

SOCIAL SECURITY AND MEDICARE: Your 2025 Quick Guide

SOCIAL SECURITY FULL RETIREMENT AGE (FRA)

If you retire early, your Social Security benefits are reduced.

Year of Birth ¹	Full Retirement Age	Age 62 Reduction
1943 -1954	66	25.00%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 or later	67	30.00%

¹If you were born on Jan. 1, refer to the previous year.

Source: Social Security Administration, Benefit Reduction for Early Retirement, <https://www.ssa.gov/oact/quickcalc/earlyretire.html>

SOCIAL SECURITY BENEFITS

Maximum monthly benefit \$4,018

Earnings limitations and benefit reduction

Before FRA: \$1 benefit reduction for every \$2 in earnings above \$23,400/year.

Year up until first month one turns FRA: \$1 benefit reduction for every \$3 in earnings above \$62,160.

After FRA: No reduction

Source: Social Security Administration, Fact Sheet, 2025, <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>

Social Security benefits taxation

(Income in retirement causing up to 50%, or up to 85%, of Social Security benefits to be taxable)

Single or HOH

Up to 50% taxable: \$25,000 MAGI*
Up to 85% taxable: \$34,000 MAGI

Married, joint

Up to 50% taxable: \$32,000 MAGI*
Up to 85% taxable: \$44,000 MAGI

*Modified Adjusted Gross Income

Source: Benefits Planner: Income Taxes and Your Social Security Benefits, <https://www.ssa.gov/planners/taxes.html>

SOCIAL SECURITY FICA PAYROLL TAXES

Wage base	\$176,100
Employee Social Security rate	6.2%
Employee Medicare rate	1.45%
Self-employed Social Security rate	12.4%
Self-employed Medicare rate	2.9%
Additional Medicare tax of 0.9% for wages in excess of:	Single or HOH*: \$200,000 Married, joint: \$250,000 Married, separate: \$125,000
Earnings required for 1 credit	\$1,810

*Also applies to qualifying widow(er) with dependent child.

Sources: Social Security Administration, Fact Sheet, 2025, <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>; Social Security and Medicare Withholding Rates, IRS, <https://www.irs.gov/taxtopics/tc751>; Questions and answers for the Additional Medicare Tax, IRS, <https://www.irs.gov/businesses/small-businesses-self-employed/questions-and-answers-for-the-additional-medicare-tax>

PRIMARY INSURANCE AMOUNT (PIA) CALCULATION

The PIA is the benefit you would receive if you elect to begin receiving retirement benefits at your Full Retirement Age.

Average indexed monthly earnings (AIME)	PIA (as % of AIME)
\$0 – \$1,226	90%
\$1,227 – \$7,391	\$1,103.40 plus 32% of excess over \$1,226 through \$7,391
\$7,392	\$3,076.20 plus 15% of the excess over \$7,391

Source: Social Security Administration Primary Insurance Amount, <https://www.ssa.gov/oact/cola/piaformula.html>

SOCIAL SECURITY COST-OF-LIVING ADJUSTMENTS (COLAS)

Percentage increase to benefits received, starting in January of the year indicated.

Year	% increase	Year	% increase
2025	2.5%	2020	1.6%
2024	3.2%	2019	2.8%
2023	8.7%	2018	2.0%
2022	5.9%	2017	0.3%
2021	1.3%	2016	0.0%

Source: Social Security Administration, Cost-of-Living Adjustment (COLA) Information for 2025, <https://www.ssa.gov/cola/>

PART A HOSPITAL

Inpatient Hospital Stay – You pay... (benefit period ends 60 days after release from care)

Deductible: \$1,676 per benefit period
 Coinsurance (days 1-60): \$0 per day of each benefit period
 Coinsurance (days 61-90): \$419 per day of each benefit period
 Coinsurance (60 lifetime reserve days): \$838 per day after day 90 of each benefit period

Skilled Nursing Facility Stay – You pay... (3-day inpatient hospital stay required first)

Coinsurance (days 1-20): \$0 per day of each benefit period
 Coinsurance (days 21-100): \$209.50 per day of each benefit period
 Days 101+: All costs

Source: Centers for Medicare & Medicaid Services, 2024 Medicare Parts A & B Premiums and Deductibles, <https://www.cms.gov/newsroom/fact-sheets/2024-medicare-parts-b-premiums-and-deductibles>

PART B MEDICARE

Medicare Part B covers physician services, outpatient hospital services, certain home health services, durable medical equipment, and certain other medical and health services not covered by Medicare Part A.

