

WHEN TO CLAIM SOCIAL SECURITY

We tend to spend more time planning a vacation than we do planning for retirement. It's not hard to understand why—we're putting out a lot of money for a week or two of fun or relaxation, and we want to get the most out of it.

But wait. Isn't planning for retirement the same? We're putting a lot of money into supporting ourselves when we leave work, and we want to get the most out of it, right? One reason we avoid planning is because it seems so complicated. But if we take one step at a time, it's not all that hard.

Let's look at the decision on when to claim your Social Security benefits. All you need is a little information and AARP's simple calculator at www.aarp.org/socialsecuritybenefits. It might surprise you to find out how much delaying your benefit can grow your monthly check.

AN OVERVIEW

Most Americans pay into the Social Security system over their working lives. You become eligible to collect retirement benefits generally after 10 years of full-time work. Your benefits are based on your earnings during your lifetime and how many years you worked. And, your benefits adjust with inflation.

You can begin to receive your full retirement benefit between the ages of 66 and 67, depending on when you were born.

YEAR OF BIRTH	FULL RETIREMENT AGE
1943 - 1954	66
1955 - 1959	66 + 2 months each year until 1960
1960+	67

You don't have to wait until your full retirement age to claim your benefits. In fact, about 40% of retirees claim their benefits at 62, the earliest possible age. However, claiming early permanently reduces your benefits.

On the other hand, you can delay claiming your benefits to receive a larger monthly payment. Your benefits will grow until age 70.

THE IMPACT OF YOUR CLAIMING AGE

If you don't have a pension or substantial personal savings by the time you start thinking about retirement, then delaying may be the right decision for you. Take a look at the example in the chart below. This person, whose full retirement age is 66, would receive \$1,000 a month beginning at age 66. See how claiming as early or as late as possible affects this \$1,000 benefit.

AGE OF RETIREMENT	MONTHLY BENEFITS
62 (early retirement)	\$750
66 (full retirement age)	\$1,000
70 (latest)	\$1,320

WOULD IT WORK FOR YOU?

Of course, your own life circumstances will factor into when you'll be able to retire. Let's say your job is physically demanding or you have health problems. In these cases, delaying retirement may not be possible. You could also find yourself under- or unemployed near retirement age, leaving you with little choice but to take Social Security early.

If you need to retire early, but have personal savings, you could delay claiming your Social Security benefit. Every year you delay (until age 70) grows your benefit by 8%. Think about this—if your full retirement age is 66, delaying for four years could increase your benefit by 32%.

OTHER CONSIDERATIONS

If you are married (or were for at least 10 years), then Social Security's spousal benefits come into play. There are also other considerations if you are widowed or divorced. Ask your employer for our tip sheets on Social Security for Married Couples or Social Security for Divorcees to learn more.

TAKE ACTION!

- Use AARP's Social Security Benefits Calculator at www.aarp.org/socialsecuritybenefits to help you decide when to claim.
- Ask your employer for our tip sheets on Social Security for Married Couples or Social Security for Divorcees to understand claiming options for married couples, widows and divorced individuals.
- Plan for your retirement, estimate your benefits and more with a my Social Security account, available online at www.ssa.gov.

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