



## Third Quarter 2019

### Social Security Claiming by the Numbers

When should you start to claim Social Security benefits? The answer depends on your personal situation. How long can you expect to live? What are your other resources for retirement income? What are your estate planning goals? There is also the question of your expectations for the future of Social Security.

But you also need to understand the how your claiming decision will affect the income you will potentially receive from Social Security over your lifetime. The numbers matter. ,/p>

Your primary options are:

1. Claim early – You can begin to receive Social Security benefits as early as age 62, but at a price. Your benefits will be permanently reduced by as much as 25%, while spousal benefits fall by up to 33%. The longer you live, the greater the penalty you will pay in lost benefits. For each year you postpone receiving benefits, the higher the benefit you will receive.
2. Claim at full retirement age (this varies based on the year you were born) – This is the most common selection and nets you full benefits over your lifespan.
3. Claim late - Wait up to age 70 to claim your Social Security benefits and the benefits you will receive increase by 8% for every year after your full retirement age that you postpone receiving Social Security up to age 70.

### Full Retirement and Age 62 Benefit by Year of Birth

Year of Birth	Full (normal) Retirement Age	Months between age 62 and full retirement age	Retire at Age 62			
			A \$1000 retirement benefit would be reduced to	The retirement benefit is reduced by	A \$500 spouse's benefit would be reduced to	The spouse's benefit is reduced by
1943-1954	66	48	\$750	25%	\$350	30%
1955	66 and 2 months	50	\$741	25.83%	\$345	30.83%
1956	66 and 4 months	52	\$733	26.67%	\$341	31.67%
1957	66 and 6 months	54	\$725	27.5%	\$337	32.5%
1958	66 and 8 months	56	\$716	28.33%	\$333	33.33%
1959	66 and 10 months	58	\$708	29.17%	\$329	34.17%
1960 and later	67	60	\$700	30%	\$325	35%

In the following example, an individual born in 1958 currently earning \$70,000 a year is evaluating whether to take early retirement in 2020, wait for full retirement age, or delay retirement until age 70. The table was created using estimated data from the Social Security Administration's online Quick Calculator <https://www.ssa.gov/benefits/retirement/estimator.html>. Benefits increase by 2% each year based on estimated inflation.

In terms of cumulative benefits, claiming late will net the highest benefit – provided the individual lives long enough. Looking at benefits on a breakeven basis, i.e. how long will it take to catch up with total benefits to date if benefits are claimed early, at full retirement age or late – it's interesting to note that at age 80, all three claiming strategies are close to the same cumulative benefit.

### Comparison of Social Security Benefits Based on Claiming Age

AGE	EARLY MONTHLY	EARLY ANNUAL	EARLY CUMULATIVE	FRA MONTHLY	FRA ANNUAL	FRA CUMULATIVE	LATE MONTHLY	LATE ANNUAL	LATE CUMULATIVE
62	\$1,359	\$16,308	\$16,308						
63	\$1,386	\$16,634	\$32,942						
64	\$1,414	\$16,967	\$49,909						
65	\$1,442	\$17,306	\$67,215						
66	\$1,471	\$17,652	\$84,867						
67	\$1,500	\$18,005	\$102,873	\$1,920	\$23,040	\$23,040			
68	\$1,530	\$18,365	\$121,238	\$1,958	\$23,501	\$46,541			
69	\$1,561	\$18,733	\$139,971	\$1,998	\$23,971	\$70,512			
70	\$1,592	\$19,107	\$159,078	\$2,038	\$24,450	\$94,962	\$2,556	\$30,672	\$30,672
71	\$1,624	\$19,490	\$178,568	\$2,078	\$24,939	\$119,901	\$2,607	\$31,285	\$61,957
72	\$1,657	\$19,879	\$198,447	\$2,120	\$25,438	\$145,339	\$2,659	\$31,911	\$93,869
73	\$1,690	\$20,277	\$218,724	\$2,162	\$25,947	\$171,286	\$2,712	\$32,549	\$126,418
74	\$1,724	\$20,682	\$239,407	\$2,205	\$26,466	\$197,752	\$2,767	\$33,200	\$159,618
75	\$1,758	\$21,096	\$260,503	\$2,250	\$26,995	\$224,747	\$2,822	\$33,864	\$193,483
76	\$1,793	\$21,518	\$282,021	\$2,295	\$27,535	\$252,282	\$2,878	\$34,542	\$228,024
77	\$1,829	\$21,948	\$303,969	\$2,340	\$28,086	\$280,367	\$2,936	\$35,232	\$263,257
78	\$1,866	\$22,387	\$326,357	\$2,387	\$28,647	\$309,015	\$2,995	\$35,937	\$299,194
79	\$1,903	\$22,835	\$349,192	\$2,435	\$29,220	\$338,235	\$3,055	\$36,656	\$335,850
80	\$1,941	\$23,292	\$372,484	\$2,484	\$29,805	\$368,040	\$3,116	\$37,389	\$373,239
81	\$1,980	\$23,758	\$396,242	\$2,533	\$30,401	\$398,440	\$3,178	\$38,137	\$411,376
82	\$2,019	\$24,233	\$420,474	\$2,584	\$31,009	\$429,449	\$3,242	\$38,900	\$450,275
83	\$2,060	\$24,717	\$445,192	\$2,636	\$31,629	\$461,078	\$3,306	\$39,678	\$489,953
84	\$2,101	\$25,212	\$470,404	\$2,688	\$32,262	\$493,340	\$3,373	\$40,471	\$530,424
85	\$2,143	\$25,716	\$496,120	\$2,742	\$32,907	\$526,246	\$3,440	\$41,280	\$571,704
86	\$2,186	\$26,230	\$522,350	\$2,797	\$33,565	\$559,811	\$3,509	\$42,106	\$613,810
87	\$2,230	\$26,755	\$549,105	\$2,853	\$34,236	\$594,048	\$3,579	\$42,948	\$656,758

*This is a hypothetical example that uses estimates of benefits and inflation and should not be construed as actual results or financial advice. Your results will differ based on your earnings history, retirement age and the potential for changes in Social Security benefit structures.*

The decision of when to claim Social Security benefits comes down to a financial and lifestyle choice. If you are worried about running out of money in retirement, it may make the most sense to postpone claiming benefits until age 70, after which you will receive the maximum payments through the remainder of your life. If you have sufficient resources and prefer retirement over continuing to work, claiming benefits early may make the most sense. But beware that if you decide to go back to work there may be a hefty reduction in your benefits.

If you claim benefits before your full retirement age and then return to work, Social Security will deduct \$1 from your benefit payments for every \$2 you earn above the annual limit. For 2019, that limit is \$17,640. The year when you reach full retirement age, \$1 in benefits will be deducted for every \$3 you earn above a higher limit. There is no reduction in benefits once you exceed your full retirement age.

The right claiming decision on Social Security is essential because it will impact your benefits for the rest of your life. The numbers matter. Take some time to sit down with a qualified adviser and understand your options and their financial impact before you make a decision.



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