

## The Social Security Decision

The size of your monthly Social Security benefit in retirement depends partly on how old you are when you start collecting it. If you begin drawing Social Security benefits at age 62, the earliest allowable age, your check will always be smaller than if you had waited until reaching your official full retirement age (FRA). Remember: If you can afford it, you can retire early and not claim benefits until later. **Note:** All dollar examples below are based on a hypothetical \$1,000 monthly benefit at FRA and are rounded.

### IF YOU TAKE SOCIAL SECURITY

**Pro:** You may be able to stop working early if you have a monthly Social Security check to supplement the retirement income from your savings.

**Con:** Your benefit will be permanently smaller than if you'd waited until your FRA. The percentage reduction depends on your birth year, ranging incrementally from 20% less if you were born in 1937 or earlier (monthly benefit becomes \$800) to 30% less if you were born in 1960 or later (\$700 monthly).

**Pro:** You'll receive 100% of the monthly Social Security benefit to which you're entitled.

**Con:** You may have to work longer than you planned if you don't have other income sources to tap.

**Pro:** For each year after your FRA until age 70, your benefit continues to grow. For example, if you were born after 1943, you'll get an extra 8% for each year of postponement. (\$1,260 monthly benefit if you retire at age 70 or later).

**Con:** You will have to work longer than you planned if you need the increased benefit to afford retirement.

### FACTORS TO CONSIDER

Average life expectancy; your current health status and behaviors; your family health history and longevity. For people who expect a below-average lifespan, taking Social Security at age 62 may make more financial sense than waiting. The longer your expected lifespan, the more financial sense it makes to maximize your benefit.

Your other sources of retirement income. Social Security is meant to be a *supplement* to income from your retirement savings and/or pension. By working longer, you can continue contributing to your employer-sponsored plan and taking advantage of the employer match (if offered).

Health coverage. Costs are skyrocketing. If you retire before age 65 and aren't insured under an employer plan, you'll face costly premiums and expenses until age 65, when you're eligible for Medicare.