



# DELAY & GAIN SOCIAL SECURITY

## IT CAN PAY TO DELAY CLAIMING SOCIAL SECURITY BENEFITS

If you're nearing retirement age and thinking of claiming Social Security benefits before your full retirement age, there are some important things to consider. The full retirement age (FRA) is currently 66 (67 for those born in 1960 or later). You can claim benefits as early as 62—but it may cost you in the long run. That's because claiming early (before FRA) lowers your monthly retirement benefit for life. On the other hand, **the longer you can wait, the higher your Social Security check.**

### BREAKING DOWN THE BENEFITS

Let's say that your monthly Social Security benefit at the FRA of 66 is \$2,000. If you choose to **claim early at age 62, your monthly benefit will be reduced to \$1,500**—and will remain at that level (adjusted for inflation) for life. However, if you wait to claim until age 63, your permanent benefit jumps to \$1,600 per month. If you delay claiming until 64, the benefit is \$1,766. If you defer until 65, it climbs to \$1,900. Of course, if you **claim at FRA, you realize your full monthly benefit of \$2,000.**

In fact, you can maximize your monthly Social Security benefit by waiting to claim beyond full retirement age. Here's why: your monthly benefit increases every year that you wait to claim past FRA—up to age 70. If your monthly benefit is \$2,000 at the FRA of 66 and you wait to claim

until 67, your monthly Social Security check goes up to \$2,160—and increases 8 percent from the baseline amount for every year you delay. **Delaying retirement until age 70 yields you a monthly benefit of \$2,640.** Compare that to the \$1,500 you would have received by retiring early at 62—a difference of more than \$1,000 per month! That boost in your monthly check from delaying benefits could make the difference between financial security and poverty.

**"THE BOOST IN YOUR MONTHLY CHECK FROM DELAYING BENEFITS COULD MAKE THE DIFFERENCE BETWEEN FINANCIAL SECURITY AND POVERTY."**

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## WORKING AGAINST FINANCIAL CHALLENGES

Today, **10 percent of American seniors live below the federal poverty line.** Several factors contribute to the financial insecurity of retirees. Personal savings are down. Pensions are disappearing. And 401Ks are subject to market volatility.

That's why seniors are increasingly relying on their Social Security benefits for financial survival. **Half of retirees depend on Social Security for most of their income**—another reason why it's so important for workers to maximize benefits by delaying retirement if they can. Retired women face special financial challenges due to lower wages and time away from the workplace caring for family members. Because Social Security retirement benefits are based on lifetime earnings, women's benefits are typically lower than men's. Women can mitigate these inequities by waiting to claim Social Security until at least full retirement age—boosting their monthly benefits.

## PROTECT YOURSELF AGAINST INFLATION

Delaying retirement also helps protect seniors against inflation. Annual Social Security cost-of-living adjustments (COLAs) are based on your monthly benefit amount. The higher the benefit, the greater the dollar-amount adjustment for inflation. For example, the 2019 COLA was nearly 3 percent. That means that **a beneficiary receiving \$1,500 per month would get an extra \$42 in monthly benefits**, while a beneficiary with a \$2,500 benefit would see her monthly check increase by \$70 (30 percent more). These cost-of-living adjustments become compounded as your increased benefit (including COLA) becomes the basis for the following year's adjustments—and so on—for the rest of your life. This is yet another reason to delay retiring until you reach the highest possible monthly benefit.

Of course, not everyone can wait to claim benefits until full retirement age or beyond. Poor health, physical limitations, workplace changes, caregiving demands and unemployment are a few of the factors that make it difficult to delay collecting Social Security. But if you're able to continue working and are in good enough health to reasonably expect to live into your 80s, **it can pay to delay.**

## TAKE ACTION

- For help deciding the optimum age to retire, workers can use the benefit calculator provided by the Social Security Administration, located on [ssa.gov](https://ssa.gov). This convenient tool estimates your benefits based on annual income.
- For more information on delayed claiming, visit [delayandgain.org](https://delayandgain.org).