

# 2021 Social Security Guide



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## FICA/Social Security & Medicare

	Social Security Tax	Medicare Tax	FICA Tax (total)
Employee portion	6.2%	1.45%	7.65%
Employer portion	6.2%	1.45%	7.65%
<b>Totals</b>	<b>12.4%</b>	<b>2.9%</b>	<b>15.3%</b>
Self-employed	12.4%	2.9%	15.3%
<b>Totals</b>	<b>12.4%</b>	<b>2.9%</b>	<b>15.3%</b>

## Earned Income Subject to Tax

Year	Max Earned Income Subject to Social Security Tax
2021	142,800

## Earnings Cap

Retirement Profile	2020	2021
Under full retirement age*	\$18,240	\$18,960
Retires in year when reaches FR	\$48,600	\$50,520
Full retirement age	No cap	No cap

\* For workers under full retirement age, \$1 in benefits will be withheld for every \$2 in earnings above the cap.

## COLA Increase

2020	1.6%
2021	1.3%

## Full Retirement Age (FRA)

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

## Early Retirement Reduction at 62

Year of Birth	Percent of Reduction
1943-1954	25.00%
1955	25.83%
1956	26.67%
1957	27.50%
1958	28.33%
1959	29.17%
1960 or later	30.00%

\* 5/9 of 1%: Benefits are reduced by 5/9 of 1% per month, up to a maximum of 36 months, depending on how many months remain until the taxpayer reaches FRA.

\* 5/12 of 1%: If a taxpayer is more than 36 months from FRA, the reduction above is applied and for the remaining months until retirement the benefits are reduced to 5/12 of 1%.

## Delayed Retirement Credits

Benefits increase 2/3 of 1% each month, or 8% each year, for a taxpayer born in 1942 or later.

Age of Client	Increase in Primary Insurance Amount (PIA)
66 Delay to 70	132%
67 Delay to 70	124%
68 Delay to 70	116%
69 Delay to 70	108%

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Contact our office for a  
custom Social Security analysis.

This material is intended for informational purposes only. Please contact your financial professional for more information specific to your situation. Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser.

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## Survivor Benefits\*

Age of Survivor	Percentage of Benefit
60	71.5%
61	76.3%
62	81.0%
63	85.8%
64	90.5%
65	95.3%

\*Based on an FRA of 66

## Benefits for Divorced Spouses\*

Ex-spouse must be at least age 62 before applying, but does not have to wait until the other spouse applies for benefits.

- An ex-spouse:
- must have been married at least ten years
  - must have been divorced at least two years

\*does not reduce primary ex-spouse's benefit

## Spousal Benefits

The spousal benefit is based on 50% of the other spouse's PIA

**Step 1:** Take higher wage earner's PIA

**Step 2:** Multiply by 0.50

**Step 3:** This equals the "Spousal Base"

**Step 4:** Take the "Spousal Base" found in Step 3 and subtract the second spouses PIA

**Step 5:** The difference between 50% of Spouse A's benefits and Spouse B's PIA = The Spousal Benefit

## Medicare Premiums

The standard Part B premium for 2021 is \$148.50. If you're single and filing an individual tax return, or married and filed a joint tax return, the following chart applies:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium	R <sub>x</sub> Coverage Premium
<b>2021</b>		
<b>Ind.:</b> \$88,000 or less <b>Married:</b> \$176,000 or less	\$148.50	Plan Premium
<b>Ind.:</b> \$88,000 - \$111,000 <b>Married:</b> \$107,000 - \$214,000	Standard Premium + \$59.40	\$12.30 + your plan premium
<b>Ind.:</b> \$111,000 - \$138,500 <b>Married:</b> \$222,000 - \$276,000	Standard Premium + \$148.50	\$31.80 + your plan premium
<b>Ind.:</b> \$138,000 - \$165,000 <b>Married:</b> \$276,000 - \$330,000	Standard Premium + \$237.60	\$51.20 + your plan premium
<b>Ind.:</b> \$165,000 - \$500,000 <b>Married:</b> \$330,000 - \$750,000	Standard Premium + \$326.70	\$70.70 + your plan premium

## Taxation of Social Security Benefits

### Combined Income

	Adjusted gross income (AGI, line 37 on Form 1040)
+	Nontaxable interest
+	Half of Social Security benefits
=	Combined Income

Filing Status	Combined Income	Percent of Income Subject to Taxes
Single, Head of Household, Qualifying Widow	\$25,000 - \$34,000	Up to 50% of Social Security Benefits
Single, Head of Household, Qualifying Widow	More than \$34,000	Up to 85% of Social Security Benefits
Married Filing Joint	\$32,000 - \$44,000	Up to 50% of Social Security Benefits
Married Filing Joint	More than \$44,000	Up to 85% of Social Security Benefits

## Sign-up for your Social Security Profile

Visit [www.ssa.gov](http://www.ssa.gov) and follow the steps below:

- You will need the following:
- Valid E-mail address
  - Social Security number • U. S. Mailing address



1. Click on [my Social Security](#) along the bottom left of the SS homepage.

2. Click on [Sign In or Create an Account](#)

3. Click on [Create An Account](#) found around the lower left part of the page, follow prompts.

## Medicare Premiums Cont.

If you're married and lived with your spouse at some time during the taxable year, but filed separate tax returns, the following applies:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium	R <sub>x</sub> Coverage Premium
<b>2021</b>		
<b>Ind.:</b> \$88,000 or less	\$148.50	Plan Premium
<b>Ind.:</b> \$88,000 - \$412,000	Standard Premium + \$326.70	\$70.70 + your plan premium
<b>Ind.:</b> \$412,000 or greater	Standard Premium + \$356.40	\$77.10 + your plan premium

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