



WHY HIGH-EARNING HOUSEHOLDS SHOULD TREAT SOCIAL SECURITY AS A TWO-MILLION DOLLAR DECISION

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Social Security strategies for high-net-worth individuals rarely receive the attention they deserve. Many affluent families dismiss Social Security as a modest supplement to their retirement income, yet the numbers tell a different story. A high-earning couple who has consistently paid into the system can receive combined lifetime benefits exceeding \$2 million, a sum that warrants the same strategic attention you would give any seven-figure asset on your balance sheet.

The decision of when to claim Social Security benefits intersects with nearly every aspect of comprehensive Wealth Planning: tax efficiency, portfolio withdrawal sequencing, survivor's benefits protection, and legacy goals. Yet many successful professionals approach their claiming options casually, defaulting to conventional wisdom without analyzing how their specific circumstances might call for a different approach.

This article examines why Social Security claiming decisions matter more than most high earners realize, how different strategies produce materially different outcomes, and what considerations should guide your planning. Whether you work with a financial advisor or manage your own retirement strategy, understanding these dynamics can meaningfully impact your household's financial security.

THE MATHEMATICS OF A TWO-MILLION-DOLLAR DECISION

For 2026, the maximum Social Security benefit at full retirement age (FRA) is \$4,152 per month. An individual who delays claiming until age 70 can receive approximately \$5,181 monthly due to delayed retirement credits, which increase benefits by 8% for each year past FRA.¹ For a married couple where both spouses earned at or near the maximum taxable earnings throughout their careers, combined annual benefits at age 70 could exceed \$124,000.

Project these payments over a 25-year retirement, apply modest cost-of-living adjustments, and the lifetime value approaches or exceeds \$2 million. This calculation does not account for survivor's benefits, which can extend the value of strategic claiming decisions even further.

The Social Security Administration's 2025 Trustees Report projects that the trust fund reserves supporting retirement benefits will be depleted by 2035.² However, this does not mean benefits will disappear. Payroll taxes are projected to cover approximately 83% of scheduled benefits even without legislative action. For wealth planning purposes, most financial professionals recommend assuming

benefits will continue, potentially at a reduced level, rather than excluding them entirely from retirement projections.

HOW DOES YOUR CLAIMING AGE AFFECT LIFETIME BENEFITS?

The relationship between claiming age and total lifetime benefits depends primarily on longevity.

Claiming early (at 62) provides smaller monthly payments over a longer period. Delaying benefits until age 70 provides larger monthly payments over a shorter period. The break-even age, meaning the point at which total cumulative benefits from delayed claiming exceed those from early claiming, typically occurs in the late 70s to early 80s.

For high-net-worth individuals, however, break-even age analysis tells only part of the story. A qualified Wealth Advisor will help you consider these additional factors:

- **Longevity expectations:** Affluent individuals typically live longer than average due to better healthcare access and lifestyle factors. A 65-year-old male in the top income quintile can expect to live approximately 87 years, compared to 76 years for those in the bottom quintile.³ This extended longevity significantly improves the case for delaying benefits.
- **Survivor's benefits implications:** When one spouse passes away, the surviving spouse receives the higher of the two benefits. Delaying the higher earner's claim can significantly increase lifetime household benefits when accounting for potential decades of survivorship.
- **Inflation protection:** Social Security benefits include annual cost-of-living adjustments (COLAs). The 2026 COLA of 2.8% applies to all beneficiaries. A higher base benefit at age 70 means COLAs apply to a larger amount, compounding the advantage over time.

COMPARING YOUR CLAIMING OPTIONS: AGE 62 VS. 67 VS. 70

The following illustration demonstrates how different claiming options affect a hypothetical high earner eligible for the maximum benefit at full retirement age in 2026:

Claiming Age	Monthly Benefit	Annual Benefit	Cumulative by Age 85
Age 62	\$2,969	\$35,628	\$819,444
Age 67 (FRA)	\$4,152	\$49,824	\$896,832
Age 70	\$5,181	\$62,172	\$932,580

Note: Figures based on 2026 maximum benefit amounts from the Social Security Administration. Does not include COLAs or spousal benefits. Actual benefits depend on individual earnings history. Consult a financial advisor for personalized analysis.

COORDINATING SPOUSAL AND SURVIVOR'S BENEFITS FOR MAXIMUM HOUSEHOLD VALUE

For married couples, the claiming decision becomes a joint optimization problem. A spouse may be entitled to up to 50% of their partner's primary insurance amount if that exceeds their own earned benefit. Survivor's benefits allow a widowed spouse to receive up to 100% of the deceased spouse's benefit, making this one of the most consequential yet frequently overlooked claiming options.

A commonly effective strategy for couples with disparate earnings histories involves the lower-earning spouse claiming benefits earlier while the higher earner focuses on delaying benefits until age 70. This approach accomplishes several objectives: it provides household income during the gap years, preserves investment portfolios, and maximizes the survivor's benefits that will support the surviving spouse (statistically more likely to be the wife) for potentially decades.

