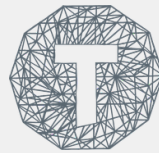


The Blueprint For Social Security Timing

The Step-By-Step Guide to Choosing the
BEST Time to Claim Your Benefits



T H E O R E M
WEALTH MANAGEMENT



If You Only Read One Page – Read This

Your Social Security Timing Drives Your Retirement Plan.

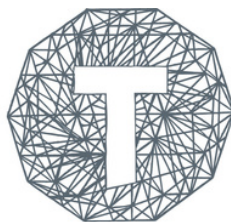
The time you choose to claim Social Security is one of the biggest financial decisions you'll ever make.

Why timing matters:

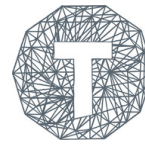
- The wrong month can cost you \$100,000+ in lost lifetime benefits
- Claiming early locks in a permanent reduction
- Delaying can grow your benefit 8% per year between FRA and age 70
- Social Security interacts with taxes, Medicare, and RMDs
- Couples need coordination, not guesswork

The 3 biggest questions this guide will answer:

1. **Should you claim early, at FRA, or delay?**
2. **How do taxes affect your benefits?**
3. **What strategy gives YOU the highest lifetime income?**



T H E O R E M
WEALTH MANAGEMENT



WHAT IS SOCIAL SECURITY?

Social Security works by pooling mandatory contributions from workers into a large fund and then paying out benefits to those who are eligible. Managed by the Social Security Administration, Social Security is a collection of programs that includes Old-Age, Survivors, and Disability Insurance (OASDI), Medicare and Medicaid.

WHO PAYS and HOW MUCH?

When you work, you and your employer likely pay taxes that are specifically earmarked for Social Security and Medicare Part A (hospital insurance).

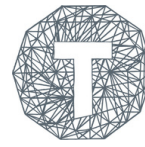
For 2026, Social Security tax is a total flat rate of 12.4%. The employee and the employer each pay half up to the maximum taxable amount.* Medicare taxes are an additional 1.45%, plus an additional 0.9% for high-income employees.

WHO CAN COLLECT SOCIAL SECURITY?

You can collect Social Security once you reach a certain age or become disabled. In order to be eligible for Social Security, you must earn enough “credits” during your working years. Most workers need 40 credits, or 10 years of work, to qualify for retirement benefits.

WHY IS SOCIAL SECURITY IMPORTANT?

Social Security is a source of cash-flow during retirement and can help supplement your income needs. It is important to recognize it as just one piece of your overall retirement plan as many people are concerned with the Social Security shortfall.



QUICK START CHEAT SHEET

HOW IS IT CALCULATED?

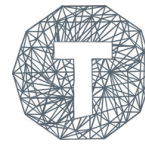
Your Social Security retirement benefits depend on how much money you earned during your working years and your age at the time you start collecting benefits. You are eligible for full benefits at your full retirement age (FRA).*

YEAR BORN	FULL RETIREMENT AGE
1937 or earlier	65
1938-1942	65 + 2 months for every year after 1937
1943-1954	66
1955-1959	66 + 2 months for every year after 1954
1960+	67

