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When Should I Take Social Security?

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May 14, 2014

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INSURANCE



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Understanding the Case for Delaying Social Security, If You Can

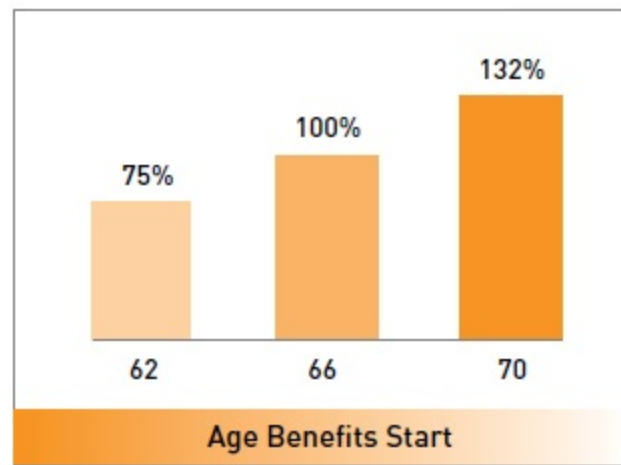
A Public Education
Initiative

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When can I take Social Security?

You can take it as early as age 62, but your monthly benefit will be higher – for the rest of your life – if you wait.



Source: *When Should I Take Social Security?* (NASI Fact Sheet)

To calculate your benefit, Social Security uses your Full Retirement Age (FRA)



FULL RETIREMENT AGE

YEAR BORN

FULL RETIREMENT AGE

1943 - 54

66

1955

66 AND 2 MONTHS

1956

66 AND 4 MONTHS

1957

66 AND 6 MONTHS

1958

66 AND 8 MONTHS

1959

66 AND 10 MONTHS

1960+

67

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How does working affect my benefits?

Working longer can increase benefits

Younger than your FRA?

- Subject to an earnings test
- Earnings above limit will cause SSA to withhold some benefits

Older than your FRA?

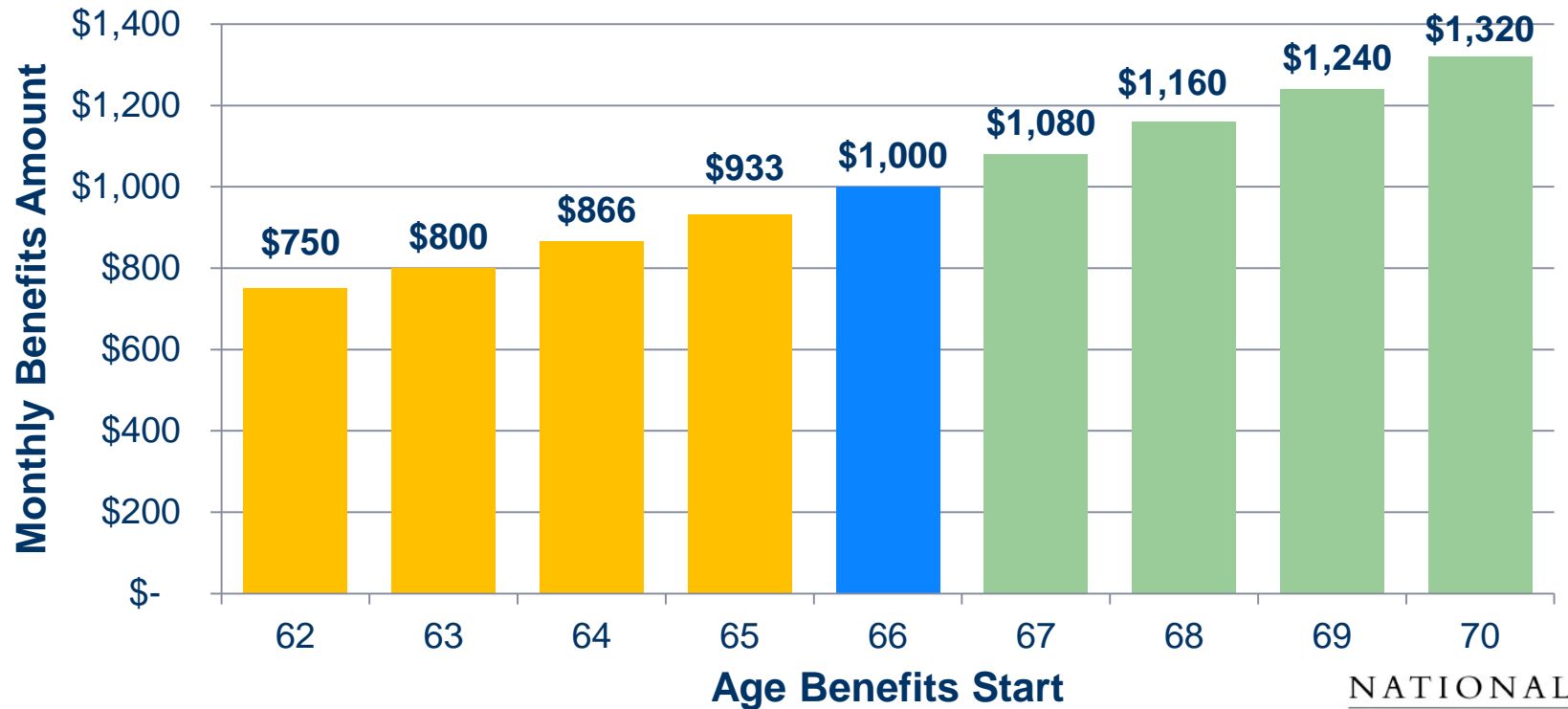
- Work without forgoing any retirement benefits
- If you can make ends meet, delay benefits or ask SSA to suspend benefits to take advantage of 8% increase

