TIMING IS EVERYTHING | When to take Social Security
Nearly 90% of people age 65 and older receive Social Security benefits. More than 40 million Americans currently receive retirement benefits based on their work history or their spouse's work history. Thus, for most individuals, deciding when to take Social Security benefits will have a major impact on their ability to live comfortably in retirement.

Do you have a choice?

A clear and accurate understanding of your financial situation, both now and in the future, is essential. That understanding can be gained through a thorough review of your circumstances and goals.

Evaluate whether your core needs and lifestyle spending require you to collect your monthly Social Security payment as soon as you retire or if you can afford to wait until you reach 70, the point at which your benefits are maximized.

More than two-thirds of eligible Americans take their benefits early — after they reach 62, but before they reach full retirement age. Often it's because they simply don't have a choice: They need the money. However, if you do have a choice, not collecting your Social Security benefits — even after you reach your full retirement age — may make sense.

**Timing Social Security Distributions**

If you do not need to take your benefits early, your financial advisor can help you determine when you should take them. For example, you can:

• Wait until you reach your full retirement age before tapping into Social Security; or
• Defer Social Security benefits until you reach age 70, when you must begin taking them.

<table>
<thead>
<tr>
<th>Age 62</th>
<th>Full Retirement Age*</th>
<th>Age 70</th>
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<tbody>
<tr>
<td>Payments begin earlier, but amount received is lower</td>
<td>Payments increase by approximately 6% to 8% per year until full retirement age</td>
<td>Maximum benefit received; payments continue to increase by 6% to 8% annually until age 70, but do not increase after age 70</td>
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*To determine the age at which you qualify for full retirement benefits, visit the Social Security Administration site at ssa.gov.

The most popular age for claiming Social Security: 62. About 29% of men and 33% of women opted to start at that age in 2017. — Social Security Administration

**Key factors affecting your decision**

Before deciding when to begin taking Social Security, consider these factors:

**Other sources of income.** Work with your financial advisor to evaluate the tradeoffs involved in taking your Social Security benefits earlier (and letting other assets grow untouched for a longer period) vs. dipping into retirement assets immediately and deferring your Social Security benefits.

**Your taxable income.** Tax-related factors could also affect your decision. For instance, if your combined income from Social Security and other retirement resources reaches a certain level, your tax liability may increase. Conversely, delaying Social Security may reduce your taxes.

**Your work history.** If you have not worked a full 35 years and you begin taking Social Security benefits early, those benefits will be less than if you had worked the full 35-year period. The Social Security Administration (SSA) provides no payments for the years you have not worked, reducing the annual benefits available to you. In this case, deferring Social Security and working longer, whether part or full time, could be your best choice.

**Whether you plan to work in retirement.** If you plan to work until your full retirement age, you probably won’t want to take benefits early. That’s especially true because, if your income is above a level set by the SSA, your benefits will be greatly reduced.

**Your health and life expectancy.** Should you defer your Social Security benefits until you reach 70, you will only reap the full advantage of doing so if you live past the age of 80. Of course, you can’t predict exactly how long you will live, but lifespans are increasing and, if you are healthy, you may receive more benefits if you delay taking Social Security.

**Your spouse.** If you are married, the needs and situation of your spouse are also vital factors in your decision. If you both have earnings from your work, you probably will both receive a monthly benefit. The lower-earning spouse is often eligible for a spousal benefit of up to one-half of the higher-earning spouse’s benefit.
If your health or age is such that you are likely to die before your spouse, you might want to delay taking benefits as long as possible to increase his or her survivor benefits. In today's world, those benefits can be an important part of the survivor's retirement assets, given that couples aged 65 have a 50% chance that one of them would live beyond age 90, according to the Social Security Administration.

**Spousal benefits**

Social Security promises that benefits at full retirement age will be no less than half of one's spouse's benefits. Distributions based on spousal work records will be calculated, and if one spouse's benefit is less than one-half of the other spouse's full retirement benefit, a spousal benefit will be given to make up the difference.

Spousal benefits are subject to many of the same rules as regular Social Security retirement benefits including a reduction in benefits for filing before full retirement age.

Also, married couples could previously claim their Social Security benefits and elect that one spouse receive benefits while the other delayed, allowing the second spouse's benefit to grow. But since new laws went into effect in 2016, when you claim benefits, you are "deemed filing" for all of your available benefits, both spousal and your own retirement benefits. You will only receive the higher of the two.

Remember that changes in laws may occur at any time and could have a substantial impact on your retirement. You should always discuss tax or legal matters with the appropriate professional.

**Your age: When should you draw benefits?**

Perhaps the most impactful decision you can make regarding Social Security benefits is at what age to begin drawing them. Your full retirement age falls between ages 65 and 67, depending on the year you were born. You may be eligible to draw benefits as early as 62, but that will permanently reduce the payout you are eligible to receive. On the other hand, if you elect to delay benefits (up to age 70), you will receive an increased benefit.

76.7% of Americans fall short of retirement savings targets for their age and income.


About one out of every three 65-year-olds today will live past age 90.

— Social Security Administration (2019)

To gain maximum benefit from your retirement resources, contact your financial advisor to make sure you’ve considered all of your options.
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