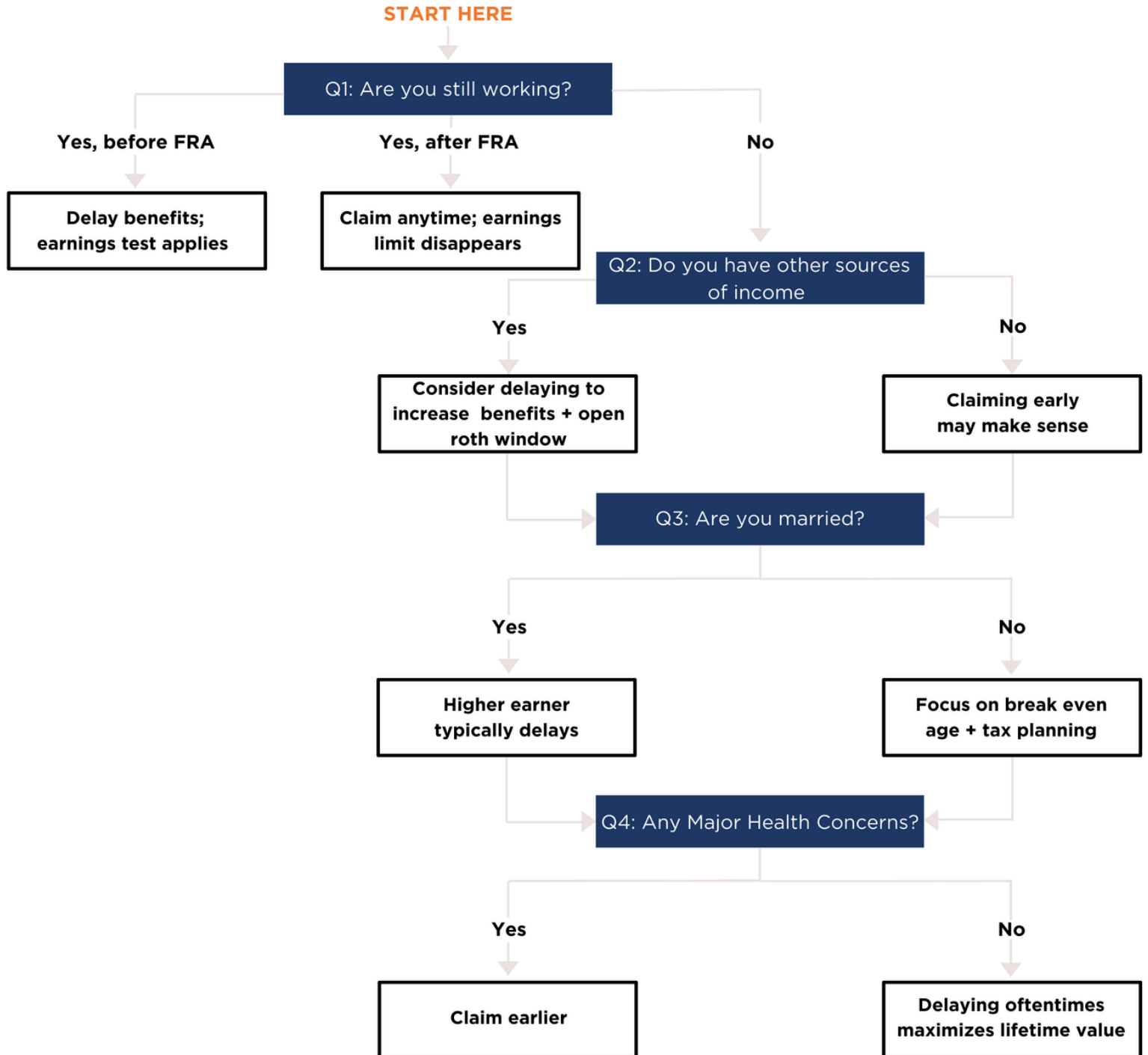
You can start collecting Social Security as early as age 62 but there's a catch. If you collect before you reach your full retirement age (FRA), you'll receive a lower monthly payment permanently. For example, if your FRA is 67, but you begin claiming benefits at 62, you're signing up to get **30% less**. However, this reduction will decrease for each month you wait after age 62, up until your FRA. Think of your FRA as your break-even point.

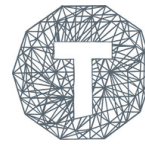
KEY AGES	WHAT IT MEANS
Early Claiming	Permanent Benefit Reduction
At FRA	Full, unreduced benefit
Delayed Claiming	Benefits increase ~8% per year until age 70

*Source: SSA, Benefits Planner: [Retirement, Full Retirement Age](#)



DECISION FLOWCHART: WHEN SHOULD YOU CLAIM





DECISION FLOWCHART EXPLAINED

Q1: Are you still working?

If you claim before your FRA while working, the earnings test (Social Security temporarily withholds benefits if your work income exceeds certain limits) can reduce what you receive, and you still lock in a permanent reduction.

- **YES**, before FRA: It usually makes sense to delay. The earnings test may withhold benefits, and claiming early permanently lowers them.
- **YES**, after FRA: You can claim anytime. The earnings test no longer applies, so you won't reduce your benefits.
- **NO**, not working: Move to Q2. The decision now depends on cash flow, taxes, and long-term planning.

