

Rodger on Retirement

Social Security retirement benefits - there are no easy answers

Here is an intriguing thought. According to the 2009 Social Security Claiming Guide published by the Center for Retirement Research at Boston College, you can raise your monthly (Social Security retirement) benefit more than 75%, if you wait. It is easy to understand that the longer you wait to claim Social Security benefits, the higher your monthly benefits will be. Yet, according to an article published on September 9, 2013 by the U.S. News & World Report, the most popular age to begin receiving benefits is 62. You can actually begin receiving your retirement benefits at any time between ages 62 and 70.

The rules that govern social security retirement benefits are mind numbingly complex. According to Laurence J. Kotlikoff, Ph.D., of Economic Security Planning, Inc., "The system has more than 2,700 core rules and thousands more codicils." It should be fairly evident that it would be a poor choice to stroll down to the local Social Security office and sign up without acquiring at least basic understanding of the rules. According to the Social Security Administration's 2012 Annual Statistical Supplement, 74% of those collecting Social Security Retirement benefits are receiving reduced amounts.

On June 22, 2014, the Wall Street Journal reported, "Each day, thousands of Americans apply for Social Security benefits...They know little or nothing about the program's complexity...they're putting their retirement – and, in many cases, their spouses' future – at risk." Rather than parading one statistic after another to you, it is sufficient to say that what you don't know about Social Security claiming strategies could fill a small high school gymnasium.

The Center for Retirement Research at Boston College laid it out in black and white. If you start to collect your monthly benefit at age 62, you collect the minimum, at age 66, at least 1/3 more and at age 70, at least 3/4 more. When put into dollars, the math looks like this: "If you'd get \$1,000 a month at 62, you'd get at least \$1,333 at 66 and \$1,760 at 70." So which strategies would you consider employing so that you can delay receiving Social Security benefits? Would you work two more years and increase your savings rate, access other savings, spend less, and delay large expenses? There are many plans that you and your advisor may devise. Social Security is complicated and has grown ever more complex. There are scores of claiming strategies, and listing them is far beyond the scope of this post. However, there are different rules for:

- Married couples
- Widows and widowers
- Divorced individuals
- Those that continue to work
- Single individuals

There are compelling reasons to seek out the advice of financial professionals when considering retirement. Most view Social Security benefits as a critical part of their retirement income. With so much riding on making intelligent decisions on how to claim your benefits, my advice is simple: get help.

*The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete.