

A WORKSHOP FOR FEDERAL EMPLOYEES

Social Security and Taxes in Retirement

When to claim — and what it costs you in tax

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Financial Services Redefined



THE SOCIETY FOR FINANCIAL AWARENESS

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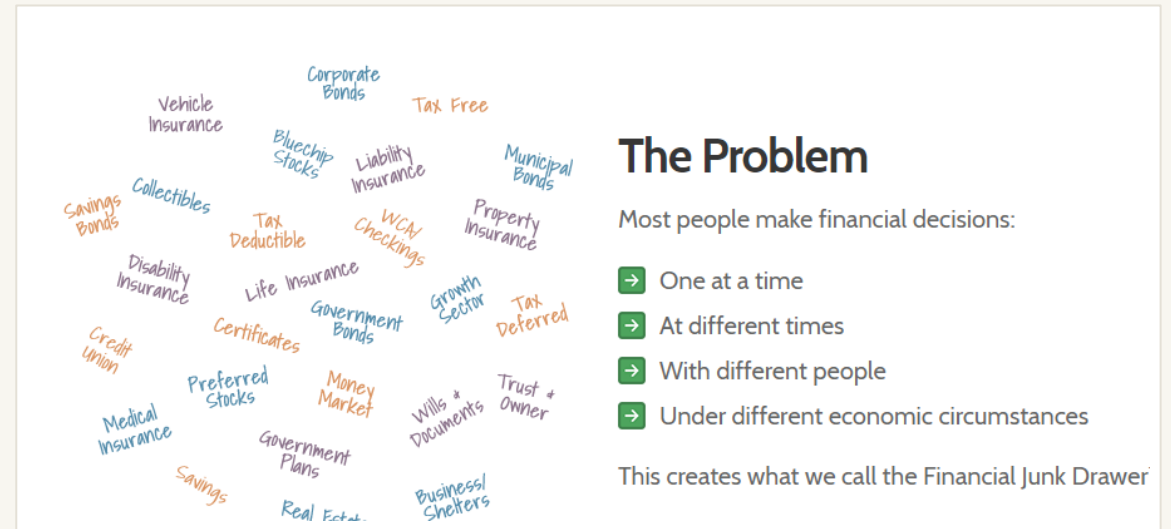


PROBLEM

How most people make financial *decisions*.

- 01 One at a time
- 02 At different times
- 03 With different people
- 04 Under different economic circumstances

This creates a financial junk drawer.



PROBLEM

The junk drawer undermines *financial success*.

Disorganized

Uncoordinated

Non-integrated

Inefficient

Ineffective

Hard to manage

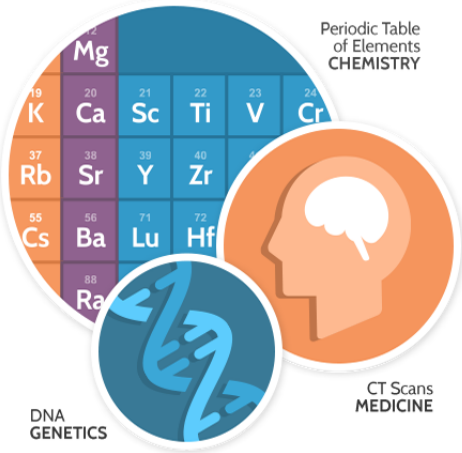


Every account was a reasonable decision on the day it was made. Together they were never a plan.

SOLUTION

Start with a structural *model*.

Use principles, laws and strategies to align and position elements in a more scientific manner — and overcome the financial junk drawer.



The Solution: Starts With a Structural Model

This approach uses principles, laws and strategies to align and position elements in a more "scientific" manner. In our financial life, this means overcoming Financial Junk Drawer™ and benefiting from being:

→ Organized

→ Rules-based

→ Optimized

→ Efficient

→ Measurable

→ Coordinated

Organized	Rules-based
Optimized	Efficient
Measurable	Coordinated

Certain elements integrate for more *effective results*.

Uncover and reallocate unused dollars to create additional money supply and superior benefits.

