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Social Security News

How The Work Rules Work For You

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Retirement doesn't have the same meaning for everyone. Some people plan to retire and never work again. Some people plan for second careers in occupations that wouldn't have adequately supported their families, but they do the work for pure enjoyment. Some people, whether by design or desire, choose to work part-time or seasonally to supplement their retirement income.

Retirees (or survivors) who choose to receive Social Security benefits before they reach full retirement age (FRA) and continue to work have an earnings limit. In 2017, the annual earnings limit was \$16,920 for those under FRA the entire calendar year. In 2018, it is \$17,040. If you earn over the limit, we deduct \$1 from your Social Security monthly benefit payment for every \$2 you earn above the annual limit.

In the calendar year you reach FRA, which you can check out at www.socialsecurity.gov/planners/retire/ageincrease.html, you have a higher earnings limit. Additionally, we will only count earnings for the months prior to FRA. In 2017, the limit was \$44,880. In 2018, it is \$45,360. In the year of FRA attainment, Social Security deducts \$1 in benefits for every \$3 you earn above the limit.

There is a special rule that usually only applies in your first year of receiving retirement benefits. If you earn more than the annual earnings limit, you may still receive a full Social Security payment for each month you earn less than a monthly limit. In 2018, the monthly limit is \$1,420 for those who are below FRA the entire calendar year. The 2018 monthly limit increases to \$3,780 in the year of FRA attainment.

Once you reach FRA, you no longer have an earnings limit, and we may recalculate your benefit to credit you for any months we withheld your benefits due to excess earnings. This is because your monthly benefit amount is calculated based on a reduction for each month you receive it before your FRA. So, if you originally filed for benefits 12 months before your FRA, but earned over the limit and had two months of Social Security benefits withheld, we will adjust your ongoing monthly benefit amount to reflect that you received 10 months of benefits before your FRA, and not 12.

Most people understand that if they work while receiving benefits before FRA, their benefit may be reduced. What most people do not consider in their retirement planning is that we recalculate your Social Security monthly benefit at FRA to credit you for Social Security benefit payments withheld due to earnings over the limit. Explaining the earnings limit is another way that Social Security helps secure your today and tomorrow. Understanding both the earnings limit and the possible recalculation of your ongoing Social Security benefits will provide an additional perspective on retirement for you to consider.