

Social Security

Retirement Planning

- Social security will only cover a <u>percentage</u> of your retirement needs.
 Retirement pension (if you have one) and your own savings must cover the difference.
- Estimate your social security here: https://www.ssa.gov/benefits/retirement/estimator.html
- Your estimate is in today's dollars, to provide a rough guide of how much of your current monthly expenses it might cover

Retirement Age

- If born 1960 or later "full retirement" is age 67
- However, you may start taking benefits as early as age 62, but benefits are reduced, by as much as 30%²





Social Security

Case for taking benefits Early

- Less draw-down of other savings during early years of retirement
- You don't expect to live long

Case for taking benefits Late

- Larger payment available during later retirement years
- If you live longer than expected, (and start running out of savings) a larger monthly payment is more critical

Or does it matter?

- Reductions (or increases) to benefits based on starting age are actuarially calculated. If you live an "average" lifespan³, you should receive the same amount over your life regardless of what age you start
- Most of us plan to live longer than "average"⁴
- Financial planners are more likely to recommend starting late



Married?



- Both spouses do not need to take social security at the same time
- Spouse with the largest benefit should delay taking benefits. (Other spouse may take benefits early.)⁴
- Once one passes away, the remaining spouse gets 100% of the largest benefit (either their own or their spouse's)

References

- Your retirement benefit: How it's figured. Available at: https://www.ssa.gov/pubs/EN-05-10070.pdf Accessed April, 2019
- Understanding the benefits. Available at: https://www.ssa.gov/pubs/EN-05-10024.pdf Accessed April, 2019
- 3. Life expectancy calculator. Available at: https://www.ssa.gov/planners/lifeexpectancy.html Accessed April, 2019
- When to start receiving retirement benefits. Available at: https://www.ssa.gov/pubs/EN-05-10147.pdf Accessed April, 2019