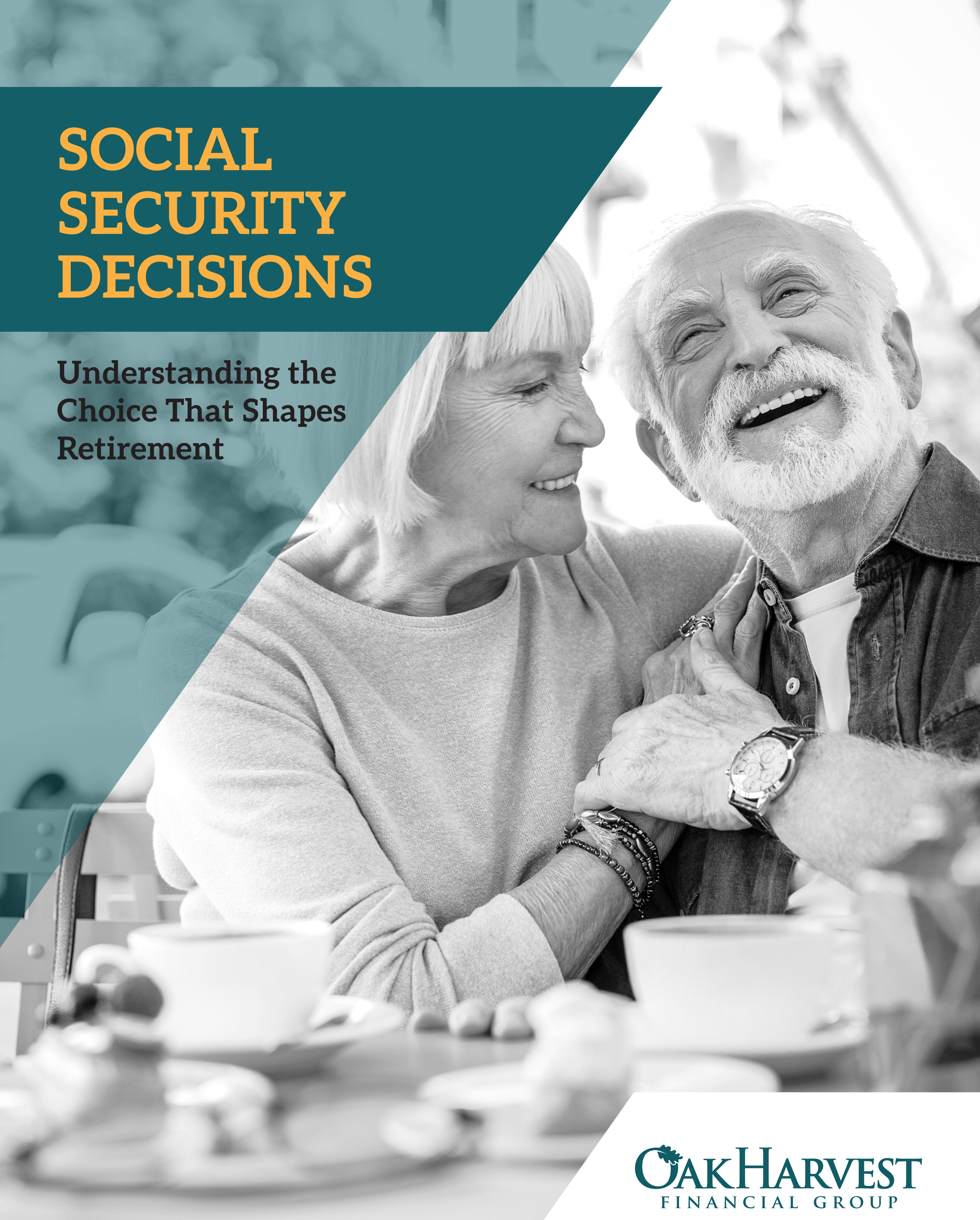
SOCIAL SECURITY DECISIONS

Understanding the Choice That Shapes Retirement



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Start Here

The Question Almost Everyone Gets Wrong

Sooner or later, a birthday forces a choice. You can start Social Security as early as 62, at your full retirement age, or wait as late as 70. Everyone has an opinion. Take it early and enjoy it. Wait as long as you can. It depends on your health. It depends on the market.

