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Expatriates, Cross-Border Workers Must Plan for Social Security

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International workers and retirees must consider a complex array of factors in planning for future Social Security entitlement, including totalization agreements, work impacts, foreign benefits, timing, location, taxation, and Medicare changes.

Creating a retirement plan can be an anxiety-inducing experience, with future retirees taking into account a host of different important considerations. These include Social Security claiming strategies, which can be incredibly complex and confusing.

This is especially true for people who have worked in more than one country or who plan to retire abroad. If you fall into one of these categories, below are seven often overlooked Social Security considerations you should factor into your retirement planning.

Totalization Agreement Benefits

The US has entered into a network of 30 bilateral social security ("totalization") agreements with important trading partners around the world. If you worked or planned to work in one of these countries, these agreements are crucial for you.

If you are working temporarily overseas, you can apply for a certificate of coverage from the Social Security Administration. This will allow you and your employer to continue paying into US Social Security and exempt you from local social security taxes (or vice versa if you are coming to work in the US). This prevents dual taxation or costly gaps in your earnings history.

These agreements also allow for the payment of partial social security benefits from the US or another country with as little as six US quarters of coverage in the US (or as little as one year in the other country). They even make filing for benefits easier by allowing you to file a claim for benefits with the social security agency of either country.

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International Work Assignments Can Affect Benefits

An assignment to work for an employer abroad can affect both your current income and your future Social Security benefit. If you are a US citizen or green card holder and working for a US employer overseas, you and your employer may face dual social security taxation absent a totalization agreement.

For 2026, US Social Security taxes are:

- 6.2% each for employers and employees on up to $184,500 for Social Security;
- 1.45% each for employers and employees on total compensation for Medicare; and
- 0.9% Additional Medicare Tax on employees on income above $200,000 annually ($250,000 for persons filing jointly, $125,000 for married filing separately).

In addition, cross-border workers often need to pay local social security taxes, which in certain instances can significantly exceed US. Social Security contribution rates.

Alternatively, if you are not a US national or green card holder or if you are not working for a US employer overseas, you may not be covered by US Social Security at all. Missing out on years of US earnings history can have a negative impact on your future social security retirement benefit amount. For highly compensated employees, five years of missing Social Security covered earnings could result in a loss of around $400 in monthly benefits, and up to $200 each for any spouses or other dependents. This could amount to tens of thousands of dollars in lost lifetime benefits.

Other Countries' Benefits Can Make Up the Difference

Even if you do lose out on some monthly Social Security benefits due to work outside the country, you may be eligible for a benefit from another country that can partially or wholly make up the difference. This is especially true since the repeal of the Windfall Elimination Provision early in 2025, which means that you will no longer be penalized for receiving a social security benefit from another country. With even a minimal amount of covered work in another country, you may become entitled to a social security benefit that can supplement your retirement income.

Choosing When to Retire

Perhaps no decision is more consequential for retirement income than choosing a retirement date. US Social Security retirement benefits are payable as early as age 62, but many people opt to delay receipt of benefits until a later date for one of two reasons:

- Benefits are permanently reduced if a person elects to receive benefits prior to full retirement age (FRA - age 67 for persons born in 1960 or later); and
- The amount a person can work while receiving early retirement benefits is limited.

For each month prior to FRA a person elects to receive retirement benefits, his or her monthly benefit is reduced by a fraction of a percent. The maximum reduction is 30%. A person who instead opts to delay receipt of benefits can defer receipt to as late as age 70. Each year of deferral results in around an 8% increase in monthly benefits.

Beneficiaries who are receiving early retirement must limit work activity to prevent an adverse effect on monthly benefit amounts.

For persons working in the US, the Annual Earnings Test limits the amount of benefits you can receive. For 2026, SSA will start reducing your benefit once you earn more than $24,480 in a year under covered social security at a rate of $1 in monthly benefits for each $2 above the minimum amount. This decreases to $1 for each $3 above $65,160, and continues until benefits reach zero, at which point they are suspended.

Work outside the US is subject to an even more stringent test called the Foreign Work Test. It provides that benefits will be suspended for any month during which an early retiree is working outside the US for more than 45 hours in a month.

Choosing Where to Retire

For many people, retiring abroad is at the center of their retirement planning strategy. Whether it is to move to a place with a cheaper cost of living, more favorable climate, or to be near family, many dream of retiring outside the US. If you are a US citizen, you will be able to receive your US Social Security benefits in most countries outside the US without restriction. However, non-US citizens may face limitations on their ability to continue receiving benefits outside the US under a provision called the Alien Nonpayment Provisions.

Unless you are eligible for an exception, if you are not a US citizen and are absent from the US for six consecutive calendar months, your benefits will usually be suspended until you visit the US again for a full calendar month. A significant number of different exceptions apply broadly to this restriction, making this a very complex area of Social Security. Due to this complexity, the SSA has created a screening tool to help determine eligibility to receive benefits while residing abroad.

How Benefits Are Taxed

While there has been recent discussion about the prospect of eliminating tax on Social Security benefits in the US, they are still taxable if you are a US citizen or resident and earn above certain income thresholds. Generally, if a person's taxable income, tax-exempt interest income, and half of their social security benefits exceeds $25,000 in a tax year ($32,00 for joint filers), up to 85% of their benefits may be subject to taxation.

If you are a US nonresident alien for income tax purposes, you may be subject to an alternative withholding tax unless an income tax treaty relieves you of the need to pay US Social Security tax. This tax, which is withheld from monthly benefits, is equal to 25.5% of your monthly Social Security benefit amount. Tax residents of Canada, Egypt, Germany, Ireland, Israel, Italy, Japan, and Romania, and the UK (excluding the Channel Islands and other outlying possessions) are exempt from this withholding tax. Residents of Switzerland are subject to a lower withholding rate of 15%.

Recent Medicare Changes

With healthcare costs rising, many retirees have historically looked to the Medicare program to provide health insurance in retirement. You can usually receive Medicare when you turn 65 if you have enough US Social Security coverage, or can pay an additional premium to receive Medicare if you live in the US and don't have enough Social Security coverage.

However, a recent change to the law ushered in under the One Big, Beautiful Bill Act in July 2025 made significant changes to who is eligible to receive Medicare benefits.

Previously, any person who earned enough Social Security credits was automatically eligible for Medicare benefits. However, the OBBBA limits Medicare eligibility to US citizens, US green card holders, asylees and refugees of Cuban or Haitian origin, and certain natives of the Northern Mariana Islands.

While Medicare always only covered medical services performed in the US, many recipients who resided outside the US would travel to the US to use Medicare services. This was especially true for residents of Canada, Mexico, and other countries that, by virtue of proximity to the US, made it cheap, easy, and convenient to do so. In the wake of this change to the law, most non-US citizens will no longer be able to receive Medicare-covered services.

This change in the law was not limited solely to future beneficiaries, but also to current beneficiaries, with benefits being suspended 18 months after the enactment of the law. Therefore, if you are not in one of the categories of covered persons, you may need to look for alternative sources of health insurance upon retirement.

Workers who are planning to retire outside the US face a number of unique and challenging decisions in determining their personal social security retirement strategy. Navigating these complexities is a crucial part of ensuring that such workers enjoy adequate resources well into retirement.