The importance of survivor's benefits planning cannot be overstated. When one spouse dies, household expenses rarely decrease by half, yet income from Social Security does decrease unless proper planning has occurred. Delaying the higher earner's benefit effectively purchases longevity insurance for the surviving spouse. Any experienced financial advisor will tell you this consideration often outweighs break-even age calculations.

WHAT ABOUT DISABILITY AND SURVIVOR'S BENEFITS BEFORE RETIREMENT?

Social Security provides more than retirement income; it also offers disability and survivor's benefits that protect working families. If you become unable to work due to a qualifying disability, Social Security Disability Insurance (SSDI) can provide income replacement based on your earnings record. Similarly, if you die before retirement, your spouse and dependent children may qualify for survivor's benefits.

For high earners, these protections represent significant implicit value. The disability and survivor's benefits embedded in Social Security would cost tens of thousands of dollars annually to replicate through private insurance. While you may never need these benefits, their existence provides a foundation of protection that should factor into your overall risk management strategy.

The SECURE Act of 2019 and its successor, SECURE 2.0, have reshaped retirement planning in numerous ways, though Social Security rules remained largely unchanged by this legislation. However, the SECURE Act's modifications to required minimum distribution (RMD) ages and inherited IRA rules create new interactions with Social Security timing. For example, the RMD starting age of 73 (rising to 75 in 2033) gives retirees additional years to execute Roth conversions before required distributions begin, a window that becomes more valuable when coordinated with Social Security claiming decisions.

HOW DO FEDERAL TAX RATES AFFECT YOUR SOCIAL SECURITY BENEFITS?

Up to 85% of Social Security benefits become taxable when combined income exceeds \$44,000 for married couples filing jointly.⁴ Combined income is calculated as adjusted gross income plus nontaxable interest plus half of Social Security benefits. Nearly all high-net-worth households will fall into this maximum taxation tier, subjecting the majority of their benefits to federal tax rates.

This tax treatment creates planning opportunities. By coordinating Social Security claiming with other income sources, households can potentially manage their federal tax rates more effectively. For example, the years between retirement and Social Security commencement may offer an ideal window for Roth IRA conversions, when taxable income is temporarily lower. This strategy becomes particularly powerful following the SECURE Act changes that extended RMD timelines.

Additionally, qualified charitable distributions (QCDs) from IRAs can satisfy required minimum distributions while excluding those amounts from taxable income. For 2026, the QCD limit is \$111,000 per individual, or \$222,000 for married couples with separate IRAs. When combined with thoughtful Social Security timing, QCDs can meaningfully reduce lifetime tax liability while supporting philanthropic

goals. Our analysis of [charitable giving tax optimization strategies](#) explores these approaches in greater detail.

INTEGRATING SOCIAL SECURITY INTO YOUR WEALTH PLANNING ARCHITECTURE

Social Security functions as a unique asset class within your retirement portfolio. It provides guaranteed, inflation-adjusted lifetime income backed by the federal government, characteristics no other investment can precisely replicate. Viewed through this lens, the claiming decision represents an asset allocation choice within your broader wealth planning framework.

Delaying benefits effectively “purchases” additional guaranteed income by drawing down other assets during the waiting period. For households with sufficient liquidity, this trade-off can be attractive. The implied return on delayed claiming (approximately 8% annually between ages 62 and 70, adjusted for longevity probability) compares favorably with fixed-income alternatives, particularly when accounting for inflation protection and survivor’s benefits. This approach intersects directly with questions about [sustainable withdrawal rates in retirement](#).

However, the optimal claiming options depend on individual circumstances. Households with substantial pension income, significant health concerns affecting longevity expectations, or specific liquidity needs may benefit from earlier claiming. There is no universal “right answer,” only the answer that best aligns with your complete financial picture and personal priorities. A qualified Wealth Advisor can help you model these scenarios using your specific data.

COMMON SOCIAL SECURITY PLANNING MISTAKES AMONG HIGH EARNERS

In our work with affluent families, we observe several recurring patterns that can undermine optimal Social Security outcomes:

1. **Dismissing Social Security as immaterial.** A \$2 million asset deserves strategic attention regardless of total net worth. Even for households with \$20 million in investable assets, Social Security represents a meaningful component of retirement security that any financial advisor would include in comprehensive planning.
2. **Analyzing break-even age in isolation.** The “best” claiming age depends on federal tax rates, withdrawal sequencing, spousal coordination, and legacy objectives. A decision made without considering these interconnections may leave significant value unrealized.
3. **Underweighting survivor’s benefits.** For married couples, the claiming decision affects not just both spouses’ lifetimes but potentially decades of widowhood. This extended timeframe amplifies the importance of delaying benefits for the higher earner to maximize survivor’s benefits.
4. **Claiming early due to trust fund concerns.** While the political future of Social Security involves uncertainty, making permanent benefit reductions based on speculation about legislative outcomes rarely represents sound financial planning.
5. **Ignoring the interaction with SECURE Act provisions.** The SECURE Act and SECURE 2.0 changed RMD timing and inherited IRA rules, creating new opportunities to coordinate retirement account distributions with Social Security claiming. Failing to consider these interactions can result in unnecessarily high federal tax rates during retirement.