Under all that advice is one quiet assumption: that this is a bet on how long you will live. Start early and you collect more checks if your life is short. Wait and you collect bigger checks if your life is long. Find the point where they even out, and you have your answer.

Here is the honest version of that math. The even-out point comes sooner than most people think, in the early eighties. And once you count the savings you would spend while waiting for the bigger check to start, money that leaves your accounts and stops growing, it drifts even later. The more carefully you run it, the less it actually settles.

That is because break-even asks the wrong question. Your start date does far more than win a math contest. It sets how much guaranteed income, raised for inflation, you get every month for life. It decides how hard your savings have to work, and when. It sets how well your husband or wife is protected if you die first. And it opens or closes the door on some of the best tax planning a retiree can do.

So a single date on a form is really the first big decision that shapes your whole retirement. Everything else gets built on top of it. The rest of this guide walks through what that date sets in motion, in plain language, using one couple the whole way.

Break-even asks when waiting finally pays off.

The better question is where you want the money pressure to land, and who you want protected when only one of you is left.

Meet Paul and Anna

- Paul is 66. At his full retirement age his check would be about $3,000 a month. If he starts at 62 it drops to about $2,100. If he waits to 70 it grows to about $3,720.
- Anna is 66. Her own check at full retirement age would be about $1,800 a month.
- They have about $1.5 million in a traditional IRA, plus a smaller regular investment account.
- They spend about $8,000 a month.

Paul and Anna are made up, and their numbers are rounded, but their situation is common. Every example and chart from here on uses them, so the ideas are easy to follow.

The Basics, Made Simple

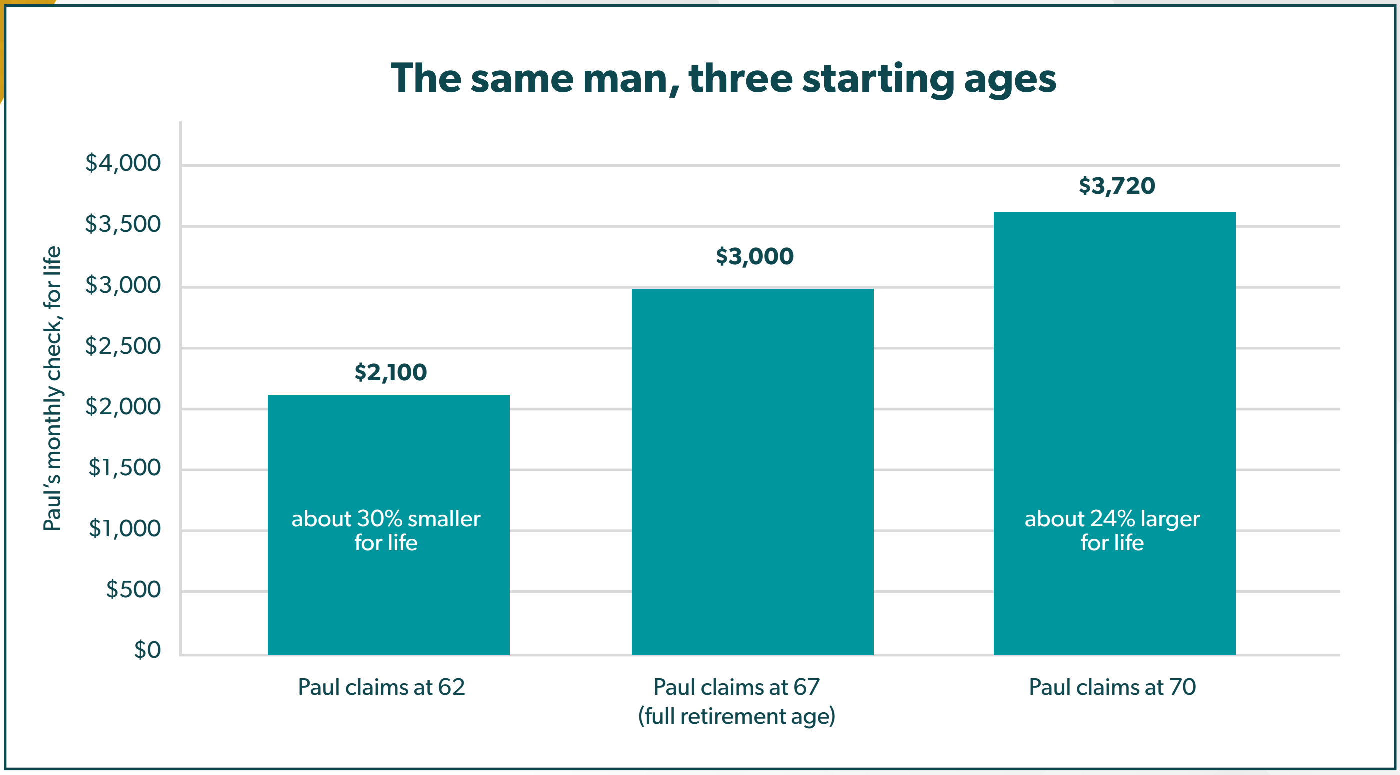
Before the strategy, a few plain facts. To get a check on your own record you need about ten years of work. Your check is then based on your 35 highest-earning years. Years with little or no pay still count in that average, which is one reason a spouse who took time off to raise children often ends up with a smaller check.