Every element touches another

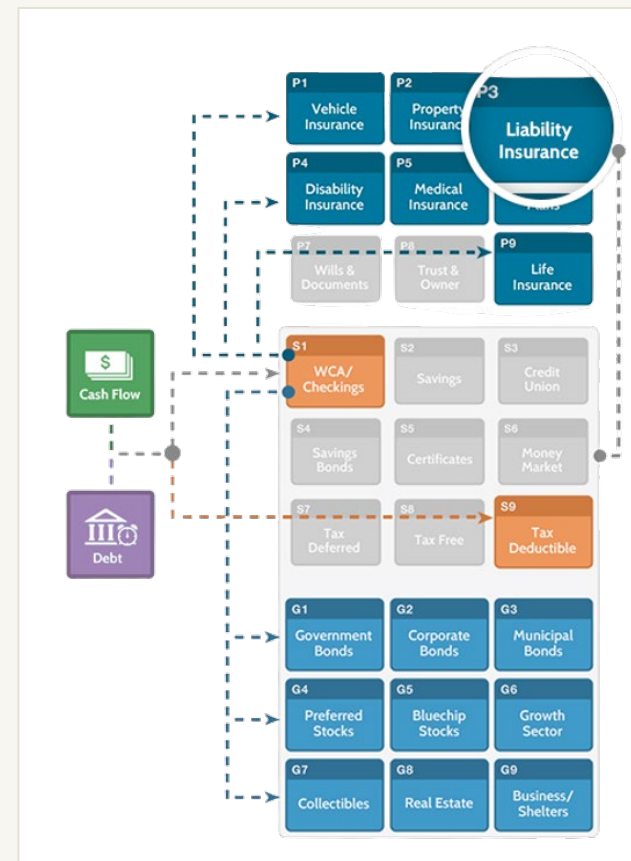
Cash flow, debt, protection, savings and growth are not separate buckets — a change in one moves the others.

Unused dollars are everywhere

Duplicate coverage, inefficient debt structure, mis-sequenced savings and tax drag all leak money quietly.

Coordination beats selection

Recovering leaked dollars is usually worth more than finding a slightly better fund.



PART ONE

Social *Security*

01

What it is, when to claim it, and how much of it survives contact with the tax code.

Where It Comes From — *and the 2034 Question*

You've been funding this with every paycheck. Here's what happens to it, and what the headlines about 2034 actually mean.

HOW IT'S FUNDED

Your Payroll Tax

- **6.2% from you and 6.2% from your employer** under FICA.
- Only on the first **\$184,500** of wages in 2026 — earnings above the cap aren't taxed.
- Self-employed pay both halves, but deduct the employer share.
- Higher-income retirees pay income tax on part of their benefit — that money flows back in.

THE 2034 QUESTION

It's a Haircut, Not a Cliff

- The combined trust fund is projected to be depleted in 2034.
- Payroll taxes keep coming in — enough to pay roughly **80% of scheduled benefits**.
- Fixes on the table: raise FRA to 70, lift the wage cap, means-test, or trim COLA.
- Plan for the possibility. Don't claim early because of it.

Source: 2025 Social Security Trustees Report. Projections are estimates and subject to change.

Three Ages, *Three Very Different Checks*

Assume a full benefit of \$2,000 a month at 67. The age you file sets your check for the rest of your life — and your spouse's survivor benefit after that.

62

EARLIEST

70%

\$1,400 / mo

A permanent reduction — it does not bounce back at full retirement age. If you're still working, the earnings test may withhold part of it.

67

FULL BENEFIT

100%

\$2,000 / mo

Your unreduced benefit. FRA is 67 for anyone born in 1960 or later; 66 and some months for those born before.

70

MAXIMUM

124%

\$2,480 / mo

Delayed retirement credits add 8% for every year you wait past FRA. They stop at 70 — waiting longer gains you nothing.

Illustrative only. Assumes a full retirement age of 67 and a \$2,000 primary insurance amount. Your figures will differ.