Q2: Do you have other income that covers your needs?

Here we're asking if you actually need Social Security right now to pay the bills.

- **YES**, You Have Other Income: You can often afford to delay claiming Social Security, which gives you a higher monthly benefit for life, and more time to use a Roth conversion window.
- **NO**, You Don't Have Other Income: Claiming earlier may make sense. Social Security can help cover basic expenses and reduce how much you pull from your investments. In this case, stability today may be more important than a higher benefit later.

Q3: Are you married?

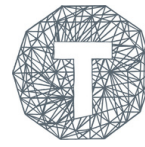
Social Security benefits for couples are linked. One spouse's benefit can become the surviving spouse's benefit.

- **YES**: The higher earner usually delays (often to 70) to maximize the survivor benefit. The lower earner can claim earlier.
- **NO**: Focus on your break-even age, longevity, and tax planning (Roth conversions, RMD strategy, and IRA withdrawal timing).

Q4: Any Major Health Concerns?

Social Security is partially a longevity decision. Your expected lifespan impacts whether claiming early or delaying will yield more total benefits.

- **YES**: Collecting sooner may increase total lifetime benefits.
- **NO**: Longer life expectancy increases the value of a higher monthly benefit and can improve survivor benefits for a spouse.



EXAMPLE SCENARIO: SINGLE RETIREE, AGE 62, MODERATE SAVINGS

Profile

Name: Linda

Age: 62

Status: Single, recently laid off

Savings: ~\$380,000 in retirement accounts

Pension: None

Concern: “I’m worried I won’t have enough income to last.”

Linda wants to claim Social Security at 62 because she needs income now. Estimated benefits:

- Age 62: \$1,520/month
- Full Retirement Age (67): \$2,175/month
- Age 70: \$2,695/month

Waiting from age 62 → 70 increases her benefit by ~77%, but she’s worried about spending down her savings.

Planning Insight

Claiming now locks in a permanent 30% reduction, and she will:

- Trigger higher taxation of benefits later
- Reduce future COLAs (applied to a smaller base)
- Limit her lifetime income and inflation protection

Recommended Strategy

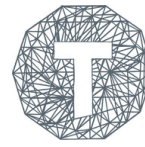
Claim at 62 only if necessary for immediate cash-flow needs. Otherwise, the better lifetime plan is:

Use withdrawals from her IRA first between 62–67

- Keeps her tax bracket low
- Allows Roth conversions
- Opens a “Tax Planning Window” before RMDs

Delay Social Security until 67 or 70

- Secures stronger income for life
- Reduces long-term sequence-of-returns risk
- Minimizes tax pressure in her 70s



EXAMPLE SCENARIO: MARRIED, ONE HIGH EARNER, ONE LOW EARNER

Profile

Names: Mark & Susan

Ages: 64 & 63

Status: Married

Earnings History:

- Mark: High earner (FRA benefit: ~\$3,000/month)
- Susan: Lower earner (FRA benefit: ~\$1,200/month)

Health: Both in good health, expect long lifespans

Goal: Maximize lifetime income & protect the survivor

This couple's biggest risk is not income today, it's income later, especially for the surviving spouse.

Planning Insight

Mark (high earner) effectively controls:

- The survivor benefit
- The largest possible household Social Security paycheck
- The long-term inflation-adjusted income base

Delaying Mark's benefit from 67 → 70 increases it from \$3,000 → over \$3,700/month.

That extra \$700+ (plus COLAs) applies for life and then transfers to Susan as her survivor benefit if Mark passes first.

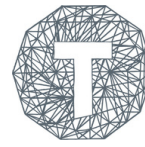
Recommended Strategy

Susan (lower earner): Claim earlier, often around 62–64.

This provides: Immediate cash flow, lower drawdowns from investments, and more flexibility while Mark delays

Mark (higher earner): Delay until 70.

This: Maximizes lifetime benefits, maximizes Susan's survivor income, strengthens inflation protection, and supports long-term financial security



EXAMPLE SCENARIO: HIGH EARNER FORCED INTO EARLY RETIREMENT

Profile

Name: David

Age: 64

Status: Married

Situation: Unexpected corporate layoff

Savings: Solid but concerned about tapping too early

Income Need: Moderate

Goal: "I want to retire, but I don't want to wreck our long-term income."