Unable to work? You may be eligible for disability insurance (DI) benefits. See: www.socialsecurity.gov/dibplan

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How much higher are benefits if I wait?

E.g.: A worker earns a \$1,000 benefit at full retirement age of 66



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Why forego Social Security now to get more later?

- The longer you live, the more important Social Security is likely to be.
 - It lasts as long as you live.
 - It keeps up with inflation.
- Other sources often decline with age.

Social Security becomes more important at older ages

At older ages more beneficiaries get most of their income from Social Security



 Social Security is most of total income

Most 65-year olds are expected to live past 80

On average, at 65 today:

- Women can expect to reach 86
- Men can expect to reach 84

Nearly 4 in 10 women and 3 in 10 men will reach age **90**.

Couples have two lives to plan for

- Of couples age 65 today, more than half (57%) will have one spouse live beyond 90.
- If you are the higher earner, delaying Social Security means a higher benefit for your spouse if she or he outlives you.

Is there a risk in waiting? Will Social Security be there?

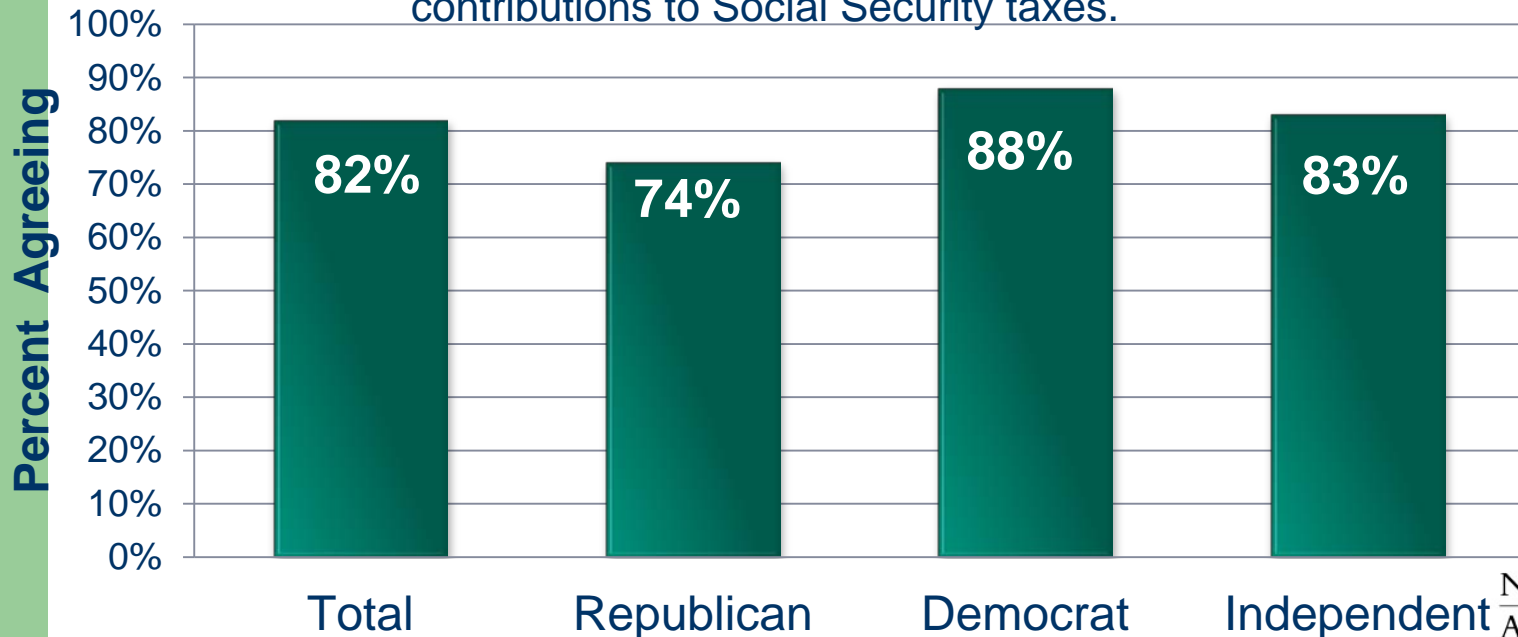
- Social Security will be there if you wait. In fact, it is far stronger than many people think.
- While Congress has not yet scheduled enough funds to pay all future benefits, it has done most of the job.
- Social Security is fully financed for the next 15-20 years and $\frac{3}{4}$ of the way to full financing after that. Lawmakers have many options to fix the shortfall.
- Americans say they value Social Security, they want to preserve it and will pay more, if needed.

