



## IMPORTANT SOCIAL SECURITY UPDATES FOR RETIREES IN 2025

As we welcome 2025, big changes to Social Security will impact retirees and those nearing retirement. Staying informed is key to maximizing your benefits and planning for financial stability in your golden years. Whether you're already drawing Social Security or preparing to apply, here's what you should know.

### Cost-of-Living Adjustment (COLA)

The Social Security Administration (SSA) has announced a 2.5 % cost-of-living adjustment (COLA)\* for 2025. The average retiree will see a \$49 increase in their monthly payments, from \$1,927 to \$1,976, according to the Social Security Administration (SSA).

This adjustment is vital for retirees living on fixed incomes. Rising costs for essentials like groceries, healthcare, and utilities can strain even the best-laid financial plans. While the COLA won't solve every financial challenge, it can offer relief in managing day-to-day expenses.

### Changes to Earnings Limits for Working Retirees

The earnings limits for Social Security beneficiaries who work while receiving benefits are updated

annually, and for 2025, these ***limits have increased:***

1. For those under full retirement age (FRA) throughout 2025, the annual earnings limit is \$23,400 (or \$1,950 per month). Any income above this threshold will result in a \$1 reduction in benefits for every \$2 earned.
2. For individuals who reach FRA in 2025, the limit is significantly higher, set at \$62,160 (or \$5,180 per month) for earnings in the months before reaching FRA. Beyond this amount, \$1 in benefits is withheld for every \$3 earned. Once FRA is reached, there is no limit on earnings impacting benefits.

Earnings above these limits result in temporary benefit reductions, however, any withheld benefits are recalculated and credited back to you once you reach full retirement age. For those balancing work and retirement, understanding these limits helps maximize your income.

### Higher Maximum Benefits for High Earners

If you're a high earner, the maximum possible monthly benefit at full retirement age has increased. In 2025, the cap is set at \$4,018. While few retirees qualify for the maximum benefit, this update underscores the importance of having a robust earning history and delaying benefits, if possible, to maximize your payouts.

### A Higher Payroll Tax Cap

For those still working and contributing to Social Security, the taxable wage base has increased. In 2025, earnings up to \$176,100 are subject to Social Security payroll taxes, compared to \$168,600 in 2024.

While this change may seem like an added burden, it ensures the program's sustainability for future retirees. It's also a reminder to review your Social Security statement annually to confirm your earnings record is accurate – it directly affects the benefits you'll receive.

If you're a higher-income retiree, you may pay more under the Income-Related Monthly Adjustment

Amount (IRMAA). Keeping track of these adjustments helps avoid surprises when reviewing your monthly benefits.

### Staying Proactive About Retirement Planning

Navigating Social Security updates can feel overwhelming, so here are some suggested next steps:

1. **Schedule a Financial Check-In:** Meet with a financial advisor to review your benefits and adjust your retirement strategy if needed.
2. **Monitor Your Benefits Online:** Create or log into your **mySocialSecurity** account at [ssa.gov](https://ssa.gov) to track your earnings record and benefits.
3. **Ask About Supplemental Programs:** Some credit unions and banks offer financial counseling or programs to help retirees optimize their income and expenses.

If you have questions about how Social Security changes might affect you, reach out to your financial institution for guidance or resources to help navigate these changes. Our trusted partners at GreenPath also offer **free financial counseling**.

#### Recommended Resource

#### **[WATCH] Retirement 101: Three steps to prepare for retirement!**

- What impacts your credit report and credit score
- What are the different types of investment options and their risk factors?
- How retiring early or later than your full retirement age can impact your social security benefits

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