What Claiming Early *Actually* Costs

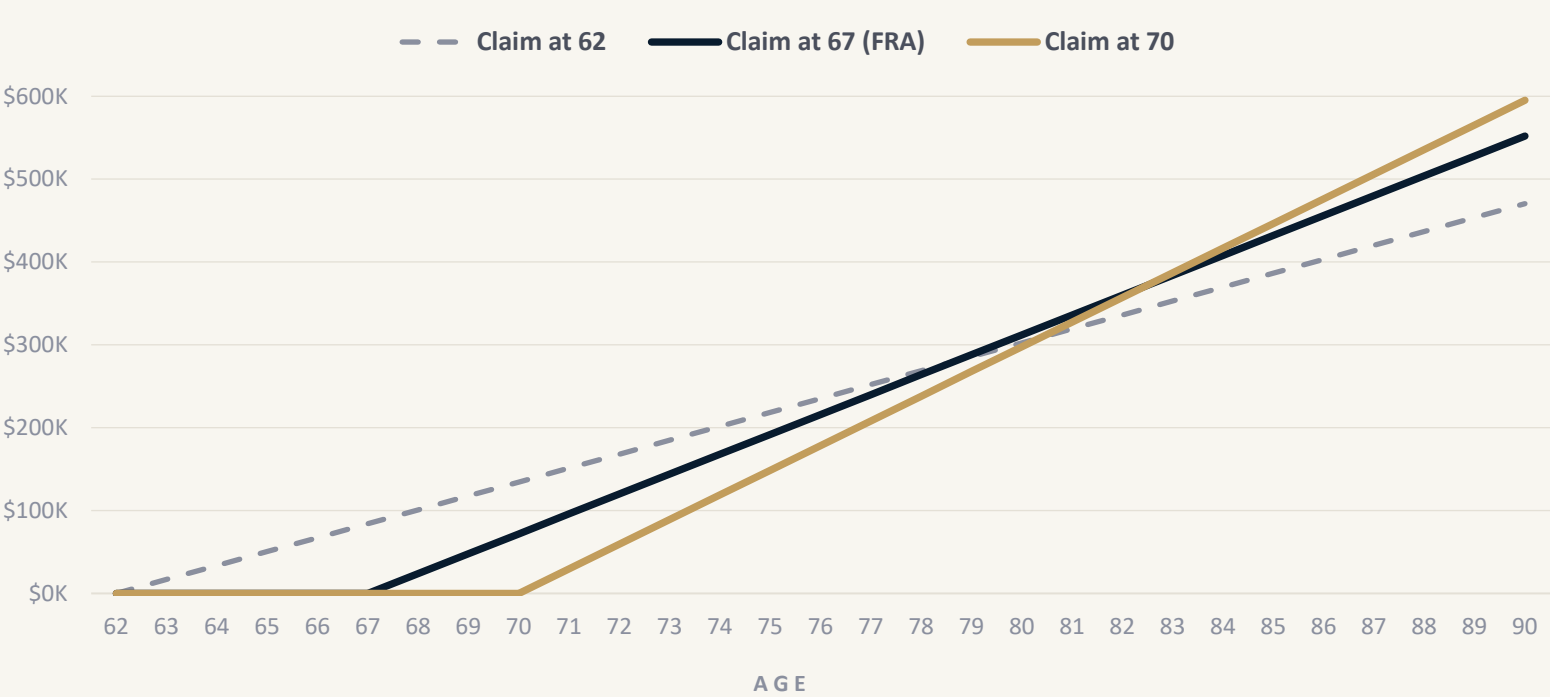
Every month before full retirement age permanently reduces both your check and your spouse's.

CLAIM AT AGE	YOUR BENEFIT REDUCED TO	SPOUSAL BENEFIT REDUCED TO
62	70.0%	32.5%
62 + 6 mo	72.5%	33.8%
63	75.0%	35.0%
63 + 6 mo	77.5%	36.3%
64	80.0%	37.5%
64 + 6 mo	83.3%	39.6%
65	86.7%	41.7%
65 + 6 mo	90.0%	43.8%
66	93.3%	45.8%
66 + 6 mo	97.7%	47.9%
67	100%	50.0%

Source: SSA Retirement Planner — Full Retirement Age. Table assumes an FRA of 67 (born 1960 or later).