When you start matters a lot. Your full retirement age is simply the age you get your whole check. For almost everyone retiring today it is 67. You can start as early as 62, but your check is then smaller for the rest of your life, as the table below shows. Wait past full retirement age and your check grows by about 8 percent for each year you wait, up to age 70. After 70 it stops growing, so there is no reason to wait longer than that.

Year of birth	Full retirement age	If you start at 62, your check is smaller by
1943 to 1954	66	25.0%
1955	66 and 2 months	25.8%
1956	66 and 4 months	26.7%
1957	66 and 6 months	27.5%
1958	66 and 8 months	28.3%
1959	66 and 10 months	29.2%
1960 and later	67	30.0%

Starting before full retirement age makes your monthly check smaller for life. Figures are approximate and can change.

Because of this, the same person can end up with very different checks depending only on when they start. For Paul, the gap between starting at 62 and waiting to 70 is large, and it lasts for life, growing a little each year with cost-of-living raises.



Hypothetical, for illustrtion only. Waiting past full retirement age adds about 8% per year, up to age 70.

In 2026, the largest check Social Security pays someone who starts at full retirement age is about $4,152 a month. Most people get less, but the choice works the same way at every income level.

Where the Pressure Moves

Set the break-even contest aside and a clearer question appears: where do you want the money pressure in your plan to land, and when?

When Paul starts early, he locks in a smaller check for life, and the couple leans on that smaller base later. When Paul waits, they lean on their savings harder in their sixties to bridge the gap, in exchange for a bigger check for life. The pressure never disappears. It just moves. Here is where it lands each way.

Start early, and the pressure shows up later

- A thinner cushion when it costs the most. A smaller lifetime check leaves less guaranteed income in your late seventies and eighties, exactly when medical and long-term care bills tend to climb. Throughout retirement, these costs rise faster than everyday prices.

- Less protection against a long life, and a smaller check for the survivor. The longer you live, the more a bigger check would have helped. And if you were the higher earner, the person you leave behind is left living on that smaller amount for the rest of their life.

Wait, and the pressure shows up in your sixties

- More strain on your savings early. To wait, you spend from your investments to replace the check you are not yet taking. That is money leaving your accounts, and no longer growing, during your sixties.
- A rough market in those bridge years stings. If stocks fall while you are selling investments to cover living costs, you have fewer good years to recover, and selling low can shrink your savings for good.

None of this means everyone should wait. If your health is poor, or you have good reason to think your years are limited, starting early is a fair choice that puts money in your hands while you can enjoy it. And there is a human truth the math misses: a Social Security check feels like income you are meant to spend, while pulling from savings feels like losing ground. Many people simply will not spend from savings the way a spreadsheet assumes. They skip the trip and put off the project. If waiting would make you underspend in the years you are healthy enough to enjoy, that is a real cost too.

Do not win the math and lose the years.

The right answer depends on your health, your savings, and the life you want now versus later.

