

Deciding When to Start Receiving Social Security Retirement Benefits

Following is the text of a SSA internet broadcast regarding this frequently asked and important question

Hosts: Jim Courtney, Deputy Commissioner for Communications and
Dr. Jason Fichtner, Acting Deputy Commissioner of Social Security

Jim Courtney: The topic of this podcast relates to making a decision that could have far-reaching effects – for your own retirement and maybe even for other members of your family. In this podcast, we'll tell you what you need to consider before deciding –

"When to Start Receiving Retirement Benefits."

Mr. Courtney: Hello, I'm Jim Courtney, the Deputy Commissioner for Communications at Social Security.

Dr. Fichtner: And I'm Dr. Jason Fichtner, the Acting Deputy Commissioner of Social Security.

Mr. Courtney: You know, Jason, people often ask us, "What is the best age to start receiving retirement benefits?" And they are surprised that we don't have a snappy, one-size-fits-all answer for everyone.

Dr. Fichtner: That's right, Jim, because there is no one "best age" for everyone. Ultimately, it's a personal choice that people have to make based on their individual circumstances.

Mr. Courtney: It's an important decision because of the unique role Social Security benefits can play in a person's retirement.

Dr. Fichtner : Among the great things about Social Security is that the benefits last as long as you live, they are adjusted annually for inflation and provide valuable protection against outliving savings and other sources of retirement income.

Mr. Courtney: People have the choice of starting their retirement benefits as early as age 62 or as late as late as age 70. But there are tradeoffs associated with that choice. Could you tell us about that?

Dr. Fichtner : Sure. Monthly benefit amounts can differ substantially based on the age you elect to start receiving benefits. You can choose to collect retirement benefits early, but it will be a lower amount than if you waited until your full retirement age, which for everyone listening is somewhere between 65 and 67.

Similarly, if you delayed receiving benefits beyond your full retirement age to as late as age 70, your monthly benefit amount will be higher.

Here's a real life example: let's say your full retirement age is 66 and your monthly benefit at that age would be \$1,000. If you choose to receive benefits early at age 62, your monthly benefit will be \$750. If, on the other hand, you wait to start receiving benefits until age 70, your monthly benefit will be \$1,320.

Mr. Courtney : By the way, listeners can see real life examples based on their own earnings history by using Social Security's online Retirement Estimator, at –
www.socialsecurity.gov/estimator .

Dr. Fichtner : That's good to point out Jim, and in general, if you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter what age you choose to start receiving benefits.

Mr. Courtney But because everyone is different, there are other issues to consider. What are some of those personal factors people should take into account when deciding when to start receiving retirement benefits?

Dr. Fichtner: When thinking about retirement, people should be sure to plan for the long term. Two factors worth considering are your health and your family's history of longevity. Many of us will live much longer than the "average" retiree. In fact, about one out of every four 65-

year-olds today will live past age 90. And, generally speaking, women do tend to live longer than men.

Other considerations include your current cash needs and whether you have other retirement income sources. Also, are you planning to work in retirement?

Mr. Courtney: We often receive questions from people concerned about what will happen if they continue to work after they start receiving retirement benefits. Can you explain how Social Security addresses that issue?

Dr. Fichtner: Of course. When you reach your full retirement age, you can work and earn as much as you want and still receive your full Social Security benefit payment. However, if you are younger than full retirement age and if your earnings exceed certain dollar amounts, some of your benefit payments during the year will be withheld. But, this does not mean you must try to limit your earnings. If we withhold some of your benefits because you continue to work, we will pay you a higher monthly benefit amount when you reach your full retirement age. It is important to note, that the decision to "retire" or stop working is separate from the decision when to start receiving retirement benefits.

Mr. Courtney: And for people who are married, there is an additional consideration. The amount of your Social Security benefit might affect how much your spouse receives – during retirement and even after you die, right?

Dr. Fichtner: That's a great point Jim. In deciding when to claim retirement benefits, people should be aware that this decision can affect the benefits that might be available for their families. You can be eligible for retirement benefits based on your own work history, or on that of a spouse. A spouse who has not worked, or has low earnings, can be entitled to as much as one-half of your full retirement benefit while you are both alive. If you die before your spouse, he or she can be entitled to a survivors benefit equal to your monthly benefit. Therefore, your choice of when to receive Social Security benefits could have real consequences for your surviving spouse. Again, in general women tend to live longer than men, so spouses should keep this in mind as they make the important decision as to when to begin retirement benefits. This is just one example and there are other types of family benefits available. The rules for these benefits can be complicated, so individuals should go to Social Security's website, socialsecurity.gov, if they want to learn more.

Mr. Courtney: Let's talk briefly about Medicare. While the full retirement age is gradually rising to age 67, most people still become eligible for Medicare benefits at age 65. People need to keep that in mind regardless of when they decide to receive Social Security benefits.

Dr. Fichtner: Everyone should be aware that if they plan to delay receiving benefits because they're working, they should still sign up for Medicare three months before reaching age 65. Otherwise, their Medicare medical insurance, as well as prescription drug coverage, could be delayed, and they could be charged higher premiums later.

Mr. Courtney: There certainly are there are a whole lot of things to consider when deciding when to claim Social Security benefits.

Dr. Fichtner: That's why we hope people will weigh all of the facts carefully and consider their own circumstances before making this important, and very personal, decision.

Mr. Courtney : To read more, Social Security has a fact sheet entitled "When to Start Receiving Retirement Benefits." You can find a link to it on the podcast page of our website, www.socialsecurity.gov/podcasts. And, of course, once on the Social Security website, you can find a wealth of information and services at your fingertips.

Dr. Fichtner : For the Social Security Administration, I'm Jason Fichtner.

Mr. Courtney : And I'm Jim Courtney. Thank you for listening.

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