How much do we pay for Social Security?

- Workers and employers each pay 6.2% of earnings up to a cap, now \$117,000.
- 5% of workers make more than the cap. They stop paying each year when they reach the cap.

Americans say they are willing to pay more for Social Security, if needed

Percent agreeing: It is critical that we preserve Social Security for future generations, even if it means increasing working Americans' contributions to Social Security taxes.



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What would it take to close Social Security's funding gap?

- A recent NASI survey found strong support for increasing Social Security income by:
 - Gradually phasing out the cap, so that high earners and their employers pay throughout the year.
 - Starting 5 years from now, gradually increasing the rate from 6.2% to 7.2% over 20 years.
- These changes would close the 75-year funding gap and cover improvements. There are more options.

Recap

- If you need Social Security early, take it. You earned it.
- But if you can wait, it will be higher for the rest of your life.
- If you earn more than your spouse, delaying Social Security means a higher survivor benefit for your spouse if she or he outlives you.
- Social Security will be there if you wait.

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Additional Resources from NASI

- toolkit: *When to Take Social Security: It Pays to Wait*
 - 3 minute video
 - one-page fact sheet
 - 16-page brief
- video: *Social Security: Americans Agree*
- video: *Social Security: Just the Facts*
- report: *Strengthening Social Security: What Do Americans Want?*

WHEN SHOULD I TAKE SOCIAL SECURITY?

