

If I take Social Security and still work, what happens to my taxes?

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If you're still working, you'll need to balance the benefits of waiting to take Social Security. (pixabay.com)

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NJMoneyHelp.com for NJ.com

Q. I will be 65 this year. I was born in May of 1954. If I apply to Social Security this year and continue to work, what will the Social Security income do to my taxes? And is there a big benefit to waiting to take benefits?

-- Planning

A. There can be a benefit to waiting - assuming you live a long life and assuming you can afford to wait.

Based on your year of birth, your full retirement age is 66.

Given that, if you apply for benefits [before full retirement age](#), there will be a slight reduction in your benefit, said Marnie Hards, a certified financial planner with Aznar Financial Advisors in Morris Plains..

She said if you start taking Social Security benefits at age 65 instead of your full retirement age of 66, you will receive 93.3 percent of the full benefit.

"If you are younger than full retirement age and earn more than certain amounts, your [benefits are reduced](#)," she said. "Keep in mind however, that your benefit will increase at your full retirement age to account for the benefits that were withheld due to earlier earnings, however."

She said if you are younger than the full retirement age during 2019 (which you will be), you must deduct \$1 of benefits for each \$2 that you earn in excess of \$17,640.

Compare that to [if you work](#) and are full retirement age or older, you will keep 100 percent of your Social Security benefits regardless of how much you earn, she said.

To your question about the [tax implications](#), the amount of your Social Security benefit that is taxable depends on your filing status and total combined income.

"If you file a joint return and your total income is between \$32,000 and \$44,000, up to 50 percent of your Social Security benefits may be taxable," Hards said. "If your combined income exceeds \$44,000 as a married couple filing jointly, up to 85 percent of your Social Security benefits may be taxable for federal purposes."

You can read more about the limits [here](#).

New Jersey does not tax Social Security benefits.

"Your annual benefit will increase by 8 percent for every year that you delay starting your benefits after full retirement age through age 70," she said. "If you can afford to delay the benefit and you anticipate living a long life, it may be worth delaying to secure that higher benefit."

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Karin Price Mueller writes the [Bamboozled](#) column for NJ Advance Media and is the founder of [NJMoneyHelp.com](#). Follow NJMoneyHelp on Twitter [@NJMoneyHelp](#). Find [NJMoneyHelp on Facebook](#). Sign up for NJMoneyHelp.com's [weekly e-newsletter](#).