SOCIAL SECURITY AND LEGACY PLANNING CONSIDERATIONS

An often overlooked dimension of Social Security planning involves its interaction with legacy goals. By providing reliable income to cover living expenses, Social Security can reduce the need to draw from investment portfolios, allowing those assets to remain invested for growth or to be preserved for heirs.

For families focused on multi-generational wealth transfer, this preservation effect can be substantial. Every dollar of living expenses covered by Social Security is a dollar that remains in the investment portfolio, potentially compounding for decades before transfer. Our discussion of [building an enduring family legacy](#) examines how retirement income decisions connect to broader wealth planning objectives.

Furthermore, some families with significant estate tax exposure have explored using Social Security benefits to fund life insurance premiums within irrevocable trusts, effectively converting an asset with no estate value into one that provides substantial tax-free death benefits to heirs. Such strategies require careful analysis and should be implemented with guidance from qualified estate planning professionals and your Wealth Advisor.

KEY TAKEAWAYS FOR HIGH-NET-WORTH SOCIAL SECURITY PLANNING

- **Treat Social Security as a strategic asset.** For high-earning couples, lifetime benefits can exceed \$2 million, warranting the same analytical rigor applied to other significant financial decisions.
- **Understand your claiming options thoroughly.** The differences between claiming at 62, FRA, and 70 compound significantly over a multi-decade retirement, with break-even age analysis representing just one factor among many.
- **Prioritize survivor's benefits in spousal coordination.** Delaying benefits for the higher earner often matters more than maximizing any single person's benefit due to the extended protection provided to surviving spouses.
- **Integrate claiming decisions with tax planning.** The years between retirement and Social Security commencement may offer valuable opportunities for Roth conversions at lower federal tax rates, especially following SECURE Act changes.
- **Work with a qualified financial advisor.** The interaction of Social Security with taxes, investments, insurance, and estate planning creates complexity that benefits from coordinated professional analysis by an experienced Wealth Advisor.

TAKING THE NEXT STEP IN YOUR WEALTH PLANNING JOURNEY

Social Security claiming decisions are irrevocable in most circumstances, making thoughtful analysis before you file essential. For households with significant assets, the stakes justify engaging a qualified financial advisor who can model various scenarios, integrate Social Security timing with your broader wealth planning strategy, and help you make a confident, informed decision.

At Palmer Wealth Group™, we serve as a dedicated Wealth Advisor to clients navigating these decisions within the context of their complete financial lives, coordinating Social Security strategy with tax planning, investment management, risk mitigation, and legacy objectives. If you would like to explore how optimizing your claiming options fits within your retirement plan, we welcome the opportunity to discuss your specific situation.

Important Disclosures

This article is provided for informational and educational purposes only and does not constitute personalized investment, tax, legal, or Social Security advice. The information presented reflects general principles and may not apply to your individual circumstances. Social Security rules are complex and subject to change; this article does not address all program provisions or potential legislative modifications.

The scenarios and examples presented are hypothetical illustrations intended to demonstrate planning concepts. They do not represent actual client situations or guarantee specific outcomes. Individual results will vary based on personal circumstances, earnings history, health factors, and other variables.

Past Social Security benefit amounts and projections of future benefits are not guarantees. The Social Security Administration determines actual benefits based on individual earnings records and claiming decisions. Future benefit amounts may be affected by legislative changes.

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References

¹ Social Security Administration. (2026). *Retirement benefits: Maximum benefit amounts*. Retrieved from ssa.gov. For 2026, maximum benefit at FRA is \$4,152/month; at age 62 is \$2,969/month; at age 70 is \$5,181/month for new retirees.

² Social Security Administration, Office of the Chief Actuary. (2025). *The 2025 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*. Washington, DC.

³ Chetty, R., Stepner, M., Abraham, S., et al. (2016). The association between income and life expectancy in the United States, 2001-2014. *Journal of the American Medical Association*, 315(16), 1750-1766. Updated estimates referenced in National Bureau of Economic Research working papers.

⁴ Social Security Administration. (2026). *Income taxes and your Social Security benefit*. Publication No. 05-10035. Retrieved from ssa.gov.

⁵ U.S. Congress. (2019). *Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)*. Public Law 116-94. And U.S. Congress. (2022). *SECURE 2.0 Act of 2022*. Division T of Public Law 117-328.

⁶ Internal Revenue Service. (2026). *IRS Notice 2025-67: Cost-of-living adjustments for retirement items*. QCD limit for 2026 is \$111,000 per individual.

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