



Social Security:
A ProsperPlan Guide
to Understanding,
Timing, and Strategy



ProsperPlan
Wealth

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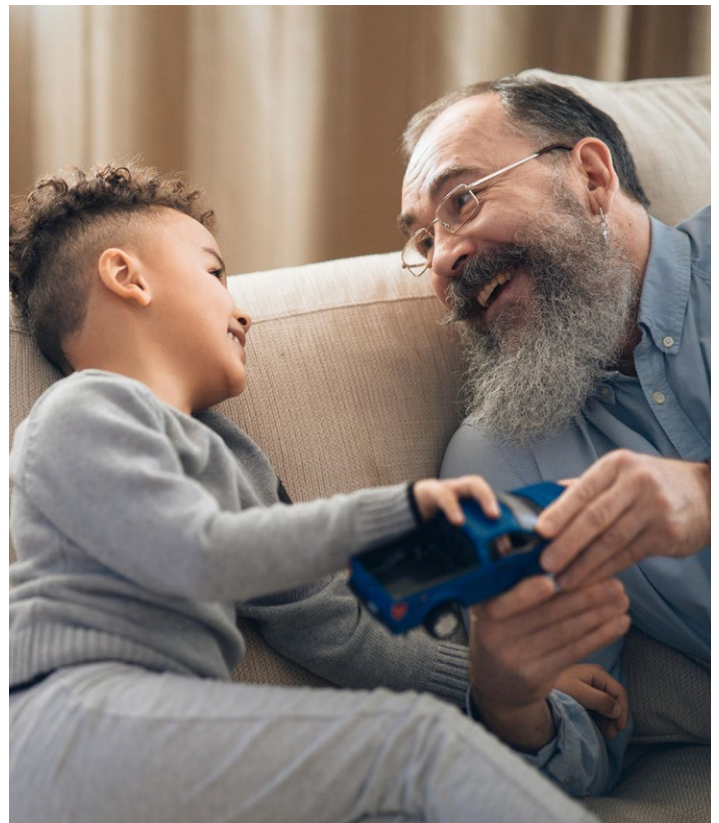
REFERENCES / RESOURCES

INTRODUCTION

Social Security, formally known as the Old-Age, Survivors, and Disability Insurance (OASDI) program, has been a cornerstone of retirement security in the United States since its creation in 1935.

Financial literacy is critical for retirement success. The decisions you make regarding Social Security can impact not only your financial security but also the well-being of your spouse and dependents. However, understanding the nuances of claiming strategies, benefit calculations, spousal and survivor rules, and integration with other retirement assets can be daunting.

The fact is that there are at least 81 different combinations and unique approaches to filing.



This guide explains why a clear understanding of Social Security is essential for retirement planning and showcases crucial insights from ProsperPlan Wealth founders Chris Grellas, MSFA, CFP®, and Lauren Williams, MBA, CFP®, to provide actionable strategies.



WHAT IS SOCIAL SECURITY? ORIGINS AND PURPOSE

Social Security is more than just a retirement check; it is a social insurance program designed to provide financial security in multiple life circumstances.

A BRIEF HISTORY

- Social Security was signed into law in 1935 by President Franklin D. Roosevelt as part of the New Deal. Its goal was to provide financial stability for retired workers and reduce poverty among seniors.
- Over time, the program expanded to include disability benefits, survivor benefits, and support for dependents.
- Social Security is funded through payroll taxes under FICA for employees and SECA for the self-employed.

“ Social Security is a key part of a broader approach, and should serve the client’s long-term interests, not short-term convenience.

– Chris Grellas, Co-Founder, ProsperPlan Wealth ”



CORE PURPOSE

- Providing a baseline of retirement income to reduce dependence on family or government welfare programs.
- Offer insurance against disability and the loss of income due to death, supporting surviving family members.
- Encouraging financial independence by complementing personal savings, pensions, and investment portfolios.

WHO IS COVERED?

94% of U.S. workers
Are covered by Social Security.

To qualify for retirement benefits, a worker needs
40 credits
or about **10 years**
of covered employment.

Benefits
are earnings-based,
reflecting your **top 35 years**
of indexed income.

Social Security matters because it acts as longevity insurance, ensuring retirees have a minimum level of income for life. It is progressive, replacing a larger percentage of pre-retirement income for lower earners than for higher earners.