What Happens to the One Who Is Left

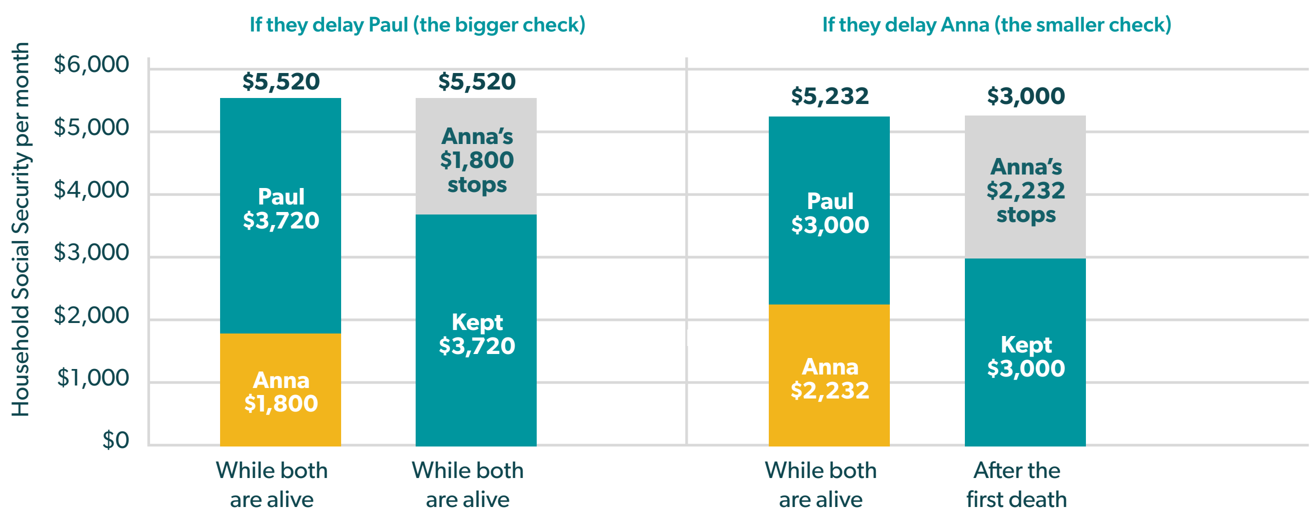
For a married couple, the biggest part of this decision has little to do with breakeven. It is what happens when one of them dies.

Here is the rule, in plain terms. When one spouse dies, the survivor does not keep both checks. They keep the larger of the two, and the smaller one stops. For many couples that is a sudden cut of 30 to 40 percent of their Social Security. And the cost of running a home, the house, the insurance, the property taxes, does not fall nearly as much, often only about 20 percent, because someone still lives there. Less money coming in, almost the same money going out. That gap is the danger.

This changes everything. If Paul, the bigger earner, waits and grows his check to $3,720, that is the amount the survivor keeps, whether Paul or Anna lives longer. Waiting on the bigger check protects the household as long as either of them is alive.

Now flip it. Suppose instead they grow Anna's smaller check by having her wait. The trouble is that the smaller check disappears at the first death, no matter which of them dies. If Anna goes first, her grown check is gone. If Paul goes first, Anna moves up to his bigger check, and her own is gone. Either way the survivor ends up on the bigger check, so the years spent growing the smaller one did nothing. You can put off the smaller check for years and never see a dime of benefit from the wait.

What the surviving spouse is left with



The survivor keeps Paul's bigger check. Protected no matter who passes first.

The survivor still ends up on Paul's check. Anna's years of waiting bought nothing.

Hypothetical, for illustration only. The survivor keeps the larger check. The smaller one stops for good.

Those are very different odds. And the loss lands at the worst possible moment, on a grieving spouse who is often handling the money alone for the first time, in their late seventies or eighties. For most couples where one person earned more, growing the bigger earners check can be one of the best ways to provide for the survivor, and it costs nothing but patience.

The bigger earner's start date is really a decision about the survivor.

It sets the income the one who is left will live on, possibly for many years.

Help for Spouses, Exes, and Widows

Social Security has some extra rules for married people. Here they are in plain language, using Paul and Anna.

A check based on your spouse's work

Even if Anna had worked very little, she could get up to half of Paul's full retirement age check, based on his record. If she starts before her own full retirement age, that amount is smaller. This is why a spouse who stayed home or worked part-time often gets more from a spouse's record than from their own. It works exactly the same way if the wife was the higher earner.

If you were divorced

If a marriage a total of at least ten years, you can claim on a former spouse's record in the same way. If you have been divorced at least two years, you can claim as early as age 62 even if your ex has not started yet. Remarrying usually ends this, unless the new marriage also ends.

