

PLANNING ALERT

Changes to Social Security Benefits for 2025



In addition to normal adjustments to Social Security benefits for cost of living, President Biden signed into law the Social Security Fairness Act on Sunday January 5, 2025.

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SOCIAL SECURITY provides a stable and predictable source of income for many retirees. In 2025, social security benefits received a 2.5 percent cost-of-living adjustment with a maximum benefit increased to \$4,018¹ per month. This helps retirees maintain their standard of living and cover their basic expenses, such as housing, food, and healthcare. Additionally, social security benefits are not affected by market fluctuations, making it a reliable source of income even during economic downturns.

There are individuals who receive certain reductions in their benefits. The Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) rules reduce the amount of Social Security benefits for those who have pensions from “non-covered”² employment. The WEP and GPO rules generally apply to civil service employees, such as, police, firefighters, teachers, and government workers.

On Sunday, January 5, 2025, President Biden signed into law the Social Security Fairness Act. In short, the law makes sweeping changes to social security by eliminating both the WEP and GPO rules for an estimated 2.8 million civil service workers. This will increase the benefits for these individuals, and the Act is retroactive back to January 2024. The Congressional Budget Office has estimated that those affected by WEP will receive an average increase of \$360 per month. Those affected by GPO on average will see an increase of approximately \$700 for those with living spouses and approximately \$1,190 for surviving spouses receiving widow or widower benefits.

Currently, the Social Security Administration is determining how to implement the Act and will provide an update as soon as possible. They do recommend that, if you



are affected by the Act, that you verify that your mailing address and direct deposit information is correct. You can do this by visiting and logging on to the SSA website (or create an account if this is your first visit) at www.ssa.gov/myaccount/.

At HBKS, we understand how important it is to navigate these changes and plan for your financial future. Whether you're impacted by the new legislation or seeking guidance on retirement planning, our team is here to help. Contact us today to ensure you're making the most of your Social Security benefits and securing your financial well-being.

1 - Press Release | Press Office | SSA. (2024, October 10). <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>

2 - "Non-covered" employment is when you have worked or work for a state or government agency that contributes to a pension instead of Social Security taxes.

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As Director of Financial Planning at HBKS Wealth Advisors, Paul brings a wealth of expertise and a deep commitment to helping clients achieve their financial goals. With more than 20 years of experience in the financial services industry, Paul has a proven track record of providing comprehensive financial planning to a diverse clientele. He is responsible for the firm's delivery of financial planning advice, advisor training, and thought leadership.

Paul graduated with a Bachelor of Arts from Mercyhurst University and holds the Certified Financial Planner™ designation.

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