HOW SOCIAL SECURITY BENEFITS ARE CALCULATED

Understanding how benefits are calculated is crucial to maximizing Social Security income. This section explains the mechanics behind earnings history, Primary Insurance Amount (PIA), spousal and survivor benefits, and the effect of claiming age.

Earnings History and Primary Insurance Amount (PIA)

Social Security calculates benefits based on your 35 highest-earning years, indexed to account for wage growth.

Fewer than 35 years reduces your benefit as zeros are added.

The result is your PIA, the base figure for benefits at Full Retirement Age (FRA).

Adjustments for Claiming Age

Claiming before FRA reduces your benefit permanently (approximately 6-7% per year for early retirement).

Claiming after FRA accrues Delayed Retirement Credits (DRCs), about 8% per year up to age 70.

Earnings History and Primary Insurance Amount (PIA)

Spousal and Survivor Benefits

Spousal benefits: Eligible spouses can receive up to 50% of the higher-earning spouse's benefit.

Survivor benefits: Surviving spouses may receive up to 100% of the deceased spouse's benefit, depending on claiming age.

Divorced spouses may be eligible for benefits based on an ex-spouse's record if the marriage lasted at least 10 years.

Taxes and Income Considerations

Benefits may be taxable depending on combined income (AGI + nontaxable interest + half of SS benefits).

Up to 85% of benefits can be taxable for high earners.

Integrating Social Security with retirement accounts (401(k), IRA, Roth) is critical to tax-efficient planning.

WHEN TO CLAIM BENEFITS:

TIMING, TRADE-OFFS, AND STRATEGY

Timing is everything when it comes to claiming Social Security.

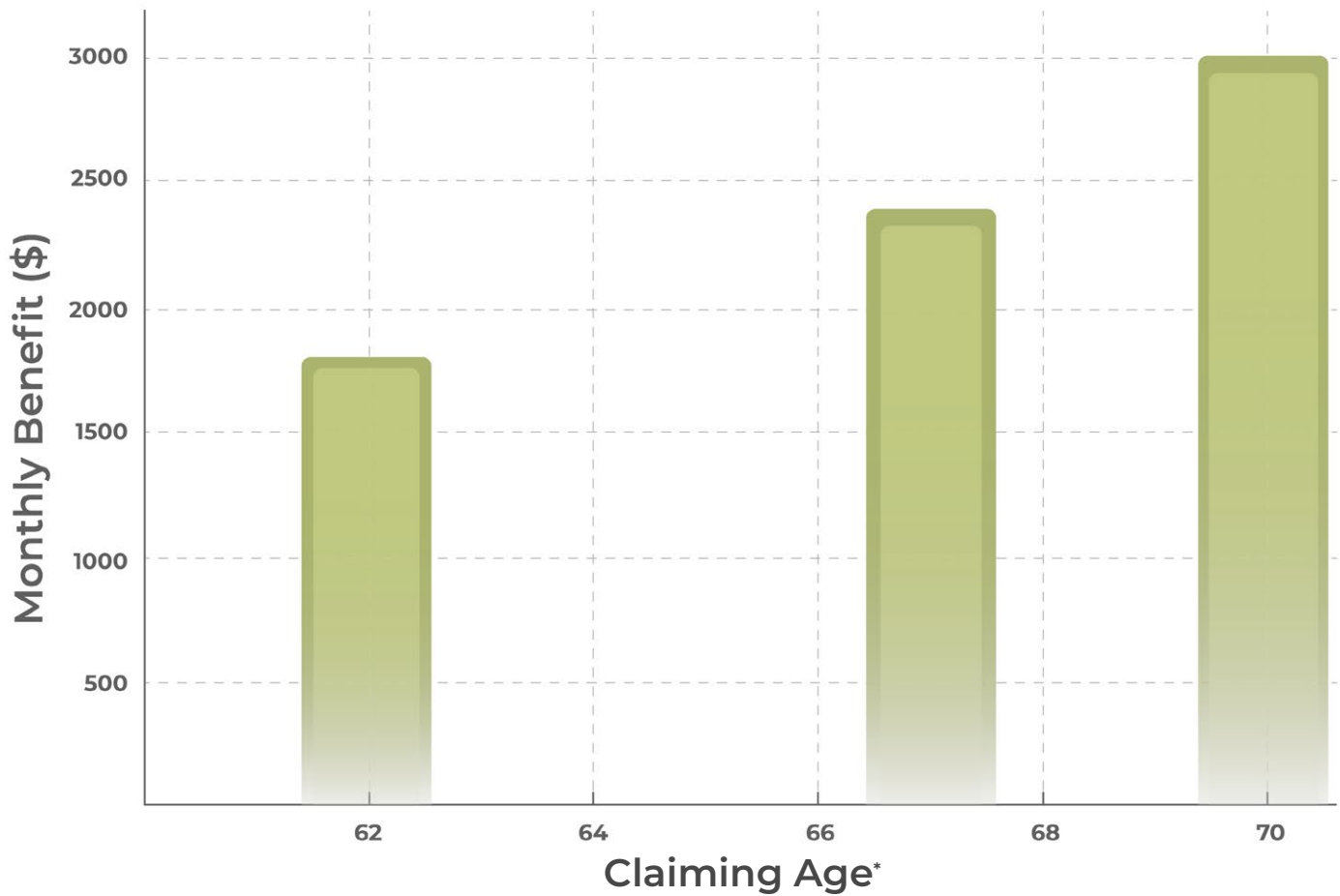
The age you choose to begin benefits can dramatically affect monthly and lifetime income. This section reviews key ages, early versus delayed claiming, and strategic trade-offs.