Planning Insight

David's instinct is to claim Social Security immediately at 64 to replace his paycheck.

But claiming early would:

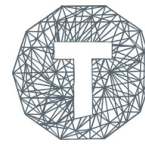
- Permanently reduce his benefit by ~15%
- Reduce his future COLAs
- Reduce his spouse's survivor benefit
- Increase taxes by shrinking the Roth conversion window

Recommended Strategy

Instead of claiming right away:

1. Use a small portion of savings to bridge ages 64 → 66
 - This preserves his benefit
 - Allows time for Roth conversions
 - Keeps their tax bracket lower pre-RMD
2. Then delay his Social Security to age 70
 - Boosts his benefit by 8% per year for four years
 - Maximizes the survivor benefit for his spouse
 - Increases long-term inflation protection

Claiming immediately after a layoff feels safe, but delaying is often the better long-term strategy, especially when a spouse relies on that benefit someday.



IS A LUMP-SUM SOCIAL SECURITY PAYMENT RIGHT FOR YOU?

The lump-sum payment is an option to receive up to six months of benefits in a lump sum by initiating your Social Security retirement benefits early. While this is an important option to have, what are the consequences of applying early?

Many people are surprised by this opportunity when Social Security representatives provide it to those who may need it most. But unless you truly understand the trade-offs, you might not receive the benefits package that's most beneficial to you.

WHAT IS A LUMP-SUM SOCIAL SECURITY PAYMENT?

A lump-sum payment is a one-time check that Social Security may offer when you claim your retirement benefit after you've already reached Full Retirement Age (FRA). It allows you to receive up to 6 months of past-due benefits all at once.

Example:

If your FRA benefit is \$2,400/month, you may be eligible for:

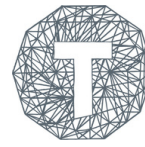
$\$2,400 \times 6 = \$14,400$ in a lump sum.

This is different from disability back-pay. Disability benefits can include months or years of retroactive payments because they follow different rules. Retirement benefits, however, are capped at 6 months of retroactive payments.

WHY THE LUMP SUM EXISTS?

When you delay claiming Social Security past your FRA, you earn Delayed Retirement Credits, 0.66% per month, or 8% per year, up to age 70. This increases your future monthly benefit for life. But if you claim later and want to receive some of the missed months right now, Social Security may allow you to take those months in a lump-sum instead of as part of your future monthly checks.

It's important to acknowledge that retirement credits end at age 70, so delaying claiming your Social Security benefits beyond that age is unnecessary. Annual cost-of-living adjustments would also be applied to the larger base amount moving forward.



IS A LUMP-SUM SOCIAL SECURITY PAYMENT RIGHT FOR YOU? CONT.

INDIVIDUALS VS. SPOUSES

Just like taxes, there are differences in benefits based on whether you're single or married. If you're a single individual who has been diagnosed with a terminal illness, for example, some advisors may recommend that you take the lump-sum amount and the smaller benefit. In this instance, this amount could be passed on to a successor, while your monthly benefit will end at the time of your death.

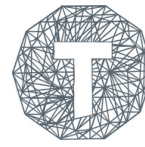
Alternatively, if you're a higher-earning spouse that is facing a suddenly shortened life expectancy, you may want to reject the offered lump-sum payment. In this case, the survivor benefit will equal the same amount of your benefit, as the higher-earning partner, upon your death. If your surviving spouse has a long life expectancy, the boosted benefit can make up for the forgone lump-sum.

SECURING A LARGER CASH RESERVE

Occasionally, a lump-sum can exceed six months in past benefits. If you've met your full retirement age and you decide to delay your benefits, you can file for them and immediately suspend the action, allowing your benefit to grow until you reach 70 years old.

In the case of an ill individual who has filed for and suspended their benefits, they may choose to file for a lump-sum to pay their medical bills. If they are 69 years old and their full retirement age benefit was \$2,000, the associated lump sum is then worth \$72,000. If they hadn't filed and suspended, the lump sum would then be limited to six months of benefits, or \$14,400, with a monthly lifetime benefit of \$2,400.

