

Social Security Full Retirement Age (FRA)

If you retire early, your social security benefits are reduced.

Year of Birth ¹	Full Retirement Age	Age 62 Reduction
1941	65 and 8 months	23.33%
1942	65 and 10 months	24.17%
1943-1954	66	25.00%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and later	67	30.00%

¹If you were born on Jan. 1, refer to the previous year.

Source: Social Security Administration, Benefit Reduction for Early Retirement, <https://www.ssa.gov/oact/quickcalc/earlyretire.html>

Social Security FICA Payroll Taxes

Wage base	\$160,200
Employee Social Security rate	6.2%
Employee Medicare rate	1.45%
Self-employed Social Security rate	12.4%
Self-employed Medicare rate	2.9%
Additional Medicare tax of 0.9% for wages in excess of:	Single or HOH ² : \$200,000 Married, filing jointly: \$250,000 Married, filing separately: \$125,000
Earnings required for 1 credit	\$1,640

²Also applies to qualifying widow(er) with dependent child.

Sources: Social Security Administration, Fact Sheet, 2023, <https://www.ssa.gov/news/press/factsheets/colafacts2023.pdf>; Social Security and Medicare Withholding Rates, IRS, <https://www.irs.gov/taxtopics/tc751>; Questions and answers for the Additional Medicare Tax, IRS, <https://www.irs.gov/businesses/small-businesses-self-employed/questions-and-answers-for-the-additional-medicare-tax>.

Social Security Benefits

Maximum monthly benefit \$3,627

Before FRA
(\$1 benefit reduction for every \$2 in earnings above limit): \$21,240/year

Earnings limitations and benefit reduction

Year up until first month one turns FRA
(\$1 benefit reduction for every \$3 in earnings above limit): \$56,520/year

After FRA: No reduction

Source: Social Security Administration, Fact Sheet, 2023, <https://www.ssa.gov/news/press/factsheets/colafacts2023.pdf>.

Social Security benefits taxation
(income in retirement causing up to 50%, or up to 85%, of Social Security benefits to be taxable)

Single or HOH
Up to 50% taxable: \$25,000 MAGI*
Up to 85% taxable: \$34,000 MAGI

Married, filing jointly
Up to 50% taxable: \$32,000 MAGI*
Up to 85% taxable: \$44,000 MAGI

*Modified Adjusted Gross Income

Source: Benefits Planner: Income Taxes and Your Social Security Benefits, <https://www.ssa.gov/planners/taxes.html>.

Primary Insurance Amount (PIA) Calculation

The PIA is the benefit you would receive if you elect to begin receiving retirement benefits at your Full Retirement Age.

Average indexed monthly earnings (AIME)	PIA (as % of AIME)
\$0 – \$1,115	90%
\$1,115 – \$6,721	\$1,003.50 plus 32% of excess over \$1,115 through \$6,721
\$6,721+	\$2,791.10 plus 15% of the excess over \$6,721

Source: Social Security Administration Primary Insurance Amount, <https://www.ssa.gov/OACT/COLA/piaformula.html>.

Social Security Cost-of-Living Adjustments (COLAs)

Percentage increase to benefits received, starting in January of the year indicated.

Year	% increase	Year	% increase
2023	8.7%	2018	2.0%
2022	5.9%	2017	0.3%
2021	1.3%	2016	0.0%
2020	1.6%	2015	1.7%
2019	2.8%	2014	1.5%

Source: Social Security Administration, Cost-of-Living Adjustment (COLA) Information for 2023, <https://www.ssa.gov/cola/>.

Part A Hospital

Inpatient Hospital Stay – You pay... (benefit period ends 60 days after release from care)

Deductible: \$1,600 per benefit period
 Coinsurance (days 1-60): \$0 per day of each benefit period
 Coinsurance (days 61-90): \$400 per day of each benefit period
 Coinsurance (60 lifetime reserve days): \$800 per day after day 90 of each benefit period

Source: Medicare.gov, Inpatient hospital care, <https://www.medicare.gov/coverage/inpatient-hospital-care>, Medicare.gov, Skilled nursing facility (SNF) care, <https://www.medicare.gov/coverage/skilled-nursing-facility-snf-care>

Skilled Nursing Facility Stay – You pay... (3-day inpatient hospital stay required first)

Coinsurance (days 1-20): \$0 per day of each benefit period
 Coinsurance (days 21-100): \$200 per day of each benefit period
 Days 101+: All costs

Part B Medicare

Medicare Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment, and certain other medical and health services not covered by Medicare Part A.

Part B Deductible – You pay \$226 per calendar year

Part B Coverage – You pay generally 20% after \$226 deductible is met

Part B Premium (including high income Part B & Part D) [paid to Medicare]

Those enrolled in part B will pay at least the standard \$164.90/month premium (based on income). Higher income earners will pay a Part B IRMAA (Income Related Monthly Adjustment Amount) in addition to the \$164.90/month standard premium.

Those with higher income who are enrolled in Part D Prescription Drug coverage also pay a Part D IRMAA in addition to the monthly insurance premium for Part D prescription drug plan or Medicare Advantage plan that includes Part D coverage.

Sources: Medicare.gov, Monthly costs at a glance, <https://www.medicare.gov/your-medicare-costs/medicare-costs-at-a-glance>; CMS.gov, 2023 Medicare Parts A & B Premiums and Deductibles/2023 Medicare Part D Income-Related Monthly Adjustment Amounts, <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>

Part D Premiums by Income

Most Medicare Prescription Drug Plans charge a monthly premium that varies by plan. You pay this in addition to the Medicare Part B premium. If you join a Medicare Advantage Plan (Part C) or Medicare Cost Plan that includes Medicare prescription drug coverage, the plan's monthly premium may include an amount for drug coverage.

Source: Medicare.gov, Monthly premium for drug plans, <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans>

If your yearly income (MAGI: Modified Adjusted Gross Income*) in 2021 was...			You pay in 2023 (per person) monthly premiums to Medicare	
Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	Part B Premium + IRMAA	Part D IRMAA (in addition to Part D plan premium)
\$97,000 or less	\$194,000 or less	\$97,000 or less	\$164.90	---
\$97,001 to \$123,000	\$194,001 to \$246,000	N/A	\$230.80 (164.90 + 65.90)	\$12.20
\$123,001 to \$153,000	\$246,001 to \$306,000	N/A	\$329.70 (164.90 + 164.80)	\$31.50
\$153,001 to \$183,000	\$306,001 to \$366,000	N/A	\$428.60 (164.90 + 263.70)	\$50.70
\$183,001 to \$499,999	\$366,001 to \$749,999	\$97,001 to \$402,999	\$527.50 (164.90 + 362.60)	\$70.00
\$500,000+	\$750,000+	\$403,000+	\$560.50 (164.90 + 395.60)	\$76.40

*2021 MAGI = Adjusted Gross Income (Form 1040 line 11) + Tax-Exempt Interest (Form 1040 line 2a)

Source: Medicare.gov, Monthly premium for drug plans, 2023, <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans>.

Source: Centers for Medicare & Medicaid Services, 2023 Medicare Parts A & B Premiums and Deductibles/2023 Medicare Part D Income-Related Monthly Adjustment Amounts, <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>

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