

Here's how to estimate your monthly Social Security income in retirement.

By **Emily Brandon**, Staff Writer Aug. 20, 2018



Your age when you start Social Security plays a big role in your payment amount.



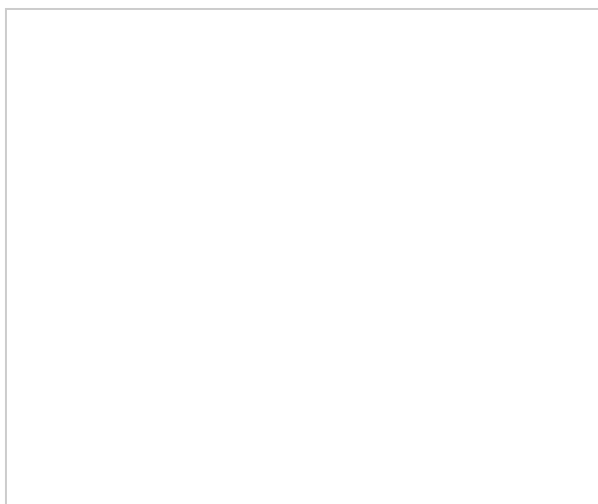
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IT CAN BE DIFFICULT TO predict how much you will receive from Social Security, especially if you are more than a few years away from retirement. But familiarizing yourself with how your benefit will be calculated can help you budget for retirement and even boost your future Social Security payments. Here's how to estimate how much you will get from Social Security in retirement.

Consider the averages. The average Social Security benefit was \$1,413.37 per month in June 2018. The [maximum possible Social Security benefit](#) for someone who retires at full retirement age is \$2,788 in 2018. However, a worker would need to earn the maximum

[See: [10 Ways to Increase Your Social Security Payments.](#)]

Familiarize yourself with the calculation. Social Security payments are calculated using the 35 highest earning years of your career, and are adjusted for inflation. If you work for more than 35 years, your lowest earning years are dropped from the calculation, which results in a higher payment. Those who don't work for 35 years have zeros averaged into the Social Security calculation and get smaller payments. "When it's time to calculate your benefits, the Social Security Administration will look at your highest 35 years of earnings, and earnings before your 60th birthday are indexed for inflation – meaning that while your earnings may have crept up over your career, the money you earn this year may not be one of your highest earnings years after indexing," says Jim Blankenship, a certified financial planner at Blankenship Financial Planning in New Berlin, Illinois and author of "A Social Security Owner's Manual."



For a worker who becomes eligible for Social Security payments in 2018, the benefit amount is calculated by multiplying the first \$895 of average indexed monthly earnings by 90 percent, the remaining earnings up to \$5,397 by 32 percent, and earnings over \$5,397 by 15 percent. The sum of these three amounts, rounded down to the nearest 10 cents, is the initial payment amount. Cost-of-living adjustments and delayed retirement credits can boost your payments above this amount.

payments before [your full retirement age](#), which is typically age 66 or 67, depending on your birth year. You can boost your monthly payments for each month you delay claiming between your full retirement age and age 70.

Married couples have more claiming options. Married individuals are eligible for Social Security payments equal to 50 percent of the higher earning spouse's payment, if that's more than payments based on their own work record. Spousal payments are reduced if you claim them before your full retirement age. You can also claim payments based on an ex-spouse's work record if the marriage lasted for at least 10 years. A spouse can also claim survivor's payments if the higher earning spouse passes away first. Couples should [coordinate when they claim payments](#) to maximize their benefit as a couple and to potentially qualify for higher payments for a surviving spouse.

[Read: [Social Security Changes Coming in 2018.](#)]

Subtract Medicare premiums. Many retirees have their Medicare Part B premiums deducted from their Social Security checks. The standard Medicare Part B premium is \$134 per month in 2018, although [some retirees pay a different amount](#). Medicare Part B payments are prohibited by law from decreasing Social Security payments for existing beneficiaries, so a Medicare Part B premium hike can't be more than your annual Social Security cost-of-living adjustment. "Some might see their Social Security check go down not due to their Part B premium, but due to their Part D drug premium," says Tricia Neuman, director of the Program on Medicare Policy at the Kaiser Family Foundation. "The Part D program doesn't have a hold harmless provision." Medicare Part D premiums vary based on



Factor in income tax withholding. Many retirees have to pay income tax on their Social Security payments, especially if they have other sources of retirement income. "If Social Security is your only source of income, you pay no pay taxes on it," says Dana Anspach, a certified financial planner and CEO of Sensible Money in Scottsdale, Arizona. "If you have other sources of income, such as a pension, IRA withdrawals, part-time work, interest and dividends, then that income flows into the IRS formula, and the result is somewhere between 0 and 85 percent of your Social Security benefits are subject to taxation." You can elect to have 7, 10, 12 or 22 percent of your Social Security payments withheld for income tax.

[Read: [How to Minimize Social Security Taxes.](#)]

Create a My Social Security account. You can get a personalized estimate of your future Social Security benefits at various claiming ages by creating a [my Social Security account](#). These estimates are based on your actual earning history and tend to be most accurate for those approaching retirement age. Your estimates might change from year to year, especially if you have a significant salary change or gaps in your earnings history. "Creating a my Social Security account allows you to see your most recent Social Security statement, which also shows your annual reported earnings, your full retirement age, estimated retirement, disability and family [benefits] and more," says Angie Furubotten-LaRosee, a certified financial planner at Avea Financial Planning in Richland, Washington. "You will want to look at your earnings history every couple years to make sure there are no errors and to keep an eye on your estimated retirement benefits." You can also use a [Social](#)