Keep in mind that if the beneficiary takes the larger lump sum worth \$72,000, his lifetime monthly benefit will return to the smaller amount of \$2,000, along with the survivor benefit, if they're married.



A BETTER TAX STRATEGY FOR SOCIAL SECURITY

UNDERSTANDING SOCIAL SECURITY TAX SURPRISES

Social Security taxes are based on provisional income, not your actual income. This is where most of the confusion comes from.

Provisional income = Your adjusted gross income + tax-exempt interest + 50% of social security benefits

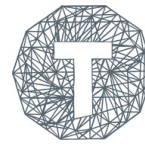
Note: The IRS includes half of your annual benefit amount when calculating whether your Social Security becomes taxable. “Half of your Social Security benefits” does not mean that half of your benefits are automatically taxed. It means that the IRS counts 50% of your annual Social Security benefits as income when determining whether any portion of your benefits will be taxable. This amount is used in an income calculation called combined income, which helps the IRS decide if none, some, or up to 85% of your Social Security benefits will be subject to tax.

Income sources that count toward provisional income:

- Traditional IRA withdrawals
- 401(k) and 403(b) withdrawals
- Pension income
- Required Minimum Distributions (RMDs)
- Dividends and interest
- Capital gains
- Annuity income
- Part-time wages
- Even municipal bond interest (tax-free) counts in the formula

Result:

Together, these items can push your provisional income higher and cause more of your Social Security to be taxed. This means many everyday income sources unexpectedly make your Social Security taxable. Up to 85% of your Social Security benefit can become taxable, even if your total income is modest.

