

What do I do – I'm 62???



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You're getting close to 62, and wondering whether or not you should apply for your Social Security benefits. If you are eligible for benefits, you may begin receiving payments as early as age 62 – but is that a wise decision?

If you were born in 1937, and retire early at age 62, you will receive only 80% of your benefit amount and a spousal benefit would be only 37.5% – **a reduction that continues for the remainder of your life**. If born in 1937 and you wait until age 65 to collect, you will receive 100% of your Social

Security benefit, and the spousal benefit would be 50%.

If you were born in 1960 and beyond, and retire at age 62, you will receive 70% of your full benefit, and your spousal benefit will be only 32.5%, but you have to wait until age 70 to get a 100% benefit. You can also receive significant boosts, called delayed retirement credits, added to your annual benefit if you wait to retire until after your normal retirement date. These decisions to collect before or after normal retirement can add up to very significant amounts of money you either lost or gained over time, depending on how long you live beyond the date you begin receiving benefits.

Full retirement age (also called “normal retirement age”) had been 65 for many years. However, beginning with people born in 1938 or later, that age gradually increases until it reaches 67 for people born after 1959. The 1983 Social Security Amendments included a provision for **raising the full retirement age beginning with people born in 1938 or later**. Congress cited improvements in the health of older people and increases in average life expectancy as primary reasons for increasing the normal retirement age.

Roughly 15 million Americans turn 62 every year. Many baby boomers plan to sign up for their Social Security checks as soon as possible. A Fidelity survey found that 45% of those currently 61 years of age will opt to take Social Security at age 62. Boomers cited financial necessity, health and longevity concerns, and a desire to collect as much as possible from the system as their reasons for early claiming. Before you decide, consider some of the following:

Some Reasons NOT to Take Social Security at Age 62 . . .

- You plan on working and will earn in excess of the annual earnings limit (\$15,720 annual and \$1310 a month for 2016 and \$16,920 annual and \$1410 a month for 2017) before you reach full retirement age.
- You are single, have little savings, and have a longer life expectancy. In this situation, you may want to consider working as long as possible to maximize your benefits.
- Your spouse is still working and has earned income which may cause a larger portion of your Social Security benefits

to be taxed. If your income and tax rate will be lower in a few years, waiting to collect Social Security can draw a larger benefit and more to keep.

- You have a long life expectancy. In general, the longer your life expectancy, the longer you should wait to begin drawing on Social Security.
- You are married and your spouse's benefit is smaller than yours, and/or your spouse is much younger than you. When married, your combined life expectancy will be longer than either of your single life expectancies. Upon your death, your spouse will continue to receive the larger of your Social Security benefit, or their own, but not both. This means if you take Social Security at age 62, and your spouse's benefit is based upon your benefit, your surviving spouse's benefit will be significantly reduced over his/her lifetime.

Some reasons to Take Social Security at Age 62 . . .

- You will not have earned income in excess of the annual earnings limit between age 62 and full retirement age. If you start receiving Social Security benefits early, the Social Security Administration will withhold a portion of your benefits when your income from work exceeds a certain amount. For 2016, this limit is \$15,720. If you are younger than full retirement age during all of 2016 and are receiving Social Security benefits, \$1 of your benefits will be deducted for each \$2 you earn. However, in the year in which you reach full retirement age, you can earn up to \$41,880 a year and \$3490 a month in 2016 and up to \$44880 a year and up to \$3740 a month in 2017 without your benefits being impacted. If you exceed these figures, \$1 of your benefits will be deducted for every \$3 in earnings above the limit. **There is no limit on earnings beginning the month an individual attains full retirement age.**
- You have health issues and/or a shorter than average life expectancy, and, if married, your spouse's benefit is larger than your own.
- You are more comfortable having the money in hand, rather than waiting an extra three to five years, even if it means a reduced benefit and fewer dollars paid out over your lifetime.

Whatever age you decide you want to start your benefits, apply early. It could take up to 3 months to complete the application and approval process.

Before making this important decision, weigh all the facts carefully and consider your own circumstances. Visit www.socialsecurity.gov for further information, call 1.800.772.1213 to reach the Social Security Administration by phone, or visit your local Social Security office for guidance.

If you have other retirement assets or pensions, or want to continue working past age 62, you may need the assistance of a financial professional in making these decisions as part of an overall retirement plan. For a complimentary consultation for assistance, please contact our office at 770.931.1414 to schedule an appointment or contact us through our website at www.rogersgreen.com.