Age:	Notes:
62	● Earliest claiming, reduced benefit
FRA (66–67)	● Full benefit, no reduction
70	● Maximum delayed benefit

EARLY CLAIMING VS. DELAYING

Early Claiming (62):	Delayed Claiming (FRA - 70):
Pro: Immediate income, helpful if retiring early or needing cash flow	Pro: Higher monthly benefits and higher survivor benefits
Con: Permanent reduction (25-30% for many)	Pro: Serves as a hedge against longevity risk
Con: Earnings test reduces benefits if still working	Con: Bridging the early retirement income gap, policy risk, and early mortality

ProsperPlan: Social Security Timing Comparison



This chart is for illustrative purposes only. Your specific Social Security amount will vary based on factors such as age, income, timing, marital status, filing approach, and more.

“Applying for and integrating Social Security income is a key aspect of every retirement plan.

– Lauren Williams, Co-Founder, ProsperPlan Wealth”



ADDITIONAL CONSIDERATIONS: BEYOND THE BASICS

Even after understanding timing and benefits, other factors can influence your strategy. This section discusses longevity, earnings tests, record accuracy, and coordination with other retirement assets.

LONGEVITY AND HEALTH

Life expectancy affects claiming strategy.

Those with longer life spans may benefit from delaying benefits.

Earnings Test Rules

\$1

reduction
for every \$2

earned above the annual
limit before FRA

\$1

reduction
for every \$3

earned in the year
reaching FRA (before
the month of FRA)

RECORD ACCURACY

Errors in your earnings record can permanently affect benefits. Review SSA statements early to correct mistakes.

Integrating with Other Retirement Assets

- Social Security should complement 401(k), IRA, Roth accounts, pensions, and personal savings.
- Sequencing withdrawals can maximize tax efficiency and minimize longevity risk.

BUILDING A SOCIAL SECURITY STRATEGY: STEP-BY-STEP APPROACH

A systematic approach can optimize benefits. This section outlines a structured strategy that incorporates personal, financial, and tax factors.

1. Review Earnings Record Early – ensure accuracy
2. Estimate Multiple Claiming Scenarios – 62, FRA, 70
3. Model Cash Flow and Income Needs – include pensions, investments, personal savings
4. Factor in Health, Longevity, and Family Situation
5. Coordinate with Tax Planning – include retirement account withdrawals
6. Revisit Strategy Periodically – adjust for life events or policy changes
7. Seek Professional Advice – fiduciary financial advisors can optimize planning



“Retirement planning demands intentionality, foresight, and thoughtful alignment with your values and circumstances.

