

SOCIAL SECURITY AND WORK

The average retirement age in America is 64 for men and 62 for women. However, in a recent survey, 38% of workers expect to retire at age 70 or older (or never).

Expectations of later retirement may be driven by financial need for some. For others, it may be a desire to remain active and connected to their work.

With the decision to work later in life comes the issue of when to collect Social Security benefits. Let's look at the implications of collecting benefits while working. You can also estimate your benefits and see how work affects them using our Social Security Benefits Calculator at www.aarp.org/socialsecuritybenefits.

Your "full retirement age" for Social Security purposes is between ages 66 and 67, depending on when you were born. If you wait until your full retirement age, you can begin collecting your benefits and continue working with no impact on your benefit amount.

SOCIAL SECURITY CLAIMING AGE FOR FULL RETIREMENT BENEFITS

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

You can choose to claim your Social Security benefit as early as age 62. But if you do this and continue working, some of your benefit may be withheld. The good news is that you'll get the withheld amount back when you reach your full retirement age.

EARNINGS LIMIT

The Social Security system has two sets of earning limits for older workers. If you earn above the set amount, which adjusts with inflation, Social Security will withhold part of your benefits.

SOCIAL SECURITY EARNINGS LIMITS

- Under full retirement age: **\$1 deferred for every \$2 you earn above \$17,040**
- The year you reach full retirement age: **\$1 deferred for every \$3 you earn above \$45,360**
- The month you reach full retirement age and beyond: **No earnings limit, so no deferral**

When you reach your full retirement age, the Social Security Administration will recalculate your benefit to give you credit for the benefits that were withheld. Each month that you don't receive a check will count as a month that you delayed your retirement.

WHAT COUNTS AS INCOME?

Social Security only looks at your wages when applying the earnings limit, so income from investments, pensions, government benefits and the like don't count. If you're self-employed, your net earnings count toward the limit.

CONSIDERATIONS

If you're thinking about working and collecting benefits at the same time, consider the pros and cons. The obvious downside is that part of your benefit will be withheld if your earnings exceed the limits.

Although collecting your Social Security benefit while working may beef up your current income, delaying it will bolster your future income. And if you can delay claiming your benefit after you reach full retirement age, so much the better. For each year you delay beyond full retirement age, up to age 70, your benefit grows 8%. Delaying your benefit not only provides a higher benefit for life once you start claiming it, but it also increases survivor benefits for your family.

TAKE ACTION!

- Use AARP's Social Security Benefits Calculator at www.aarp.org/socialsecuritybenefits to help you decide when to claim your benefit.
- 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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