How Long Until *Waiting Pays Off?*

Delaying costs you checks now and repays them later. This is the wait: how long you collect the larger check before you come out ahead.



CLAIM AT 67 INSTEAD OF 62

11 yrs 8 mo

TO BREAK EVEN

You pull ahead at age **78 yrs 8 mo**

CLAIM AT 70 INSTEAD OF 62

10 yrs 4 mo

TO BREAK EVEN

You pull ahead at age **80 yrs 4 mo**

CLAIM AT 70 INSTEAD OF 67

12 yrs 6 mo

TO BREAK EVEN

You pull ahead at age **82 yrs 6 mo**

LIFE EXPECTANCY AT 65 Men **84** · Women **87** — both past every breakeven age on this slide.

Illustrative: \$2,000 full benefit at FRA 67, no COLA, no investment return, benefits taken as cash. The wait is measured from the later claiming age. Life expectancy per SSA period life table.

Benefits That Reach *Beyond You*

Three rules that quietly decide more money than the claiming-age debate does. Every figure below runs off the same \$36,000 full benefit — \$3,000 a month.

01

SPOUSAL

Up to 50%

A spouse can receive up to 50% of the worker's benefit at full retirement age — as little as 32.5% at 62. It never reduces the worker's own check.

EXAMPLE

Worker's benefit at FRA	\$36,000
50% spousal maximum	\$18,000
Spouse's own benefit	\$12,000

Spouse receives

\$18,000

Their own \$12,000 plus a \$6,000 top-up — not both added together.

02

EX-SPOUSAL

The 10-Year Rule

Married 10+ years, currently unmarried, and 62 or older? The same 50% applies to an ex-spouse's record — and they are never notified.

EXAMPLE

Ex-spouse's benefit at FRA	\$36,000
50% maximum	\$18,000
Your own benefit	\$12,000

You receive

\$18,000

Identical math, different record. Your ex's check — and their current spouse's — are untouched.

03

SURVIVOR

The Greater of Two

A widow or widower receives the greater of the two benefits — never both. Up to 100% of what the deceased was receiving, including delayed credits. Available from 60.

EXAMPLE

Their benefit	\$36,000
Your own benefit	\$18,000
Household income today	\$54,000

You now receive

\$36,000

You keep the larger check; the smaller one stops. Household income falls \$18,000 — a third — overnight.

FOR CSRS RETIREES

The Government Pension Offset no longer reduces these benefits — repealed by the Social Security Fairness Act, effective January 2024. Source: SSA.

Claiming Early While *Still on Payroll*

If you file before full retirement age and keep working, SSA withholds part of your benefit. It's the single most misunderstood rule in the program.

ANY YEAR BEFORE
YOUR FRA

\$24,480

\$1 withheld for every \$2 you earn above the limit.

THE YEAR YOU
REACH FRA

\$62,160

\$1 withheld for every \$3 — and only earnings before
your FRA month count.

YOUR FRA MONTH
AND AFTER

No limit

Earn whatever you like. Nothing is withheld, ever again.

THE PART ALMOST EVERYONE MISSES

Withheld benefits are not lost. At full retirement age SSA recalculates your benefit upward to credit the months that were withheld — so most of it comes back to you over time.

2026 limits. Source: SSA — *Receiving Benefits While Working*.

How Much of Your Benefit *Is Taxable?*

Add your adjusted gross income, any tax-exempt interest, and half your Social Security. That figure — your provisional income — decides everything.

SINGLE • HEAD OF HOUSEHOLD

Under \$25,000	<i>None taxable</i>
\$25,000 – \$34,000	<i>Up to 50% taxable</i>
Over \$34,000	<i>Up to 85% taxable</i>

MARRIED, FILING JOINTLY

Under \$32,000	<i>None taxable</i>
\$32,000 – \$44,000	<i>Up to 50% taxable</i>
Over \$44,000	<i>Up to 85% taxable</i>

MARRIED, FILING SEPARATELY

If you lived with your spouse at any point during the year, there is no threshold — up to 85% of your benefit is taxable from the first dollar.

