Five Social Security Myths Busted

Social Security and its 2,728 rules are complex, so it isn't surprising that there are many misconceptions and myths regarding the program. Here are five of the top Social Security myths and the truths behind them.

Myth: Age 70 is the best age to collect Social Security.

The Truth: While delaying until age 70 will maximize your individual monthly retirement benefit, it may not be the best age for you to collect. The optimal time to collect depends on many factors including, but not limited to, what benefits you are eligible for, life expectancy, marital status, and more.

Myth: You can't work while collecting Social Security.

The Truth: You can still work while collecting Social Security. However, if you are working and younger than your FRA, you are subject to the Retirement Earnings Test. During this time, if you earn more than the earnings limit for that year, your Social Security benefit will be reduced.

Myth: Social Security income can't be taxed.

The Truth: Not all Social Security recipients will be taxed. If your "combined income" or "provisional income" exceeds a specific threshold, a portion (up to 85%) of your Social Security will be federally taxed. These thresholds vary if you are a single or joint filer. There are 13 states that also tax Social Security.

Myth: You can't collect benefits from an ex-spouse.

The Truth: You may be eligible to collect ex-spousal benefits if you were married for more than 10 years, are currently single, and are at least age 62. If you have been divorced for less than 2 years, you must wait until your ex-spouse is collecting their retirement benefits for you to collect an ex-spousal benefit.

Myth: Social Security will soon be gone.

The Truth: Social Security is a pay-as-you-go program. Payroll taxes being paid by workers today are used to pay for the benefits of retirees today. Additionally, the Social Security Trust Funds are a reserve of money to fund full benefits. While these funds could run out of money, there are many solutions to fix this.

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