– Chris Grellas”

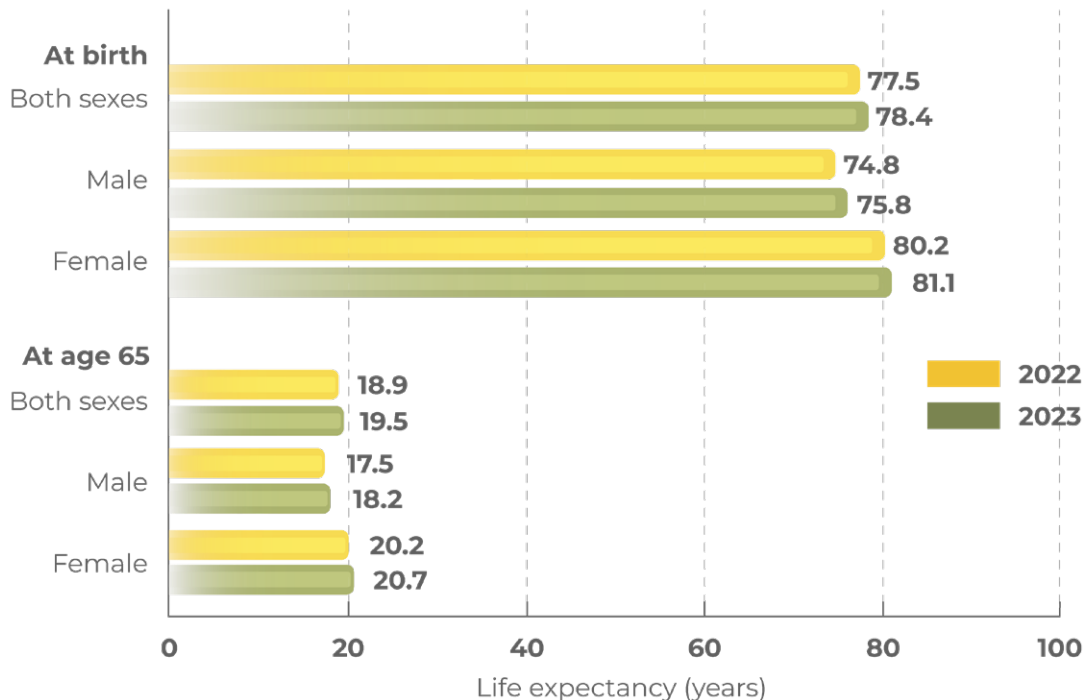
EXAMPLE SCENARIOS: HOW DIFFERENT CHOICES PLAY OUT

This section demonstrates real-world examples showing the monetary impact of different claiming strategies.

SCENARIO	AGE	CLAIMING AGE	OUTCOME
EARLY RETIREE	62	62	Immediate cash flow; lower lifetime benefit
BALANCED APPROACH	67	67	Moderate benefit; maintains flexibility

SCENARIO	AGE	CLAIMING AGE	OUTCOME
EARLY RETIREE	70	70	Highest monthly benefit; maximizes survivor benefits

U.S. Life Expectancy at Birth and age 65, by sex: United States, 2022 and 2023
(latest available as of 2025)



SOURCE: National Center for Health Statistics, National Vital Statistic System, mortality data file.

ASSUMPTIONS AND COMMON MYTHS



This section highlights some of the most common myths and incorrect assumptions surrounding the Social Security program. Before you make key decisions that could affect your lifetime benefits, it's important to understand what misinformation could lead you astray, which could result in lost benefits.

Here are five common perceptions about Social Security, and what the actual numbers and experts say.

“Social Security will run out - better claim early.”

- The Old-Age and Survivors Insurance (OASI) Trust Fund will be able to pay 100 percent of total scheduled benefits until 2033, unchanged from last year's report. At that time, the fund's reserves will become depleted and continuing program income will be sufficient to pay 77 percent of total scheduled benefits.

“It's enough to cover retirement.”

- Social Security provides a helpful foundation, but it was never meant to fund an entire retirement. For most people, it replaces only about 30% to 40% of pre-retirement income, far short of covering essential expenses, rising healthcare costs, and lifestyle goals.

“I don't need to check my record.”

- Checking your Social Security record is essential because your future benefits are calculated directly from your reported earnings history. From missing wages to incorrect amounts to employer reporting errors, mistakes do happen, and if they go unnoticed? They can permanently reduce the income you receive during retirement.

“Spousal benefits are automatic.”

- Spousal benefits aren't automatically granted. You must apply for them and meet specific eligibility rules. Many people assume they will receive these benefits without any action, but the Social Security Administration does not review or award them by default. Knowing the requirements and submitting a proper application ensures you don't miss out on income you're entitled to.

“Once I claim, I can't change my mind.”

