



## **When to claim Social Security benefits**

With Baby Boomers reaching retirement age, they are faced with the decision of when to start collecting Social Security benefits. That question involves a consideration of many factors. The answer will be different for each individual (or couple) depending on their circumstances. This message is merely an introduction to the topic.

You can apply for Social Security as early as age 62, assuming you have worked long enough to be eligible. However, if you are still working and you file to begin collecting at anytime between the ages of 62 through 65, your benefits will be reduced for amounts earned in excess of \$14,160 (in 2011). Once you reach age 66, there are no further earned income penalties.

Even if you are no longer working, if you start collecting Social Security at age 62, your benefit will be permanently reduced to 75% of what you would otherwise receive if you waited until Full Retirement Age ("FRA," currently age 66) to start collecting benefits. Moreover, if you wait until age 70 to begin collecting Social Security, your monthly benefit will be increased to 132% of the FRA amount for the rest of your life.

To put some concrete numbers on an example: Suppose your benefit at Full Retirement Age is \$2,000 per month. If you start receiving benefits at age 62, your monthly benefit will be only \$1,500. On the other hand, if you wait until age 70, your benefit would be \$2,640 per month (plus cost of living adjustments). Of course there are gradual changes for ages between 62 and 70.

So one important consideration is how long you expect to live - the size of your monthly benefit for the rest of your life will be determined by your age when you start (subject to annual cost of living adjustments). But it's not just how long you expect to live - it also matters how long your spouse is expected to live. If the higher earning spouse dies first, the surviving spouse will begin receiving the decedent's greater Social Security benefit, for the rest of his or her life as well.

For married couples it is important to coordinate Social Security benefits. One strategy has the higher-earning spouse delaying the start of his benefits to age 70 while the lower earning spouse begins collecting her own benefit (based on her earnings record) or a spousal benefit (based on her spouse's earnings record) sooner than that.

If you are considering when to start taking your Social Security benefits, we recommend that you consult with a financial advisor who can help you sort through the many factors that go into making the decision. Please feel free to contact us for assistance.