If your spouse dies

A widow or widower can start a survivor's check as early as 60 (or 50 if disabled), and gets the larger of their own check or their late spouse's. Because waiting grows the bigger earner's check, and the survivor keeps that check, waiting protects your spouse, not just you. A survivor can also take one smaller check first and switch to their own larger one later, letting it grow in the meantime.

If You Keep Working

If you start Social Security before your full retirement age and keep working, there is a limit on what you can earn before your check is temporarily trimmed. In 2026 you can earn up to $24,480 with no effect. Above that, Social Security holds back $1 for every $2 you earn over the limit. In the year you reach full retirement age, the limit jumps to $65,160, and they hold back only $1 for every $3 over it, counted just up to the month you reach full retirement age. From that month on, there is no limit at all.

Two things make this less scary than it sounds. First, only pay from a job counts. Pensions, annuities, and investment income do not. Second, the money held back is not lost. Once you reach full retirement age, your check is raised to give it back over time, so the earnings limit works more like a delay than a penalty.

The Part No Benefits Brochure Explains

The Tax Torpedo

Here is where the start date stops being about Social Security and starts touching everything. Follow Paul and Anna.

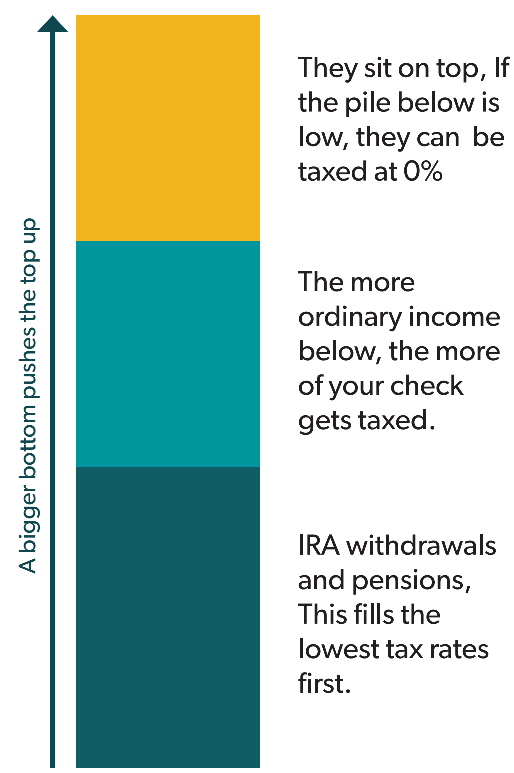
First, your Social Security can be taxed

Many people are surprised that part of their Social Security check can be taxed at all. It is depends on how much other income you have. The more you pull from your IRA or other sources, the more of your Social Security counts as taxable, up to 85 percent of it. And the income levels that trigger this have not been updated in decades, so more retirees get caught every year.

Think of your income as a stack

Picture your income as a pile, taxed from the bottom up. Ordinary income, like IRA withdrawals and pensions, fills the bottom. Then comes the taxable part of your Social Security. On the very top sit the capital gains and dividends from your investment account. Here is the key point. Those gains on top can be taxed at 0 percent, but only if the pile below them stays low. Add more income at the bottom, and you push those gains up into being taxed at 15 percent. That same extra income can also make more of your Social Security taxable. One withdrawal, several effects.

