

## U.S. Social Security Retirement Age Change Set for 2025

August 6, 2025

— Categories: Finance



Download IPFS

Americans planning for retirement in 2025 will face another shift in the Social Security system, one that affects when full benefits kick in. Starting next year, those born in 1959 will see their full retirement age (FRA) move to 66 years and 10 months.

This change is part of a phased adjustment that has been decades in the making, not a sudden policy by the current administration. Originally passed in 1983, the gradual increase

in FRA was designed to keep Social Security financially stable as Americans live longer and draw benefits for more years.

For many, this shift may mean adjusting long-standing assumptions about retiring at 65, a number that no longer guarantees full benefits. For individuals born in 1960 or later, full retirement age will hit 67.

The FRA determines when retirees can collect 100% of their earned Social Security benefits. Claiming early, at 62, the minimum eligibility age, results in a permanent reduction of up to 30%. Waiting until age 70, on the other hand, increases monthly payments by as much as 32%.

That decision could result in thousands of dollars gained or lost annually, an important consideration, particularly as younger generations face tighter financial futures and underfunded retirement savings.

For instance, someone retiring in 2025 at age 62 will only receive about 70% of their benefit. Waiting to reach the new FRA of 66 years and 10 months ensures full payment, while delaying until 70 allows access to maximum monthly checks.

This schedule was set into motion long ago and reflects long-term thinking about demographics, not a reactionary policy from the current administration. The push began with bipartisan legislation passed over 40 years ago, with the intent to protect Social Security's solvency without the kind of drastic cuts or benefit overhauls some fear today.

Each birth cohort since 1954 has seen a two-month increase in FRA. Those born in 1958 faced an FRA of 66 years and 8 months. In 2025, it's 66 years and 10 months for those born in 1959. By 1960 and beyond, it settled at 67.

Next year will also bring other adjustments to the program: The annual cost-of-living adjustment (COLA) will be 2.5%, down from 2024's higher increase.

The maximum taxable income for Social Security contributions will rise to \$176,100 (up from \$168,600).

Income limits for working beneficiaries are climbing: those under FRA can earn up to \$23,400, while those over FRA can make \$62,160 before benefits are reduced.

In-person visits to the Social Security Administration are moving to an appointment-only model.

These changes highlight the growing complexity of retirement planning, especially for those relying on Social Security as a primary income source.

Financial professionals emphasize personalized planning. Health, marital status, and overall savings play major roles in deciding when to claim.

Stephanie McCullough, a financial advisor at Sofia Financial, told *Yahoo Finance*:

“One of the most helpful things all of us can do... is to try to keep our fixed expenses as low as we can.”

That flexibility can make early or delayed retirement a more viable choice, depending on the household.

Couples in particular should consider the implications for survivor benefits, which can be higher when the higher-earning spouse delays their claim.

For Generation X and the younger baby boomers, this final FRA change underscores the urgency of retirement planning. Many will rely heavily some almost entirely on Social Security income. But with the system’s rules continuing to evolve, getting the timing right will be critical.

While Washington debates broader fixes for entitlement programs, Americans must adapt to a system that increasingly puts responsibility in the hands of the individual.