How and when to claim benefits for spouses, widowed spouses, and divorced spouses

May 14, 2014

Joan Entmacher
National Women's Law Center

WOMEN ESPECIALLY NEED TO PLAN FOR LIFETIME INCOME

- **Nearly 4 in 10 women and 3 in 10 men will live past 90.**
- **Women of color can expect to live longer than white men.**
- **The older you get, the more you rely on Social Security.**
 - At ages 65-69, 2 in 10 women rely on Social Security as virtually their only source of income.
 - At 80 and older, 4 in 10 women (and 3 in 10 men) rely on Social Security as virtually their only source of income.
- **Making the most of Social Security, which offers lifetime income protection, is especially important to women.**

WHAT RETIREMENT BENEFITS ARE AVAILABLE TO SPOUSES, SURVIVING SPOUSES, AND DIVORCED SPOUSES?

- **As a spouse**

- Up to 50% of your spouse's benefit or your own worker benefit, whichever is higher.

- **As a surviving spouse**

- Up to 100% of your deceased spouse's benefit or your own worker benefit, whichever is higher.

- **As a divorced or widowed divorced spouse**

- If your marriage lasted for 10 years, same benefits as a current spouse or widow(er).

ARE SAME-SEX COUPLES ELIGIBLE FOR SPOUSAL BENEFITS?



- **The Supreme Court ruled that the “Defense of Marriage Act” is unconstitutional**
- **Same-sex couples are eligible for spousal benefits if:**
 - married in a state that recognizes same-sex marriage and
 - live in a state that recognizes their marriage when they apply
- **Eligibility of some same-sex couples is unresolved.**
 - Agency is still reviewing eligibility of legally married same sex-couples who live in a state that does not recognize same sex-marriage when they apply and couples joined in a civil union or domestic partnership.
 - You can file for benefits, and if you are later determined to be eligible, you will get benefits from the date of application.

WHEN CAN YOU CLAIM A BENEFIT AS A SPOUSE?

- **As early as 62, but your benefit will be reduced**

- If you are married, your spouse must have filed a claim for benefits. (Option: At your spouse's FRA, your spouse can file and suspend benefits (not collect them). You can receive benefits as a spouse while your spouse earns delayed retirement credits, increasing your potential survivor benefit.)
- If you are divorced, you do not need to wait for your ex-spouse to claim benefits. But your ex-spouse must be at least 62, and you must have been divorced for two years (and married for 10).

- **Up to your FRA**

- Unlike your worker benefit, you can't increase your spouse benefit by waiting past your FRA to claim it.

WHAT IF YOU CLAIM YOUR SPOUSE BENEFIT BEFORE YOUR FRA?

- **Filing before your FRA reduces your benefit as a spouse—and as a worker.**
 - If you are eligible for both a worker and spouse benefit and file before your FRA, you will be deemed to have filed for both.
 - You'll get the higher benefit, but both benefits will be reduced permanently for filing early.

WHAT IF YOU WAIT UNTIL YOUR FRA TO CLAIM YOUR BENEFIT AS A SPOUSE?

- **At your FRA you can claim just your spouse benefit and let your worker benefit grow.**
- **If your worker benefit is or will grow to be larger than your benefit as a spouse, this can increase your lifetime income protection.**
 - Example: Anna is eligible for a spouse benefit of \$800/month (50% of her husband's \$1,600/month benefit) and a worker benefit of \$1,000/month.
 - She claims just her spouse benefit at her FRA (66) and receives \$800/month instead of \$1,000. At 69, she claims her \$1,240 worker benefit. For 3 years, her benefit was \$200/month lower—but she is now eligible to receive a benefit that is \$240/month higher for life. (Another factor to consider is her husband's life expectancy.)

WHEN CAN YOU CLAIM A RETIREMENT BENEFIT AS A SURVIVING SPOUSE?