AND YOUR STATE

Most states don't tax Social Security at all, and the list that does keeps shrinking. Maryland, Virginia and DC all exclude it — worth confirming before you relocate.

Source: SSA — *Income Taxes and Your Social Security Benefit*; IRS Publication 915. Thresholds are not indexed to inflation.

So When Should *You Claim?*

There is no universally right age — but there are four questions that decide it, and only one of them is about Social Security.

01

Health & Longevity

Family history and current health matter more than any breakeven table. Genuinely poor health argues for claiming early; good health argues for patience.

02

Your Spouse

For couples, the higher earner's claiming age sets the survivor benefit. Delaying protects whoever lives longer.

03

Are You Still Working?

Claiming before FRA while on payroll triggers the earnings test. Often the simplest reason to wait.

04

Your Tax Picture

Benefits, RMDs and pension income stack. Claiming early can mean a bigger check taxed at a worse rate.

NEXT *The tax side — where Social Security, your TSP and your RMDs collide.*

PART TWO

Your *Financial Anatomy*

02

*Before we talk about Roth conversions or long-term care, we need four numbers.
Everything after this rests on them.*

Four Questions, *One Plan*

This is the diagnostic we run before recommending anything. Skip a step and every recommendation after it is a guess.

01 STEP ONE

What You Actually Live On

Gross income minus everything that stops at retirement — contributions, payroll taxes, debts. What's left is your Target Retirement Income.

02 STEP TWO

What Retirement Will Pay You

Pension, Social Security, and a sustainable withdrawal from savings. Three legs, one stool.

03 STEP THREE

Gap, Same, or Surplus

Compare the two. The answer determines whether the conversation is about income, efficiency, or legacy.

04 STEP FOUR

Your Tax Position

Will you be in a lower, the same, or a higher bracket? This is the hinge for every Roth decision.

Compare *and Analyze*

Three outcomes when projected income meets the target — and each one changes the conversion math.

OUTCOME

—

GAP

Less income in retirement than today

You need every dollar working harder.
Conversions may be too costly upfront.

OUTCOME

=

SAME

Matching your current lifestyle

Modest conversions may smooth out RMDs and
Medicare premiums later.

OUTCOME

+

SURPLUS

More income in retirement than today

Strong case for conversions — your bracket
isn't dropping. Lock in today's rates.

Understanding Your *Target Retirement Income*

Start with what comes in, subtract everything that goes out — what's left is the income your retirement plan has to replace.

TOTAL GROSS INCOME	\$107,000
LESS PAYMENTS	
TSP / 401(k)	\$24,500
IRA	\$6,500
Social Security	\$6,634
Savings	—
Mortgage	—
College	—
Credit Cards	—
Debts	\$6,500
Tax Equivalent	—
Non / Qualified IRA	—
Roth	—
TOTAL PAYMENTS	– \$44,134
TARGET RETIREMENT INCOME	\$62,866

What's Your *Marginal Rate*?

If Line 15 says \$183,000 on a joint return, you're paying 22% on the next dollar of income — including any conversion.

RATE	SINGLE FILERS	MARRIED, JOINT	HEAD OF HOUSEHOLD
10%	\$0 – \$12,400	\$0 – \$24,800	\$0 – \$17,700
12%	\$12,400 – \$50,400	\$24,800 – \$100,800	\$17,700 – \$67,450
22%	\$50,400 – \$105,700	\$100,800 – \$211,400	\$67,450 – \$105,700
24%	\$105,700 – \$201,775	\$211,400 – \$403,550	\$105,700 – \$201,775
32%	\$201,775 – \$256,225	\$403,550 – \$512,450	\$201,775 – \$256,200
35%	\$256,225 – \$640,600	\$512,450 – \$768,700	\$256,200 – \$640,600
37%	\$640,601+	\$768,701+	\$640,601+
STANDARD DEDUCTION	\$16,100 single · \$32,200 joint · plus extra deductions for filers 65 and older.		

Source: Tax Foundation / IRS inflation-adjusted 2026 figures.

