

Money Fix: Benefits increase, earnings limits for Social Security

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There are a few changes on tap for Social Security in 2015; here's what's worth noting.

Benefits increase. Social Security recipients get a 1.7 percent cost of living adjustment increase. On average, monthly benefits climb to \$1,328 from \$1,306.

It's not insignificant. "It's important to understand how to leverage the impact of COLAs. While everyone receives the same, those with a larger Social Security benefit see bigger real-dollar increases," says Brian Doherty, author of "Getting Paid to Wait: Bigger Social Security Benefits -- the Simple and Easy Way."

"COLAs are rarely considered when retirees make their claiming decision. By delaying to age 70, you maximize the size of your Social Security benefits and the real-dollar increases of COLAs."

Earnings test limits rise. Those younger than 66 can earn up to \$15,720 in 2015 (up from \$15,480), before \$1 in benefits will be withheld for every \$2 earned above the limit, says Matthew Allen, co-founder of Social Security Advisors in Manhattan. The limit is \$41,880 for those turning 66 next year, and only applies to earnings in the months before attaining full retirement age. One dollar of benefits is withheld for every \$3 in earnings above the higher limit, adds Andrew Weissman, senior vice president, financial planning with Retirement Design &

Management in Westport, Connecticut. Earnings after you reach full retirement age do not count against the limit.

High earners take a hit. The maximum taxable earnings cap rises from \$117,000 to \$118,500. Ten million workers will pay Social Security taxes on \$1,500 more of their income.

The bottom line -- know how Social Security fits in your retirement strategy. Says Paul Prete, vice president First Investors in Manhattan, "You can't outlive Social Security, treat it with care."