



Special Payments After Retirement

Bonuses, Vacation Pay, Commissions, Sick Pay, Insurance Commissions, Carryover Crops, and Other Special Payments

What are “special payments”?

After you retire, you may receive payments for work you did before you started to receive Social Security benefits. Usually, those payments will not affect your Social Security benefit if they are for work done before you retired. This fact sheet describes some of the common types of special payments, helps you to decide if you received any, and tells you what steps to take if you did.

What qualifies as a special payment?

If you worked for wages, income received after retirement counts as a special payment. This applies if the last task you did to earn the payment was completed before you stopped work. Some special payments to employees include bonuses, accumulated vacation or sick pay, severance pay, back pay, standby pay, sales commissions, and retirement payments. Another example of a special payment is deferred compensation reported on a W-2 form for 1 year but earned in a previous year. These amounts **may** be on your W-2 in the box labeled “Nonqualified Plan.”

If you were self-employed, any net income you receive **after the 1st year you retire** counts as a special payment. This applies if you performed the services before your entitlement to Social Security benefits. “Services” are any regular work or other significant activity you do for your business.

Some special payments to self-employed people include:

- Farm agricultural program payments.
- Income from carryover crops.
- Income gained by an owner of a business who does not perform significant services in that business.

How do earnings limits affect benefits?

If a person who gets Social Security retirement benefits is younger than their full retirement age, there are limits to how much they can earn from work before it affects their benefits. Your full retirement age varies based on the year you were born. You can visit www.ssa.gov/benefits/retirement/planner/ageincrease.html to find your full retirement age. We reduce benefits, if earnings exceed certain limits.

- If you are younger than your full retirement age, we deduct \$1 in benefits for each \$2 you earn above the earnings limit. In 2025, the limit is \$23,400.
- In the year you reach your full retirement age, we reduce your benefits \$1 for every \$3 you earn above the earnings limit. In 2025, the limit is \$62,160.
- Starting with the month you reach full retirement age you can receive full benefits no matter how much money you earn.

If you think you received a special payment

If you get Social Security and your total yearly earnings exceed the limit, and these earnings include a special payment, contact us. Tell us if you think you received a special payment. If we agree, we will not count that special payment as part of your total earnings for the year.

Example of a special payment

This example shows how we apply a special payment under our rules:

Mr. DeSilva retired at age 62 in November 2024 and began to receive Social Security benefits. In January 2025, Mr. DeSilva receives a check from his employer for \$20,000 for his leftover vacation time. Because this is vacation pay he earned before he retired, we'll consider it a special payment and won't count it toward the earnings limit for 2025.

Insurance salespeople and farmers

There are 2 specific occupational groups that commonly receive earnings which qualify as special payments. They are insurance salespeople who receive renewal or repeat commissions and farmers who receive income from carryover crops.

Insurance salespeople

Many insurance salespeople continue to receive commissions after the year they retire for policies they sold before retirement. This income will not affect their Social Security benefits, as long as the income was the result of work done before they retired.

Farmers

Many farmers harvest and store crops 1 year for sale in another year. Farmers may fully harvest and store crops before or in the month they become entitled to benefits, and then sell them in the next year. Those earnings will not affect benefits for the year they receive the money.

Contacting Us

The most convenient way to do business with us is to visit www.ssa.gov to get information and use our online services. There are several things you can do online: apply for benefits; start or complete your request for an original or replacement Social Security card; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal *my* Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information (Social Security beneficiaries only), and get a replacement SSA-1099/1042S. If you live outside the United States, visit www.ssa.gov/foreign to access our online services.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week, so you may not need to speak with a representative.

If you need to speak with someone or if you need to make an appointment to come into an office, call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing. A member of our staff can answer your call from 8 a.m. to 7 p.m., Monday through Friday. We provide free interpreter services upon request. For quicker access to a representative, try calling early in the day (between 8 a.m. and 10 a.m. local time) or later in the day. **We are less busy later in the week (Wednesday to Friday) and later in the month.**



Securing today
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Social Security Administration
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