WHERE THEY STAND

CREATED BY CJ CAMPBELL & ASSOCIATES | PRESENT POSITION

— Both Taps Open

Total Income		\$107,000	0	0	0	0
Additional Information			Employee	Match	Add.	
Sue 70-100						
Bill 70-100						
Retirement Income Projections						
Sue	COLA	0%	Pension	\$18,836		
	WD	0%	Social Security	\$32,000		
		0%	Tax Deferred	\$0		
		0%	Roth	\$0		
		0%	401k & IRA	\$38,650		
		4%	TOTAL	\$89,486		
Bill	COLA	0%	Pension	\$0		
	WD	0%	Social Security	\$32,000		
		0%	Tax Deferred	\$0		
		0%	Roth	\$0		
		0%	IRA	\$12,562		
		4%	TOTAL	\$44,562		
0% W/D Rate from Cash Assets				\$0		
				\$0		
Total Income at year # 30 =				\$134,049		
0.0% Target Retirement Income				\$62,866		
			0	0	0	
			Employee	Match	Add.	
			Regular Savings	CD's	College Savings	Rate Future Value
			Savings 109,369			1% 147,412
						1% 0
						1% 0
			Tax Deferred	Roth	401k & IRA	
					IRA 603,504	4% 0
				roth 93,939		4% 304,680
					TSP 362,753	4% 879,550
			Tax Deferred	Roth	IRA	
						4% 0
				roth 31,313		4% 101,560
					IRA 314,061	4% 285,878
			0	0	0	
Savings Type Assets Total						1,719,080
			Government Bonds	Corporate Bonds	BoA Trust	Rate Future Value
						5% 0
					38,783	5% 0

THE BRACKET CREEP

By year 30 total income runs well past the \$62,866 target — not because they spend more, but because RMDs and Social Security are both forced on at once.

Tax Bracket 2025

Reference year — the brackets that frame conversion strategy decisions made in 2025.

RATE	SINGLE FILERS	MARRIED, JOINT	HEAD OF HOUSEHOLD
10%	\$0 – \$11,600	\$0 – \$23,200	\$0 – \$16,550
12%	\$11,600 – \$47,150	\$23,200 – \$94,300	\$16,550 – \$63,100
22%	\$47,150 – \$100,525	\$94,300 – \$201,050	\$63,100 – \$100,500
24%	\$100,525 – \$191,950	\$201,050 – \$383,900	\$100,500 – \$191,950
32%	\$191,950 – \$243,725	\$383,900 – \$487,450	\$191,950 – \$243,700
35%	\$243,725 – \$609,350	\$487,450 – \$731,200	\$243,700 – \$609,350
37%	\$609,351+	\$731,201+	\$609,351+

Brackets are inflation-adjusted yearly. Compare 2025 vs. 2026 to see whether converting one year vs. another moves your marginal rate.

WHERE THEY STAND

CREATED BY CJ CAMPBELL & ASSOCIATES	PRESENT POSITION
2017 2016 2015 2014 2013 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 2002 2001 2000 1999 1998 1997 1996 1995 1994 1993 1992 1991 1990 1989 1988 1987 1986 1985 1984 1983 1982 1981 1980 1979 1978 1977 1976 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900 1899 1898 1897 1896 1895 1894 1893 1892 1891 1890 1889 1888 1887 1886 1885 1884 1883 1882 1881 1880 1879 1878 1877 1876 1875 1874 1873 1872 1871 1870 1869 1868 1867 1866 1865 1864 1863 1862 1861 1860 1859 1858 1857 1856 1855 1854 1853 1852 1851 1850 1849 1848 1847 1846 1845 1844 1843 1842 1841 1840 1839 1838 1837 1836 1835 1834 1833 1832 1831 1830 1829 1828 1827 1826 1825 1824 1823 1822 1821 1820 1819 1818 1817 1816 1815 1814 1813 1812 1811 1810 1809 1808 1807 1806 1805 1804 1803 1802 1801 1800 1799 1798 1797 1796 1795 1794 1793 1792 1791 1790 1789 1788 1787 1786 1785 1784 1783 1782 1781 1780 1779 1778 1777 1776 1775 1774 1773 1772 1771 1770 1769 1768 1767 1766 1765 1764 1763 1762 1761 1760 1759 1758 1757 1756 1755 1754 1753 1752 1751 1750 1749 1748 1747 1746 1745 1744 1743 1742 1741 1740 1739 1738 1737 1736 1735 1734 1733 1732 1731 1730 1729 1728 1727 1726 1725 1724 1723 1722 1721 1720 1719 1718 1717 1716 1715 1714 1713 1712 1711 1710 1709 1708 1707 1706 1705 1704 1703 1702 1701 1700 1699 1698 1697 1696 1695 1694 1693 1692 1691 1690 1689 1688 1687 1686 1685 1684 1683 1682 168	

