



SOCIAL SECURITY ADVISOR

Social Security Planning for Retirement

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5 Golden Nuggets: Warnings and Winning Moves

When it comes to claiming Social Security and navigating Medicare, there is far more than meets the eye. Hidden within the fine print are quirky rules and unexpected twists that can significantly impact a client's retirement income and healthcare costs. These lesser-known nuggets of wisdom can make all the difference, by potentially helping individuals avoid costly pitfalls, sidestep surprise Medicare surcharges, or uncover strategic planning opportunities that boost benefits and reduce taxes. Those who understand these subtle but powerful rules are better equipped to making informed, confident decisions that align with their broader retirement and tax strategies. Here are five solid gold nuggets to help turn potential pitfalls into solutions-driven retirement strategies.

Social Security applies English common law to determine when a person reaches a specific age, meaning someone is legally considered to turn a given age on the day before her birthday. For example, a baby born on January 23, 2025, is considered to turn one year old on January 22, 2026. When this principle is applied to Social Security retirement benefits, only individuals born on the 1st or 2nd day of the month are considered age 62 for the entire month and, therefore, eligible for benefits in the same month. Those born on the 3rd day or later who want to begin "at age 62" cannot start benefits until the following month. While this might seem like a minor technicality, it can be an unexpected gap for those counting on Social Security income to begin immediately upon turning age 62 where pre-retirement income left off. Pre-retirees should be aware of this nuance when planning for the first year of retirement.

#1 The Entire Month Rule: The 62nd Birthday Buzzkill

Fewer than 7% of retired workers who have earned the required 40 credits for Social Security retirement benefits are eligible to begin receiving payments in the month they turn age 62. *How is that possible?* The reason lies in a little-known rule tied to the claimant's day of birth. To be eligible for benefits in the month an individual turns age 62, a retiree must be 62 years old for the entire month.

Example 1: Jane, who turns age 62 on July 12, 2025, plans to retire that same month and file for her Social Security benefits. Jane expects her first deposit to arrive in August to replace her regular paycheck. However, because Jane does not meet the "entire month" rule, she will not be eligible for benefits until August, with her first payment arriving in September.

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