SOCIAL SECURITY HIGHLIGHTS

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What Happens to Your Social Security if You Change Your Mind about Retirement?

You've been working towards this goal your whole life. You're finally ready put in your retirement papers and file for Social Security. What comes next? You do all the errands you've been putting off for a while and you take that special trip. Then what?

For many, the next step is a gradual decline into boredom. It's surprising to see how many people end up having second thoughts after they've retired. A survey, done by CNBC in 2022, indicated that 68 percent of people who retired during the pandemic would consider returning to work.[1] But what if they've already filed for their Social Security?

The answer depends largely on when they decide to go back to work. Is it before or after they reached Full Retirement Age (FRA)?

For people born 1960 or later, Full Retirement Age is age 67. If you're collecting Social Security and you still haven't reached FRA yet, you have one more thing to potentially worry about: the so-called "Earnings Test."

Summary of Claiming Options

Year of Birth	Full Retirement Age	Age 62 Adjustment	Age 70 Adjustment
1956	66 and 4 months	-26.67%	+29.33%
1957	66 and 6 months	-27.50%	+28.00%
1958	66 and 8 months	-28.33%	+26.67%
1959	66 and 10 months	-29.17%	+25.33%
1960 and Later	67	-30.00%	+24.00%

The Earnings Test would apply anytime you collect Social Security before FRA but continue to work. The government would basically prefer that you do one or the other. For 2026, the so-called "Earnings Limit" is $24,480. Earning more than this amount will cause a benefit reduction of $1 for every $2 over the limit. So, if you're successful and have a job that earns good money, it may be unlikely that you can collect any Social Security at all if you decide to keep working.

Here's an example. As you can see in the chart above, your benefit is reduced if you start early. Let's say you start collecting your reduced benefit of $1,500 per month at age 62. But then you go back to work at your old job earning $90,000 per year. In this case, the Earnings Test will reduce your benefit all the way down to zero.

Things aren't quite as bad in the calendar year you reach FRA. In that year only, the benefit reduction is $1 for every $3 and the earnings limit is $62,160.

A few important notes here. First of all, the Earnings Test no longer applies once you get to FRA. So if you're age 67 or older, you can make as much money as you want, and it won't cause a reduction in your Social Security benefit.

The second thing to remember is that not all types of income count. It's basically just wages and net self-employment income. Things like interest, dividends, and distributions from your IRA could all add to your taxable income, but they won't cause a reduction in your Social Security benefit.

And finally, if you do lose money because of the Earnings Test, not all is lost. To make up for some of your lost benefits, your benefit will be adjusted when you get to FRA, and it should go up some at that time. Figuring out this part is complicated; it's something we've discussed in more detail in previous articles.

So back to our original question: what happens to your Social Security if you change your mind about retirement? For one thing, you may not have even thought about the Earnings Test before, since you were not planning on coming back. Now you may have a problem.

Perhaps one solution is to file what's called a "Request for Withdrawal of Application." This can be done anytime within 12 months of your initial application. But it's not easy to do. You may have filed your application online, but this one has to be filed in person. And even worse, you have to pay back all the money you've received. But if you're successful, it will be as if you never applied in the first place.

Keep in mind that if you've already reached FRA by the time you make your comeback, then you have nothing to worry about. It's true that you will still have Social Security taxes withheld from your paycheck (6.2 percent for up to $184,500; 2026 figure), but your benefit is not going to be reduced. In fact, it may go up a little the following year as your earnings record is updated.

And if you are past FRA you have one additional option: you can suspend your benefit. Let's say you claimed at 67, collected for 12 months, then went back to work. In a case like that, suspending might make sense. This would allow you to collect Deferred Retirement Credits, also know as DRCs. DRCs are equal to 8 percent per year for every year you delay collecting. So if you suspend at 68 and start up again at age 70, you will get 16 percent more money every month for the rest of your life.

[1] Liesman, Steve. "68% of recently retired workers would consider returning to work, CNBC survey finds." CNBC.com. https://www.cnbc.com/video/2022/06/07/68-percent-of-retired-workers-would-consider-returning-to-work-cnbc-survey-finds.html (accessed May 19, 2025)

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