- The program actually allows a one-time “do-over” within the first 12 months of receiving benefits: you can withdraw your application, repay the amounts received, and restart later at a higher benefit.

SOCIAL SECURITY IN 2025 AND BEYOND

The landscape of Social Security is evolving. This section explains coverage, potential policy changes, and how Social Security fits into a modern retirement plan.

Covers most U.S. workers (94%)

Acts as a foundation for retirement, not a standalone solution

Policy changes could occur, but careful planning mitigates uncertainty

Integrate Social Security with savings, investments, pensions, and annuities

“

While Social Security may or may not change radically in the next 10 years, you should plan as though it will.

- Lauren Williams

”



INTEGRATING SOCIAL SECURITY WITH OTHER RETIREMENT PLANNING

A well-designed retirement income strategy requires thoughtful coordination between Social Security and your investment accounts. To optimize income, Social Security should be integrated with other retirement assets, such as Roth conversions, portfolio management, and risk tolerance adjustments. This includes:

- Coordinating withdrawals from tax-advantaged accounts
- Considering Roth conversions before claiming SS to minimize future taxes
- Using Social Security to stabilize cash flow while allowing investments to grow
- Rebalancing portfolios and review risk tolerance as retirement approaches

An expertly devised retirement income plan coordinates Social Security with your investment accounts to manage taxes and create reliable cash flow. For instance, strategically **withdrawing from tax-advantaged accounts** in the early retirement years can reduce taxable income, and initiating **Roth conversions before claiming Social Security** often helps lower future Required Minimum Distributions and long-term taxes.

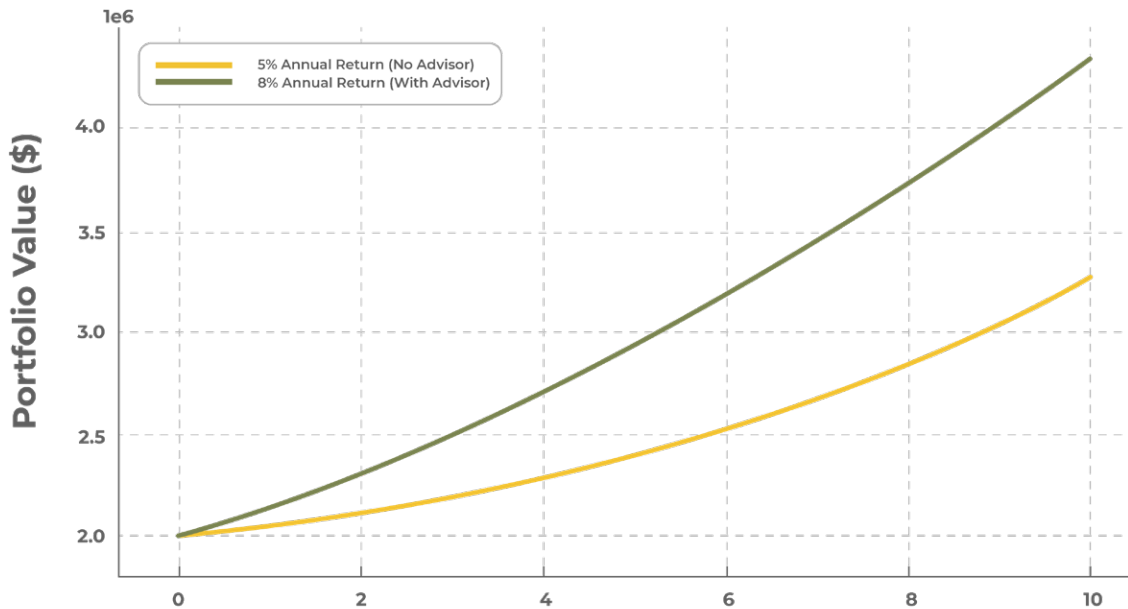
Once benefits begin, Social Security provides steady income, allowing more of your investments to stay invested and continue growing.

“Planning is not about predicting the future; it’s about preparing for it in a way that aligns with your values and circumstances.

