beyond full retirement age up to age 70 increases benefits due to accrued delayed retirement credits.

# Why Claiming Early Can Reduce Benefits by up to 30%



## Permanent Benefit Reduction

Claiming benefits early results in a permanent reduction based on months claimed before full retirement age.

## Up to 30% Reduction

Individuals born after 1943 claiming at age 62 can face reductions as high as 30% in benefits.

## Impact on Lifetime Cash Flow

Early claiming significantly decreases lifetime monthly cash flow, affecting long-term finances.

## Need for Careful Evaluation

Personal health, financial needs, and life expectancy should be considered before early claiming.





# Scenarios for Early and Delayed Claiming

## Early Claiming Benefits

Early claiming suits individuals with urgent income needs or shorter life expectancy despite reduced payouts.

## Delayed Claiming Advantages

Delaying claims benefits healthier individuals with longer longevity by maximizing future payouts.

## Case Studies Illustration

Case studies demonstrate outcomes of different claiming ages, clarifying financial trade-offs. We will evaluate your individual needs to assist you with making a sound, financial decision as to when to file for benefits.



# Understanding Spousal Benefit Eligibility



## **Benefit Percentage**

Spouses may receive up to 50% of the working spouse's primary insurance amount if it exceeds their own benefit.

## **Eligibility Requirements**

Spouses must be at least 62 years old and married for one year to qualify for spousal benefits.

## **Benefit Independence**

Spousal benefits claimed do not reduce the worker's benefits, supporting households with uneven earnings.



# Benefits for Widows, Widowers, and Children



## Survivor Benefits Overview

Survivor benefits support widows, widowers, and dependent children after a worker's death to provide financial security.

## Widows and Widowers Benefits

Eligible widows and widowers may receive up to 100% of the deceased worker's benefits at full retirement age.

## Benefits for Children

Dependent children under 18 or disabled may receive partial survivor benefits to assist with their needs.

# Common Mistakes with Spousal Claims



## **Early Claiming Reduces Benefits**

Claiming spousal benefits before full retirement age leads to permanently reduced monthly payments.

## **Complex Eligibility Rules**

Misunderstanding eligibility, especially with divorce or remarriage, can cause claim errors and lost benefits.

## **Poor Benefit Coordination**

Failing to optimize the coordination between spousal and own benefits can reduce total lifetime payments.

## **Importance of Professional Advice**

Professional advice and careful planning are essential to avoid costly mistakes with spousal claims.



# Conclusion: Empower Your Future with Informed Social Security Choices

## Maximize Social Security Benefits

Understanding eligibility and strategic claiming is key to maximizing Social Security benefits for a secure retirement.

## Consider Funding and Taxation

Awareness of Social Security funding and taxation impacts helps in making informed retirement decisions.

## Plan for Family Benefits

Planning includes benefits for spouses and survivors to ensure long-term financial stability for loved ones.

Contact Kristine today, to start your Social Security planning journey!

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