- **As early as 60 (50 if disabled)—but claiming before your FRA reduces it.**
- **Unlike your worker benefit (but like your spouse benefit), you can't increase your benefit as a surviving spouse by waiting past your FRA to claim it.**



BENEFITS FOR A SURVIVING SPOUSE DEPEND ON WHEN THE HIGHER-EARNING SPOUSE TAKES BENEFITS!

- **If the higher earner takes benefits before FRA, the survivor's benefit also will be reduced.**
- **If the higher earner waits until after FRA, the survivor's benefit also will be increased.**
- **A higher-earning spouse can provide more lifetime income protection for a surviving spouse by waiting to claim benefits!**

WHAT IF YOU'RE ELIGIBLE FOR A BENEFIT AS A SURVIVING SPOUSE AND A WORKER?

- **You can choose which to claim first, even before your FRA.**
- **For the most income protection later in life, find out which benefit will eventually be larger and claim the other one first.**
 - Will your full survivor benefit at your FRA be larger than your worker benefit at age 70? You could take your worker benefit early and wait until your FRA to claim your survivor benefit.
 - Will your worker benefit at age 70 be larger than your survivor benefit at your FRA? You could take your survivor benefit first and let your worker benefit earn delayed retirement credits.
 - Example: Anna was widowed at 64. Her husband's benefit was \$1,600/month, her worker benefit at FRA is \$1,000. If Anna waits until 70 to claim her worker benefit, it will be \$1,320—less than the \$1,600 widow's benefit she'll be eligible for at her FRA. She could claim a worker benefit of \$866/month at 64, and claim her widow's benefit at her FRA. She'll receive a lower monthly benefit for two years than if she claimed her widow's benefit right away, but will receive the maximum widow's benefit for the rest of her life.



WHAT IF YOU'RE ENTITLED TO SOCIAL SECURITY BENEFITS AND ALSO GET A PENSION FROM WORK NOT COVERED BY SOCIAL SECURITY?

- **The Windfall Elimination Provision (WEP) reduces the Social Security benefit of a worker who also receives a pension from a job where they did not pay into Social Security, such as some public employment. It also reduces benefits for that worker's spouse and surviving spouse.**
- **The Government Pension Offset (GPO) reduces the Social Security spouse and widow's benefit of an individual who also receives a pension from a job where they did not pay into Social Security. The reduction equals 2/3 of the government pension.**
- **The rules are complicated! Go to www.ssa.gov and use Social Security's WEP and GPO calculators to find out how these special rules may affect you.**

KEY POINTS

- **Maximizing lifetime income from Social Security is especially important to women.**
- **If you can wait until after age 62 to claim benefits, you can increase your monthly benefits—for life. Every year you wait makes a difference.**
- **If you are married, discuss with your spouse when you each will claim Social Security. A higher earning spouse can increase the benefit for a surviving spouse by waiting to claim benefits.**

LINKS TO NWLC RESOURCES

[Making the Most of Your Retirement Income: Social Security Worker Benefits](#)

[Making the Most of Your Retirement Income: Social Security for Spouses, Divorced Spouses, and Widows/Widowers](#)

[Making the Most of Your Retirement Income: Savings](#)

[Women and Social Security](#)