The income stack: the order your income is taxed

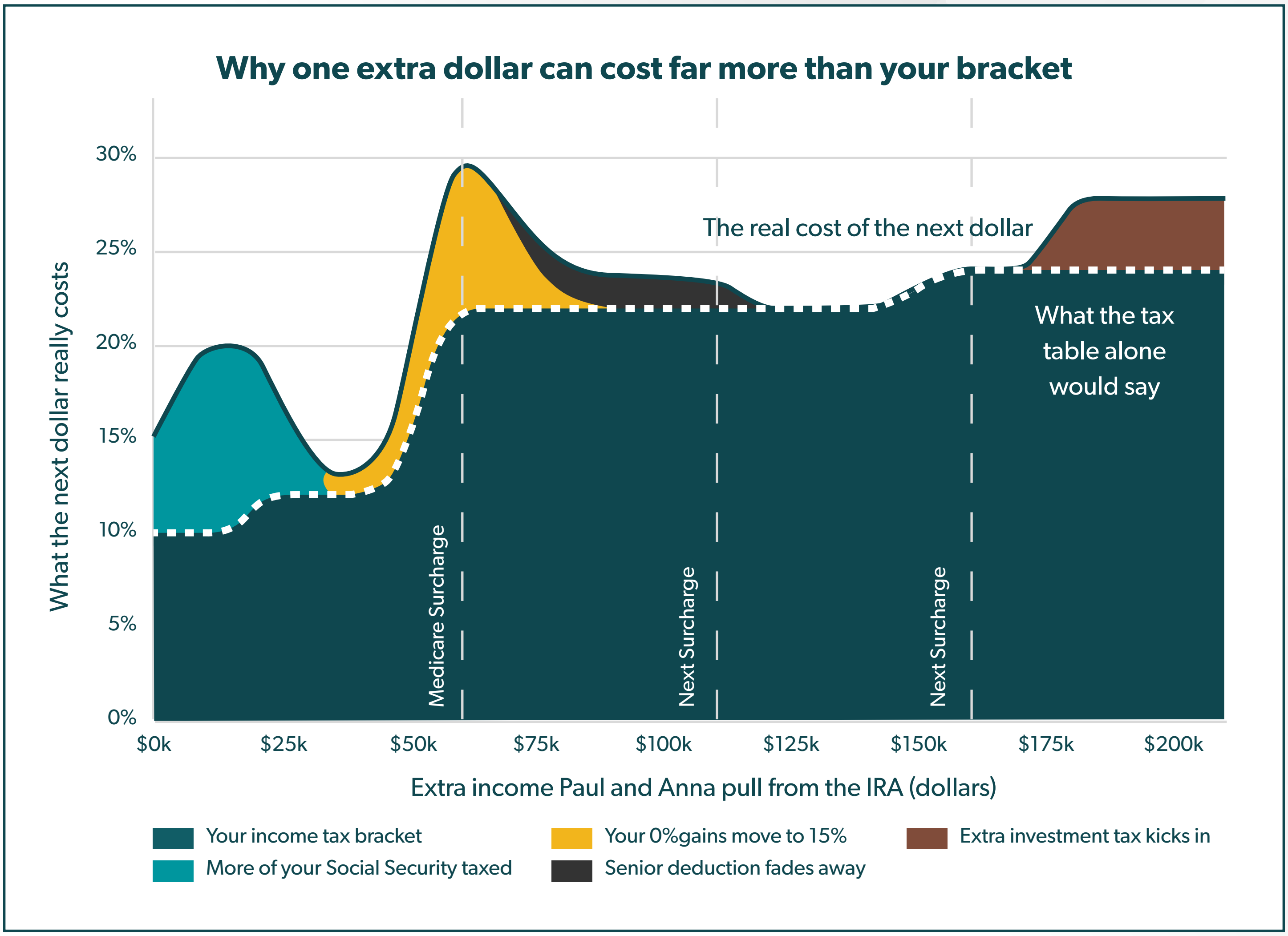


Hypothetical, for illustration only.

Why one extra dollar can cost far more than your bracket

Say Paul and Anna withdraw an extra $1,000 from their IRA to pay for a home repair. The tax table says they are in the 12 percent bracket, so it should cost about $120. But that one withdrawal does several things at once. It is taxed at 12 percent. It can also pull more of their Social Security into the taxable column. It can push their 0 percent investment gains up to 15 percent. And at higher amounts it begins to erase a special senior deduction and can raise their Medicare premiums.

Stack all of that together and the true cost of that supposedly 12 percent dollar can land between 22 and 30 percent. The tax bracket is the floor of the cost, not the whole cost. In the worst stretch, the real cost of the next dollar is two to three times what the table shows.



Hypothetical, for illustration only. The tax bracket is the floor of the cost, not the whole cost.