PART Three

Inflation, RMD's, & Taxes

03

Sue and Bill *Model Inflation*

Retirement Income Projections				
Sue 73 to 90				
WD	3.0%	Pension	\$31,133	
COLA	3.0%	Social Security	\$52,891	
0.0%	0.0%	Tax Deferred	\$0	
0.0%	0.0%	Tax Free	\$0	
4.0%	3.1%	Tax Deductible	\$73,055	
		TOTAL	\$157,079	
Bill 73 to 90				
COLA	0.0%	Pension	\$0	
WD	3.0%	Social Security	\$52,891	
0.0%	0.0%	Tax Deferred	\$0	
0.0%	0.0%	Tax Free	\$0	
4.0%	0.0%	Tax Deductible	\$14,131	
		TOTAL	\$67,022	
W/D Rate from Cash Assets			\$0	
			\$0	
Total Income at year # 17 =			\$224,101	
0.0%	Target Retirement Income		\$62,866	

Sue				
Tax Deferred	Tax Free	Tax Deductible		
		RIRA 678,860	4%	0
	Roth 105,668		4%	205,831
		TSP 408,048	4%	316,718
Bill				
Tax Deferred	Tax Free	Tax Deductible		
	Roth 43,228		4%	0
		IRA 353,275	4%	84,204
			4%	339,881
Savings Type Assets Total				1,080,083

0	0	0
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WHAT INFLATION DOES

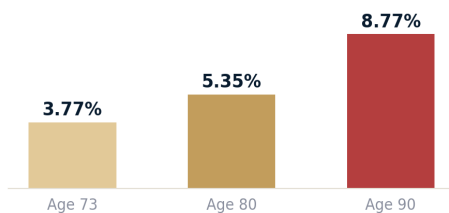
By year 17 the same lifestyle costs \$224,101 — against a target that started at \$62,866. The plan has to grow into that, not just meet it.

Four levers *of bracket creep.*

Even if you never spend a dollar more, four income streams keep climbing — and so does your tax rate.

01

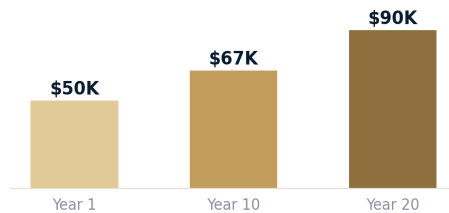
RMDs



The IRS-mandated withdrawal percentage climbs with age, driven by your shrinking life expectancy.

02

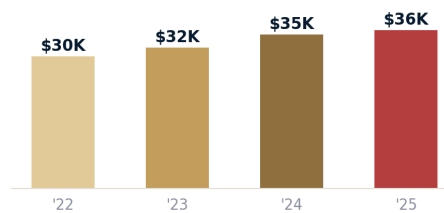
Pension COLA



A 3% annual COLA nearly doubles your FERS pension over twenty years — without you ever asking for a raise.

03

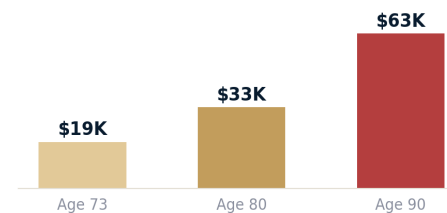
Social Security COLA



A \$30K Social Security check has grown to \$36K in just three years — and every COLA permanently raises your taxable base.

