

Three Social Security myths: What you need to know

Social Security is a cornerstone of retirement planning for millions of Americans. But with so much information floating around, it's easy to get confused about how the program really works. Here are three common myths that could affect your retirement planning.

Myth 1: Social Security is going bankrupt. Based on current projections, Social Security isn't going bankrupt. According to the [2025 Social Security Trustees Report](#), if no changes are made to the program, it will need to reduce benefits in 2033, paying about 77 cents per dollar of the projected benefit.

This might sound concerning, but Congress has options to fix the shortfall. They could remove the earnings cap on payroll taxes, increase the tax rate or adjust retirement ages. With 79% of Americans opposed to cutting Social Security benefits ([Pew Research Center 2024](#)), lawmakers may feel pressure to act before 2033.

- *What you can do:* Focus on what you control. Social Security typically replaces about 40% of pre-retirement income for median earners who claim at full retirement, per the [Social Security Administration in 2025](#). The rest must come from savings. Consider working with a financial advisor to make sure you're saving enough. And don't claim benefits early just because you're worried about the program's future—early claiming can permanently reduce your monthly payments up to 30%.

Myth 2: Budget cuts will delay or reduce your benefits. Budget cuts and staff reductions at the Social Security Administration won't change your benefit amount. Only Congress can alter how benefits are calculated. According to the [Social Security Administration](#), payments to those currently receiving benefits and Supplemental Security Income (SSI) won't be

delayed. You may, however, face longer wait times when calling or visiting Social Security offices.

- *What you can do:* When you're ready to apply for benefits, start the process up to four months early. Use online tools when possible and have all your documents ready. If you need to visit an office, schedule an appointment in advance.

Myth 3: Social Security benefits are no longer taxed. The One Big Beautiful Bill Act didn't eliminate taxes on Social Security benefits. If your combined income exceeds certain thresholds, you'll still owe taxes on part of your benefits.

The good news: The new law created a temporary deduction – available through 2028 – for people 65 and older. Whether you're an itemizer or non-itemizer, you can deduct \$6,000 per person if your modified adjusted gross income is \$75,000 or less for singles (\$150,000 for couples). It phases down for income above these thresholds and fully phases out at \$175,000 for single filers (\$250,000 for joint filers).

- *What you can do:* Understand whether you qualify for the new deduction. Consider selectively using tax-advantaged accounts like Roth IRAs to help keep your taxable income lower, and make sure you have the right amount withheld from Social Security payments.

Don't let Social Security myths derail your retirement planning. Focus on saving adequately and making informed decisions. When in doubt, consult with a financial professional for help navigating these complex decisions.

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