Part B Deductible – You pay \$257 per calendar year

Part B Coverage – You pay generally 20% after \$257 deductible is met

Part B Premium (including high-income Part B & Part D) [paid to Medicare]

Those enrolled in part B will pay at least the standard \$185.00/month premium (based on income). Higher-income earners will pay a Part B IRMAA (Income-Related Monthly Adjustment Amount) in addition to the \$185.00/month standard premium.

Those with higher income who are enrolled in Part D prescription drug coverage also pay a Part D IRMAA in addition to the monthly insurance premium for Part D prescription drug plan or Medicare Advantage plan that includes Part D coverage.

Source: Centers for Medicare & Medicaid Services, 2024 Medicare Parts A & B Premiums and Deductibles, <https://www.cms.gov/newsroom/fact-sheets/2024-medicare-parts-b-premiums-and-deductibles>

PART D PREMIUMS BY INCOME

Most Medicare prescription drug plans charge a monthly premium that varies by plan. You pay this in addition to the Medicare Part B premium. If you join a Medicare Advantage Plan (Part C) or Medicare Cost Plan that includes Medicare prescription drug coverage, the plan's monthly premium may include an amount for drug coverage.

Source: Medicare.gov, Monthly premium for drug plans, <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans>

IF YOUR YEARLY INCOME (MAGI: MODIFIED ADJUSTED GROSS INCOME*) IN 2023 WAS...

YOU PAY IN 2025 (PER PERSON) MONTHLY PREMIUMS TO MEDICARE

Individual Tax Return	Joint Tax Return	Married & Separate Tax Return	Part B Premium + IRMAA	Part D IRMAA (in addition to Part D plan premium)
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185.00	---
\$106,001 to \$133,000	\$212,001 to \$266,000	N/A	\$259.00 (185.00 + 74.00)	\$13.70
\$133,001 to \$167,000	\$266,001 to \$334,000	N/A	\$370.00 (185.00 + 185.00)	\$35.30
\$167,001 to \$200,000	\$334,001 to \$400,000	N/A	\$480.90 (185.00 + 295.90)	\$57.00
\$200,001 to \$499,999	\$400,001 to \$749,999	\$106,001 to \$394,000	\$591.90 (185.00 + 406.90)	\$78.60
\$500,000+	\$750,000+	\$394,000+	\$628.90 (185.00 + 443.90)	\$85.80

*2023 MAGI = Adjusted Gross Income (Form 1040 line 11) + Tax-Exempt Interest (Form 1040 line 2a)

Source: Medicare.gov, Monthly premium for drug plans, 2025, <https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/monthly-premium-for-drug-plans>

Source: Centers for Medicare & Medicaid Services, 2025 Medicare Parts A & B Premiums and Deductibles/2025 Medicare Part D Income-Related Monthly Adjustment Amounts, <https://www.cms.gov/newsroom/fact-sheets/2025-medicare-parts-b-premiums-and-deductibles>.

Content used with the permission of Advisors Excel (AE). SPG Advisors, LLC and AE are not affiliated. No representations or warranties are made as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to or otherwise incorporated herein. All such information is provided solely for convenience, educational, and informational purposes only. No reader should interpret the discussions contained as a substitute for personalized investment advice. Please seek the guidance of a professional regarding your specific financial needs. Opinions expressed are solely those of the author, are as of the date indicated, and are subject to change without notice. AE and SPG are not affiliated with any government agency. Some information in this material changes periodically. While believed to be accurate, we do not warrant that product and service descriptions or other content or information provided herein is accurate, complete, reliable, current, or error-free and we do not endeavor to update the details contained after initial publication.



11411 NE 124th St. Suite 255 Kirkland, WA 98034

(425) 821-9442 | admin@myspg.com