

MAKING THE MOST OF SOCIAL SECURITY

WAITING CAN PAY OFF

THERE IS A LOT TO CONSIDER WHEN DECIDING WHEN TO COLLECT SOCIAL SECURITY

Benefit Amounts Differ Based
on the Age You Decide to Start
Receiving Benefits



This chart provides an example of benefit amounts based on a full retirement age of 66.

When it Comes to Retirement, Timing is Everything.

Claiming Social Security at an earlier age permanently decreases benefits, often significantly.

One of the biggest challenges facing Americans nearing retirement is deciding when to start collecting Social Security benefits. Those who have paid into the system can start as early as age 62 or as late as 70. While taking Social Security as soon as you're eligible at 62 can be tempting, this is often a poor financial decision for most people. Doing so not only reduces your monthly benefit, but limits strategies for maximizing your benefit amount. Keep in mind that the earlier you start receiving benefits, the less you'll receive each month. That's because your benefits are reduced a fraction of a percent for each month before your full retirement age (FRA).

There are powerful incentives to wait.

Conversely, the longer you wait, the greater your monthly benefit will be. Odds are it will be better to wait until you reach full retirement age – the age at which you receive unreduced benefits. That's somewhere between age 65 and 67 depending on when you were born. You can find your FRA at the Social Security administration's website, ssa.gov. You can also see how much your benefit will be reduced if you begin receiving benefits between age 62 and FRA.

For those who can handle it financially, it can make sense to take retirement benefits late, as late as age 70.

If possible, wait as long as you can before claiming Social Security. Benefits increase by a certain percentage, depending on when you were born, if you delay your retirement even beyond your retirement age. For every year you delay past that, up to age 70, your benefits will rise by 6 to 8 percent. It does not increase after age 70, so there's no point in deferring past then.

Spouses and survivors benefits.

The issue of when to file for Social Security benefits gets more complicated for couples, who need to consider spousal and survivor benefits. Nonworking or lesser-earning spouses of Social Security beneficiaries are entitled to 50 percent of the primary, or higher-earning, income producer's benefits when both of them are of FRA. (An ex-spouse may also claim this spousal benefit, if the former marriage lasted more than 10 years and he or she did not remarry before age 62.)

Alternately, lower-earning spouses of FRA may choose to claim their own full benefits if these benefits are greater than the 50 percent spousal benefit. Spouses cannot claim the spousal benefit until their partners have filed their own claims.

Surviving spouses are eligible to take either 100 percent of their deceased partners' FRA benefits or their own – not both.

Changes affecting filing strategies for couples

In 2015, Congress ended two popular Social Security claiming tactics that enabled couples to potentially boost their household's lifetime benefits: the file-and-suspend and restricted-application Social Security strategies. Now many couples that were planning to use these strategies need to figure out what to do instead. It's important for couples to explore all claiming strategies available to them under the new rules.



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Some filing strategies may not be right for everyone, and serve as an example on how the rules for calculating Social Security benefits can become complicated. Many contributing factors are at play including health, expected longevity, spousal and family situation, and earning potential. They all combine to produce a confusing array of potential outcomes for people to consider.

Getting this decision right and getting the most value from your Social Security benefits will be critical to having a good standard of living in retirement.

The potential to receive a higher monthly income helps explain why professional retirement income planning is important. It also points out why a comprehensive retirement income plan shouldn't overlook how to maximize Social Security benefits.

I can help you make sense of all the choices and avoid costly mistakes. Together, we'll weigh all the options carefully and make the smartest and most informed decision possible before implementing a strategy tailored to your unique circumstances. Call me today to get started.

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