

SOCIAL SECURITY CHECKS

Take Them Sooner or Later?

OK. You are approaching 62 or maybe a bit older and have not applied for Social Security. The question you may be wrestling with is: *When is the optimum age for you to pull the trigger and start receiving your hard-earned retirement checks from the Social Security Administration?*



For many, the intriguing lure is a bigger check the longer you wait up until age 70 when further increases cease. In round numbers your Social Security benefit will increase by 7% to 8% for each year you delay between age 62 and 70. That may mean about a third more each month at age 70 than what you would get at age 62.

If you were born between 1943 and 1954, your full retirement age for Social Security is 66 at which point you can get 100% of your monthly benefit. While you are eligible to receive benefits at age 62, doing so may result in a reduction of as much as 30 percent. In contrast, if you delay applying for benefits beyond 66 you will enjoy an increased monthly benefit. Click here to see [how delayed retirement affects your benefit](#).

On the surface, the bump in monthly income may be attractive. But wait! There are other considerations that include your health, your cash needs, income from work and your marital status.



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Health

Putting off applying for Social Security benefits may not be a good idea if poor health is likely to [shorten your life expectancy](#). However it can still make sense if you are married and your spouse will be depending on your benefit after you die. More on that in a moment.

You can see your chances of making it to various ages based on your current age, sex and how healthy you are by going to the [American Academy of Actuaries' and Society of Actuaries' Longevity Illustrator tool](#).

Waiting for a bigger monthly check might be the prudent thing to do, if you think you'll beat the average life expectancy. On the other hand, if you're in poor health or have another reason to believe your life expectancy may be curtailed, perhaps taking what you can while you can is the preferred choice.



Your Cash Needs

You may have other sources of retirement income, e.g. IRA, 401K, pension or your nest egg savings. That said, the question is how long will those financial resources last if you must begin withdrawals while you defer Social Security income? Clearly, you will want to avoid depleting your investment reserves to the point of having no cushion to weather unexpected expenses.

So, it may be in your best interests to receive your Social Security benefits sooner rather than later to offset draining your other savings.



Your Income

Income from a job (or self-employment income as well) may temporarily reduce your Social Security benefits if you apply prior to your full retirement age. That may result in a reduction of \$1 in benefits for every \$2 you earn over the annual limit (\$15,720 in 2016; increasing to \$16,920 in 2017). That benefit forfeiture will then reduce to \$1 for every \$3 you earn over the annual limit. Once you hit your full retirement age, your benefits will cease to be reduced regardless of how much you earn.

Marital Status

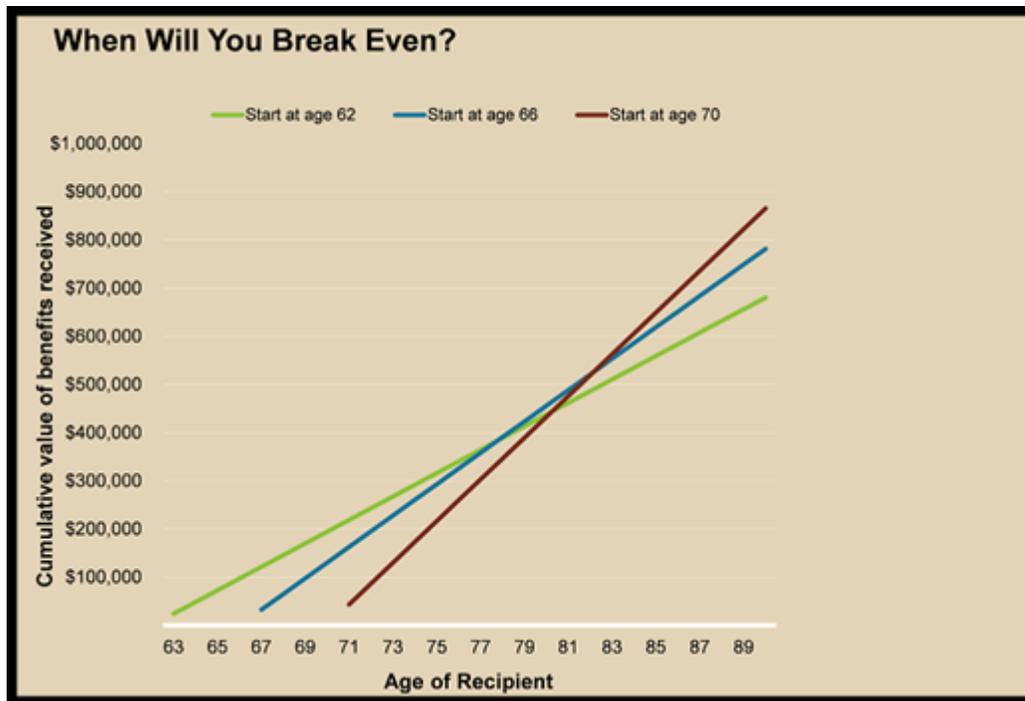
Just as you must evaluate your age and health in considering when to begin receiving Social Security, don't forget to do likewise regarding your spouse. This is especially true if you are the higher earning partner. Survivor benefits for the spouse who earned significantly less may depend on your benefits in the event you pre-decease your mate.

Breaking Even

So, given all the above considerations, another determination is to know at what age will you at least break even and then come out ahead if you postpone your Social Security benefits. Take a look at your estimate of your own benefits using these Social Security Administration [calculators](#). For example, if you're a top wage earner turning 62 this year, then your break-even ages are as follows:

Monthly SS Benefits	Retirement age	Break-even age
\$2,102	62 vs. 66	Between 77 and 78
\$2,806	62 vs. 70	Between 80 and 81
\$3,721	66 vs. 70	Between 82 and 83

In this example, if you wait until age 66 to take Social Security instead of taking it at age 62, you'll come out ahead as long as you live to at least age 77-78. The break-even age goes up the longer you wait. See the graph below for an illustration of sample break-even points.



The Social Security Administration advises the best way to start planning for your future is by [creating a my Social Security account](#) online. With [my Social Security](#), you can verify your earnings, get your **Social Security Statement**, and much more - all from the comfort of your home or office.

Additionally, you can choose from a variety of [calculators](#) to help you plan for the future.

Summary

Here's the bottom line. In general, you're better off taking Social Security later rather than sooner. That results in a higher monthly check that's pegged to inflation and serves both as a safety net to help you maintain your desired retirement standard of living as well as insulate you from the vagaries of how your other retirement investments perform.

Alternatively, you may want to make a lifestyle decision and take Social Security early to retire at a younger age or cut back on hours worked. Getting the biggest check possible may not be perceived as valuable as living a preferred lifestyle. Long term, you may end up leaving money on the table ... offset by using the additional cash early-on while you can still enjoy it the most.