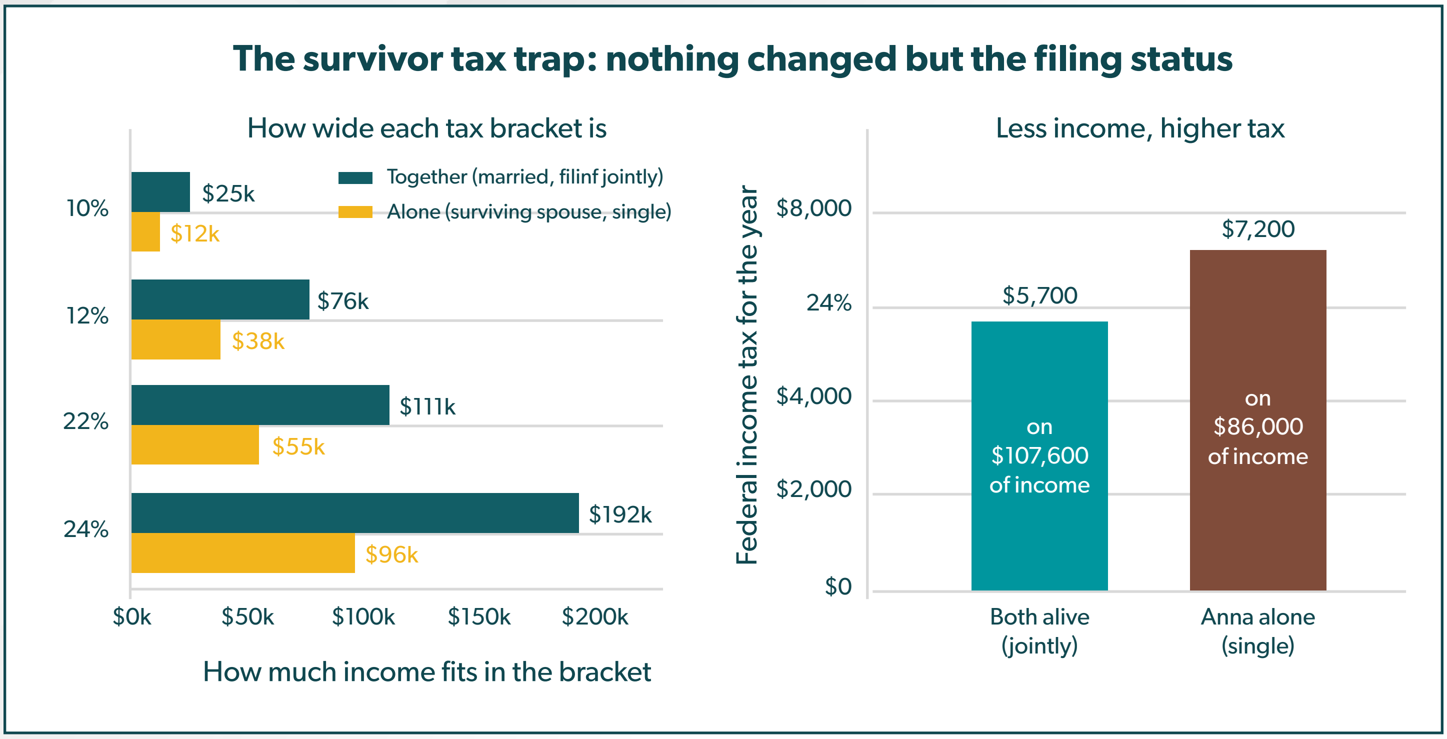
Medicare adds a cliff

SHigher income also raises your Medicare premiums, through a surcharge based on your income from two years earlier. Unlike tax brackets, which rise gradually, this one is a cliff. Go one dollar over a line and your whole premium jumps to the next level. A withdrawal you make today can quietly raise your Medicare premiums two years from now.

The survivor tax trap

Now bring back the survivor. Suppose Paul dies. Anna's own smaller check stops, so her income falls. The next year, she files her taxes as a single person, and the rules turn harsher.

As a couple, Paul and Anna had two wide lanes of low tax to fill. Alone, Anna gets one lane, half as wide. Her standard deduction is cut. That special senior deduction shrinks. More of her Social Security is taxed. And the Medicare surcharge lines that were far away as a couple are suddenly close. The result is the cruelest math in retirement: Anna can have less income than the couple did, and a bigger tax bill at the same time.



On the left, each bar shows how much income fits inside that tax bracket before the next one starts. Alone, the brackets are about half as wide. Hypothetical, for illustration only, based on 2026 estimates.

This is why the survivor decision and the tax decision are really one decision. The start date that protects Anna's income is chosen years before the tax rules that will hit it.