04

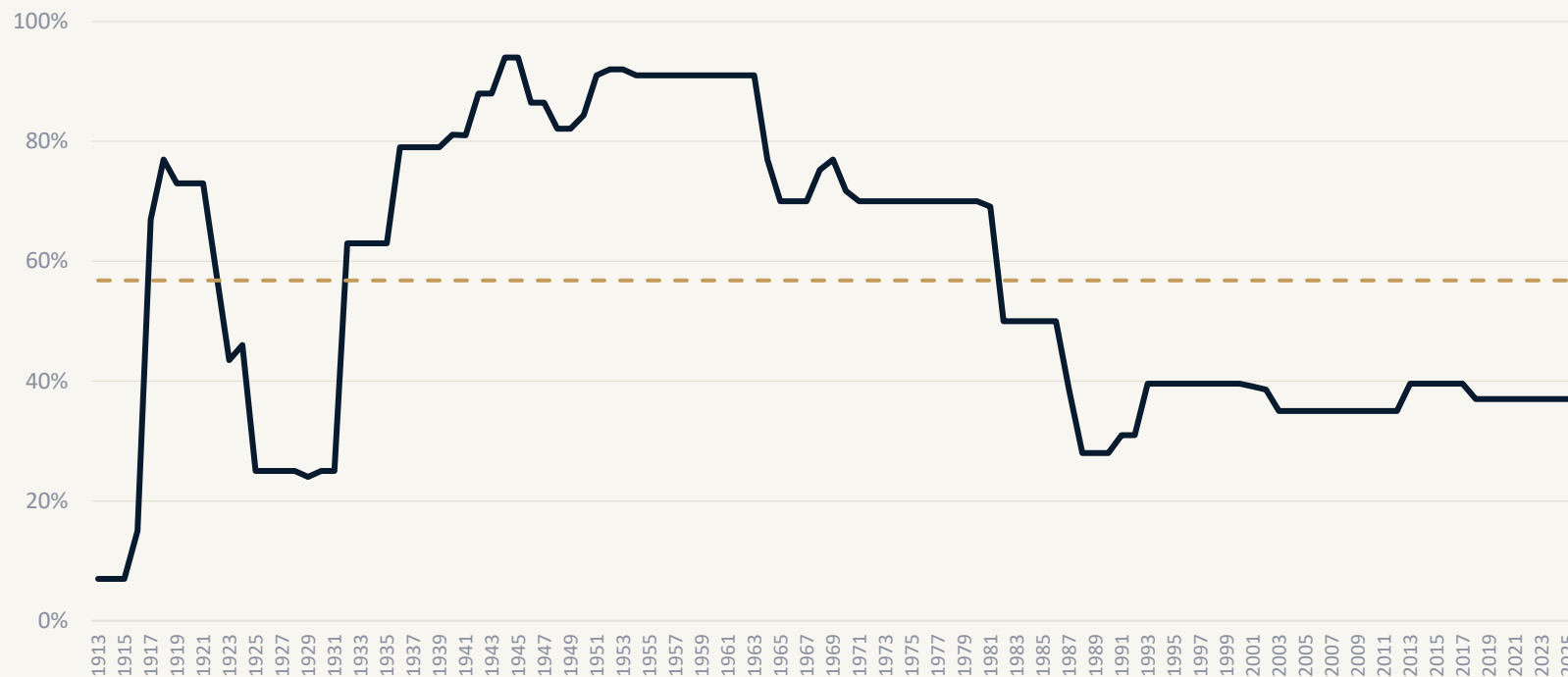
TSP compounds



A growing balance multiplied by a rising RMD percentage triples your taxable withdrawal between 73 and 90.

Where Will Your Taxes Be *in the Future?*

Today's top rate of 37% is close to the lowest it has been in a century. The average since 1913 is nearly 57%.



1944

94%

Wartime peak — the highest top rate ever levied.

SINCE 1913

56.8%

The average top marginal rate across 111 years.

TODAY

37%

Near the bottom of the historical range.

Source: Tax Policy Center, historical highest marginal income tax rates. Simplified — ignores bracket thresholds, deductions and income type.



THE SOCIETY FOR FINANCIAL AWARENESS

DC METROPOLITAN CHAPTER

THANK YOU

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where planning
begins.

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