– Chris Grellas”

WHY PARTNER WITH A 100% FIDUCIARY FINANCIAL ADVISOR

10-Year Growth of \$2,000,000 Advisor vs. No Advisor



Navigating Social Security can be confusing, and the consequences of bad choices can last a lifetime. As 100% fiduciary advisors, we're legally bound to act solely in your best interest, ensuring every recommendation – Social Security timing, investments, or tax strategies – is tailored to your goals. We integrate Social Security into your broader plan, coordinating it with retirement income, pensions, and withdrawals, and use detailed modeling to show how different decisions affect lifetime income and taxes. As life changes, we continually adjust your strategy so it remains aligned with your needs. At ProsperPlan Wealth, our fiduciary team is dedicated to helping you build a comprehensive, long-term retirement plan.

And perhaps most importantly? Studies have proven that working with a qualified fiduciary financial advisor might add an average of at least 3% in returns per year over going it alone.¹

**That's about \$1 million in additional wealth earned on
a \$2 million portfolio in just 10 years.**

SUGGESTED ACTION PLAN



Taking a few deliberate steps right now can help you avoid costly mistakes and build a strategy that truly supports your retirement goals. The following actions will help ensure that you understand your benefits, can thoroughly evaluate your options, and integrate Social Security into a broader, well-coordinated financial plan.

- Review SSA.gov account and correct errors
- Estimate claiming scenarios
- Incorporate tax planning
- Model cash flow and income needs
- Revisit strategy periodically
- Contact ProsperPlan Wealth to ensure your Social Security strategy is optimized within your overall financial plan

“Choosing a fiduciary isn’t just smart, it’s the foundation for advice you can trust with your life’s most important financial decisions.

—Lauren Williams”

REAL-WORLD CASE STUDIES: HOW A FIDUCIARY ADVISOR CAN OPTIMIZE SOCIAL SECURITY



Financial planning is rarely “one-size-fits-all.”

The timing of Social Security benefits, coordination with retirement accounts, and spousal or survivor strategies can dramatically affect lifetime income. Here are three illustrative examples showing how working with a fiduciary advisor can make a meaningful difference.

Case Study 1: Early Retirement vs. Delayed Claiming

Profile: 62-year-old, FRA 66, \$500,000 in savings, \$2,000/month SS at FRA.

Claim at 62 → \$1,500/month, \$414,000 lifetime benefit

Claim at FRA (66) → \$2,000/month, \$504,000 lifetime benefit

Claim at 70 → \$2,640/month, \$595,000 lifetime benefit

Advisor Insight:

Modeling shows delaying benefits increases lifetime income, even accounting for savings withdrawals needed until age 70.

Case Study 2: Spousal and Survivor Benefits Optimization

Profile: Husband 66 (\$3,000 PIA), Wife 64 (\$1,500 PIA)

Husband claims at 66, wife delays to 70

Surviving spouse benefit: Wife inherits \$3,000/month

Advisor Insight:

Strategic claiming maximizes household income and survivor benefits.

Case Study 3: Coordinating Social Security with Retirement Accounts

Profile: Single, age 65, \$800,000 in IRA + 401k, \$2,200 SS at FRA

Delays SS to 70 (\$2,816)

Uses IRA withdrawals to bridge income

Roth conversions performed to minimize future taxes

Advisor Insight:

Integration of Social Security with retirement accounts increases lifetime income, reduces taxes, and prolongs portfolio longevity.

Key Takeaways:

- The timing of your claim can impact lifetime benefits by hundreds of thousands.
- Spousal/survivor strategies can significantly increase household income.
- Integration with retirement accounts enhances after-tax income.
- Fiduciary guidance ensures a personalized plan.



“

The right strategy is unique for every client; a fiduciary advisor ensures your Social Security decisions are optimized within the context of your full financial picture.

- Chris Grellas

”

CONCLUSION

Social Security is a critical pillar of retirement but requires careful planning.

Understanding all your options, carefully integrating Social Security with other assets, and using a personalized strategy, can significantly enhance lifetime income and financial well-being.

“

Control what you can control - and saving and investing are those things.

- Lauren Williams

”

“

Financial planning should serve the client's long-term interests, not short-term convenience.

- Chris Grellas

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With strategic planning, Social Security provides stability, longevity insurance, and peace of mind during retirement.



RESOURCES

Social Security Administration (SSA.gov)

Raymond James – Social Security Planning Insights

The Wealth Advisor – Retirement Planning Articles

ProsperPlan – Financial Advisor Perspectives

Nolo – Social Security Guides



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 2377 Gold Meadow Way, #100, Gold River, CA 95670

 916-909-3993

 prosperplan.com