

WHEN SHOULD YOU TAKE SOCIAL SECURITY?

Choosing the age to start drawing Social Security benefits is an important financial decision. This decision is even more important if you are married because your decision affects your spouse and family. Use this guide to help you evaluate the strategy that is right for you.

Three Options



1. Start drawing Social Security at age 62.
2. Wait until your full retirement age, which is 66 or 67 for people born after 1942, to increase your monthly payment.
3. Wait until you're 70 to further increase your monthly payment.

Key Considerations

- The earlier you start drawing Social Security, the smaller your monthly payment will be.
- If you start drawing Social Security benefits at 62, you will receive 25 percent less per month than you would at your full retirement age of 66 (if you were born between 1943 and 1954). For those born later, the reduction grows gradually to 30 percent.
- If you wait until you're 70 to claim Social

Security, your monthly payment is 32 percent more. Waiting until after 70 does not increase your monthly benefit.

Delaying Social Security as a

Example: Someone born between 1943 and 1954 who would receive \$1,000 a month at his or her normal retirement age of 66 would receive \$750 a month at 62 and \$1,350 a month at 70.

Note: To fully enjoy the returns of waiting longer to draw Social Security, most people must live until at least their mid-80s.

Good Investment Decision

A number of factors have made delaying Social Security a better investment today than it was in the past. Factors include the low rate of return on safe investments, such as money market accounts, bonds, and certificates of deposit.

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Married Couple Scenario

Deciding on a time to claim is particularly important for married couples. Taking Social Security early decreases spousal benefits while taking it late increases them. Choosing the right strategy is more complicated for couples because it's possible for one spouse to file for benefits at retirement age and then suspend those benefits. That could allow the wife, for example, to receive spousal benefits while the husband is waiting to collect a higher benefit at age 70. If the wife's own benefits would be higher than her spousal benefits, she can switch to her own benefits when she turns 70. That essentially gives both partners their maximum benefit while allowing one spouse to collect benefits in the interim.

The right strategy depends upon the couple's earnings, cash flow needs, ages, life expectancy, and retirement goals. Minor children are another consideration. If your children are eligible for benefits when you die, when you choose to take Social Security also affects their benefits.

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