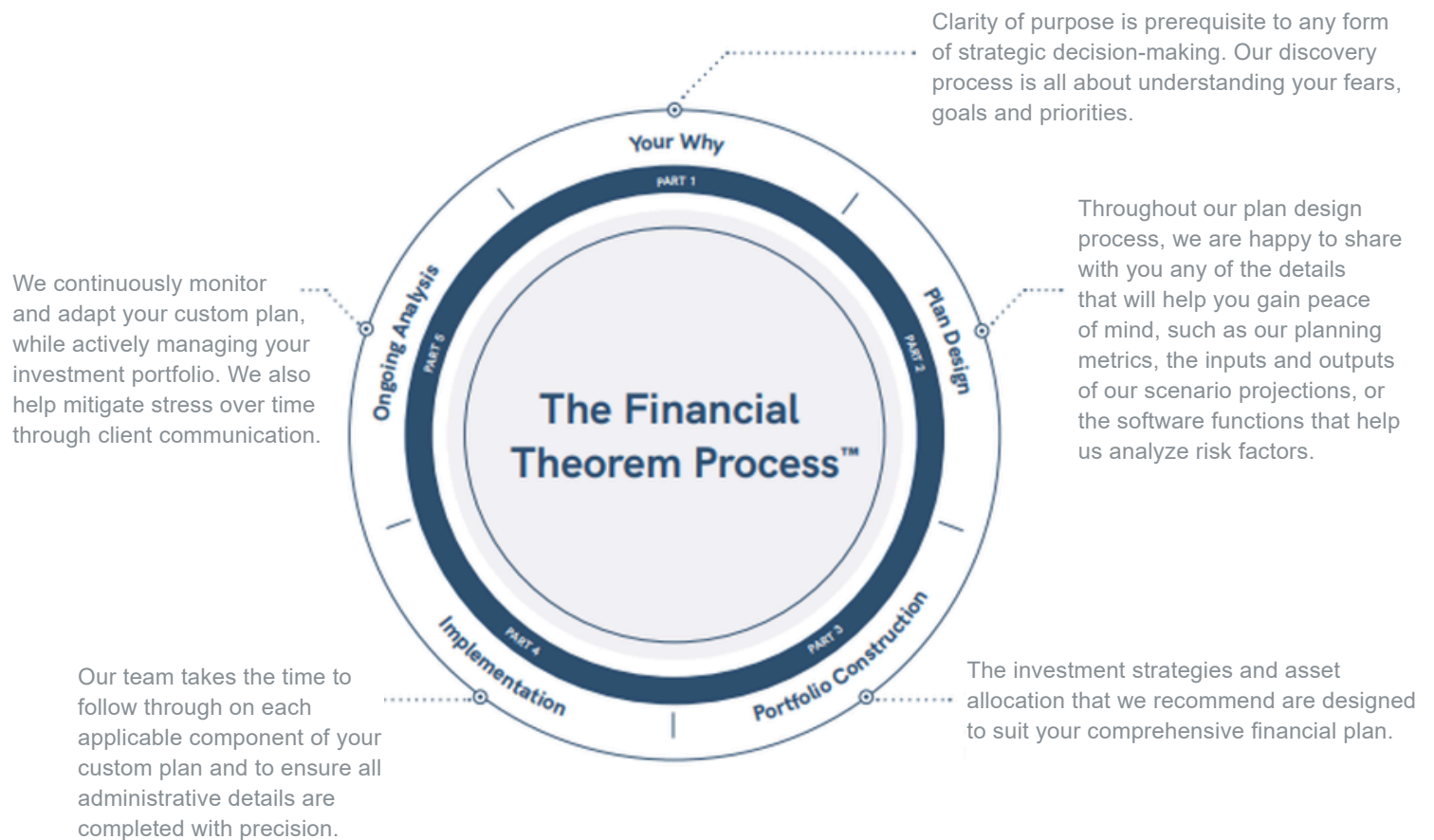


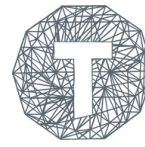
IN SUMMARY

As mentioned, some of the factors that should influence how and when you take Social Security include your investment time horizon, your cash-flow needs, your tax situation, inflation expectations, when you and your spouse stop working, when you and your spouse reach full retirement age and more. It is important to consider your other income sources and investments when making a decision on Social Security.

THE THEOREM PROCESS

At Theorem Wealth Management, our process is designed to understand your goals, both short-term and long-term. We take your entire financial picture into consideration. Decisions like Social Security are planned using a multi-scenario analysis, to ensure we are analyzing the long-term impacts of every financial decision.





THEOREM WEALTH MANAGEMENT CAN HELP

Social Security planning is only one part of your retirement strategy. Theorem Wealth Management can create a strategy that is based on your unique needs and goals. Your retirement strategy is what should drive your investment decisions.

FIDUCIARY STANDARD OF CARE

At Theorem Wealth Management, we are an independent firm committed to helping you reach your goals through conflict free advice. We are a fiduciary, bound by law to put our clients' best interests above all else.

A TAILORED APPROACH

We do not believe in a one size fits all approach. We create a personalized portfolio tailored to your unique financial goals.

BEST IN CLASS

Our CEO, Johnathan Rankin was named a Forbes Best-in-State Next Generation Wealth Advisor*, an accolade that represents both quantitative and qualitative achievements in his work within the wealth services field. The ranking is designed to help families identify local professionals who deliver an exceptional level of comprehensive service and expertise.

We believe Theorem Wealth Management can help you reduce the stress of financial management and the major decisions that need to be made when considering retirement.

A second set of eyes on your financial future is always a good idea. If you want an experienced financial professional to review your portfolio and financial goals, [click here for a complimentary evaluation](#).

We look forward to hearing from you.

*Source: Forbes "Best-in-State Next-Generation Wealth Advisors" list, September 4, 2019. Forbes "Best-in-State Next-Generation Wealth Advisors" list was developed by SHOOK Research. Advisors considered for this ranking were born in 1980 or later with a minimum 4 years relevant experience; advisors have: built their own practices and lead their teams; joined teams and are viewed as future leadership; or a combination of both. Ranking algorithm is based on qualitative measures: telephone and in-person interviews, client retention, industry experience, credentials, review of compliance records, firm nominations; and quantitative criteria, such as: assets under management and revenue generated for their firms. Investment performance is not a criteria because client objectives and risk tolerances vary, and advisors rarely have audited performance reports. Rankings are based on the opinions of SHOOK Research, LLC and not representative nor indicative of any one client's experience, future performance, or investment outcome. Neither Forbes nor SHOOK Research receives compensation in exchange for placement on the ranking. Forbes is a trademark of Forbes Media LLC. All rights reserved. Rankings and recognition from Forbes are no guarantee of future investment success and do not ensure that a current or prospective client will experience a higher level of performance results and such rankings should not be construed as an endorsement of the advisor.

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