A window that quietly closes

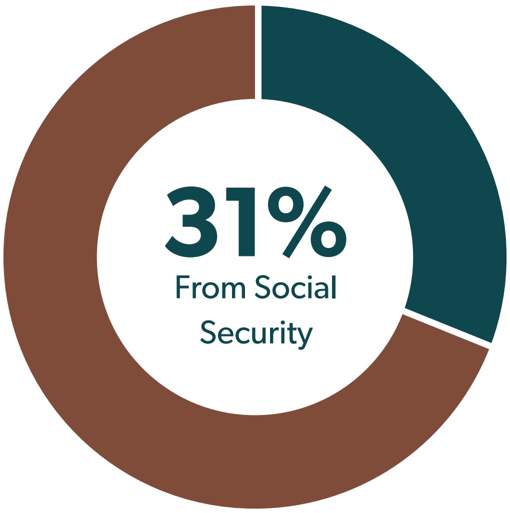
There is good news too. The years between when you retire and when the government forces you to start withdrawing from your IRA, at age 73 for most people and 75 for those born in 1960 or later, are often your lowest-tax years ever. That may be the best time to move money from a traditional IRA into a Roth, at low rates. Doing so shrinks your future tax bill, your future forced withdrawals, and the size of the IRA a survivor or a child will one day inherit.

Your Social Security start date controls how wide that window is. Waiting keeps your income low and leaves more room to move money cheaply. Starting early fills the room sooner. And once those forced withdrawals begin, they take the low tax rates first, making the move more expensive. One more thing: the year a spouse dies is also the last year a couple can file jointly, one final chance at the wider lanes before the single rates take over.

Social Security Is the Floor, Not the Whole House

Social Security is the one part of retirement income that is guaranteed, rises with inflation, and lasts for life. That makes it the foundation. But it was never meant to be the whole house. For the typical person age 65 and older, it is only about 31 percent of their income. The other 69 percent has to come from savings and other sources, and it has to work together with Social Security.

Social Security is the floor, not the whole house



For the typical person age 65 and older, Social Security is about 31% of income.
The other 69% has to come from somewhere, and be coordinated with it.

Source: Social Security Administration Fact Sheet. Please confirm the current figure before distribution.

That one word, together, is the whole point. When you start, how you draw from your accounts, the taxes those withdrawals cause, the protection for your spouse, and the conversion window in between are not separate choices made in separate years. They are one connected plan. A change in any one of them moves all the others.

On its own, Social Security is a simple math problem.

Inside your whole plan, it is the first choice that shapes every choice after it.

The Whole Guide On One Page

What Paul's Start Date Sets in Motion

Same couple. Same savings. Same spending. The only thing that changes is when Paul starts Social Security. Look at how much it moves.

What it affects	If Paul starts at 62	If Paul waits to 70
Money in their pocket in their 60s	More now	Less now (they bridge with savings)
Paul's monthly check, for life	$2,100	$3,720
Guaranteed income while both are alive	$3,900 / month	$5,520 / month
Income the survivor keeps for life	$2,100 / month	$3,720 / month
Strain on their IRA in their 60s	Lower	Higher
Future forced IRA withdrawals, and their tax	Larger	Smaller
Room to move money into a Roth cheaply	Less	More
Cushion if health costs climb in their 80s	Smaller	Larger

Hypothetical, for illustration only, based on 2026 estimates.

There is no single right answer here. Starting early has real advantages if health is a concern or you value flexibility now. Waiting builds a larger, better-protected floor for later. The point of the scorecard is easier than picking just one winner: this one date touches all of it. That is what it means to say your Social Security choice sets the structure of your retirement.

See It in Your Own Numbers

This guide used Paul and Anna to show the moving parts. The natural next step is to see them in your numbers. That is what the Oak Harvest Retirement Success Plan is built to do. It is a structured, customized process that coordinates the five areas that decide whether a retirement holds together: your investments, your income, your taxes, your healthcare, and your estate. As you have seen, the single decision of when to claim Social Security reaches into every one of them.

We provide this analysis and insight at no cost, and with no obligation. It is simply a chance for you to see your own plan clearly, and for both of us to learn whether we can help and whether Oak Harvest is the right fit for you. We would rather take an honest look together than have you guess.

In that first meeting, you would begin to see, in your own numbers, what your Social Security choice sets in motion: your taxes now and later, the size of your future required IRA withdrawals, how long your savings are likely to last, what your spouse would live on if you were gone, and how much cushion you would have for healthcare.

Where to apply, when you are ready

Apply about three months before you want your checks to begin. You can apply online at ssa.gov, call the Social Security Administration, or visit a local office (call first for an appointment).

For a personalized estimate,
use the Retirement Estimator at ssa.gov.

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