ESL Investment Services℠



## Should You Wait to

# Claim Social Security Benefits At 70?

PROS AND CONS OF WAITING TO CLAIM

**When to claim Social Security retirement benefits is an ongoing debate.** Some people are adamant that every worker should wait until 70 to claim their Social Security retirement benefits. Others are squarely in the camp of grab what's yours as soon as you can before it's too late.

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**Ultimately, when you claim is entirely up to you.** The Social Security gate opens when you turn 62 and tops out at age 70.

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How do you decide when to claim?

What should you consider about your own strategy?

How will you know that you are making the best decision?

**Let's look at several pros and cons of waiting until 70 to claim.**

# You get the largest monthly benefit by waiting until 70

**PRO**

**It is true.** Age 70 is when you get your maximum payment. That's because you get a "bonus" of 8% per year between your Full Retirement Age (FRA) and age 70.

> If your benefit at FRA (age 67) is **$1,800**, your maximum payment comes at age 70. It will be **24% higher**, and you'll get **$2,232** per month. That's a sizeable increase, especially if you enjoy retirement for 10, 20 or 30+ years.

**CON**

If you wait until age 70 to claim, **you need to self-fund your lifestyle** while keeping the lights on and food on the table.

**CONSIDER THIS:**

> Are you planning on accessing retirement accounts, working at a part-time job or keeping your current role until 70?
>
> Is your spouse intending to continue to work?

# Waiting until 70 to collect your benefits may impact your spouse

**PRO**

You get your maximum benefit at age 70. Your spouse also gets their maximum benefit at 70 based on their own work record. In this situation, you each have your own independent benefit and are **eligible for the 8% "bonus" by waiting.**

Assume both spouse's FRA is age 67 and each wants to claim at age 70.

- Spouse 1's FRA benefit of **$1,800** increases to **$2,232** at age 70; *PLUS*
- Spouse 2's FRA benefit of **$2,000** increases to **$2,480.**
- *Together*, the household retirement income is boosted by nearly **$1,000 per month**.

**CON**

What if you have an at-home spouse or one who worked but for considerably less wages or years? They are entitled to 50% of your FRA benefit amount. The catch? They cannot collect their spousal benefit until you are collecting your own. Depending upon the gap in ages and your personal situation, you may not be maximizing your total combined benefits.

Let's say the higher-earning spouse has a benefit at FRA of $3,400. The lower-earning spouse does not have their own benefit. So, they are entitled to $1,700. The dependent spouse cannot receive any payment until the higher-earner starts collecting their benefits. Waiting all the way to 70 might not make financial sense for this couple.

# Survivor benefits are highest if you claim at 70

PRO

**This is true for many married couples, whether opposite-sex or same-sex married couples.** If the higher-earner can wait to claim until 70 and then dies first, the lower-earner gets maximum surviving-spouse benefits. The lower-earner loses their own benefit, but steps into the shoes of the higher-earning spouse's benefit.

> Sam claimed at 70 and was receiving $3,000 when they died. Alex was collecting **$1,200** at that time. As a surviving spouse, Alex will now step into Sam's shoes. Alex's benefit will increase to **$3,000.**



CON

**When the higher-earner waits until 70, the couple must figure out if they will be depleting their own savings to pay for life in retirement.** If they spend down personal resources, the surviving spouse may end up in a worse situation. While the survivor keeps the higher Social Security benefit, it may not be enough to support their lifestyle without sufficient personal savings waiting in the wings.

# There’s no right or wrong decision.

It’s about being informed and understanding your options.



**Should you wait to maximize benefits?**
It’s not always so easy to figure out. The keys are:

**Building a complete retirement income plan** that considers your spending needs and all the resources you’ll have to pay for your life in retirement.

**Understanding the implications** of your decisions on a lower-earning spouse’s benefits.

**Realizing your Social Security benefits are unique** to you and your circumstances.

## Create a bridge strategy

### Those who are retiring early but waiting until 70 to claim Social Security benefits should plan in advance to build a financial bridge:



**Save a specific amount of cash** to cover the 3-to-5 years (or more) between retiring and claiming at 70.



**Consider buying an immediate income annuity for 5–10 years.** This provides a guaranteed income amount to keep your household running while you wait to claim Social Security at 70.*



**Go part-time.** You may not be able to fully retire early, but is a part-time position an option? Check with your employer.

## Before you make your decision when to claim Social Security:

1 **Set up your personal Social Security Account.**
You'll want to lock in your Social Security Number with your personal information by setting up a secure account. Go to www.SSA.gov

2 **Find your most current statement and earnings record.**
Once your account is set up, you can access the most current statement and find your full earnings record. Take a look at your different benefit estimates on the statement.

3 **Decide how long you really think you'll be working.**
If you aren't working until 70, you may not want to wait to claim. Consider working at least to your FRA before tapping your Social Security benefit.

* Annuity payments are subject to the claims paying ability of the insurance company. Make sure to research the ratings and reputation of the underlying insurance company before buying an annuity.



# Are you approaching retirement age and unsure of when to claim your Social Security benefits?

If you wait until age 70 to claim Social Security, you will be entitled to the largest monthly benefit. However, there are other factors to consider before making a decision. It is important to build a complete retirement income plan that considers all resources available before making a decision on when to claim Social Security benefits.

Our team can help you plan for retirement and make the best decision for when to claim your Social Security benefits. We will take into account all of your unique circumstances and create a personalized plan for you.

**Contact us today to schedule a consultation with one of our team members!**

ESL Investment Services℠

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