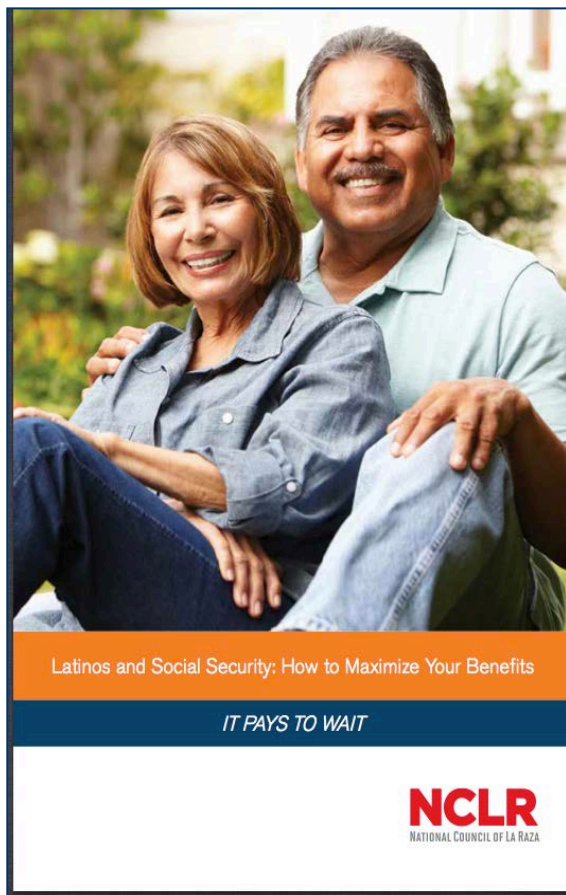
Why This is Important to Latinos?

Latinos should maximize their Social Security benefits because:

- Over half of Hispanics depend on Social Security for almost all of their income
- One in five Latino seniors lives in poverty
- Average benefits are low at \$13,295 for Hispanic men and \$10,500 for Hispanic women
- Latinos have a longer life expectancy than other Americans; Hispanic women live to age 89 on average

Hispanic men and women can increase their benefits by delaying when they take Social Security benefits

More Information for Latinos



Find latest brochures
in English and
Spanish, videos, policy
briefs:

www.nclr.org/socialsecurity

Join our Action
Network!

www.nclr.org/action



DELAYING RETIREMENT

Kyle R. Williams

Legislative Director for Financial & Housing Policy

05/ 14/ 2014



National Urban League
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ROLESON

Today's Overview

1

- The Need For Social Security

2

- The Advantages of Social Security

3

- Why You Should Wait to Receive Social Security Benefits

The Need For Social Security

- It is estimated that 10,000 people will turn 65-years old every day between 2010 and 2029.
- “Your chief risk today comes not from dying too soon but from living too long and running out of money”.



The Need For Social Security

- In 2010, the average annual benefit for African Americans receiving retired worker benefits was \$13,617.
- Sadly, almost 50% of African-American beneficiaries rely on Social Security for 90% or more of their income.



The Need For Social Security

- 80 percent of African American households don't have enough savings to last their expected lives.
- And, only 32 percent have an employer-sponsored retirement plan.



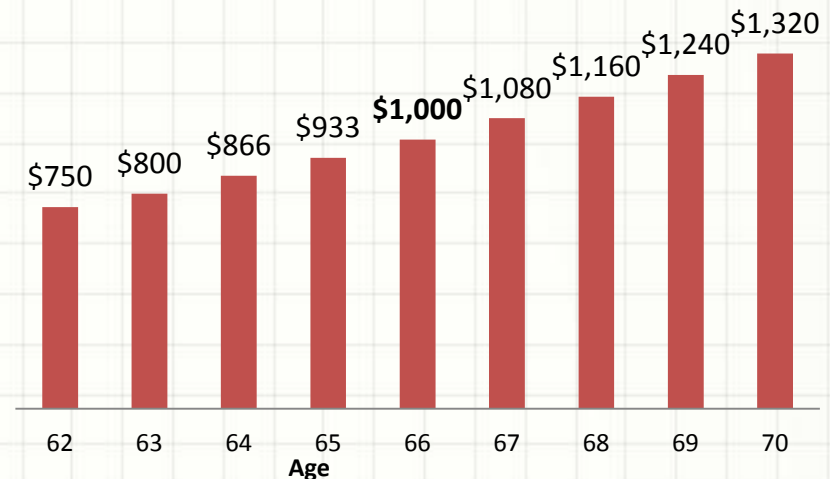
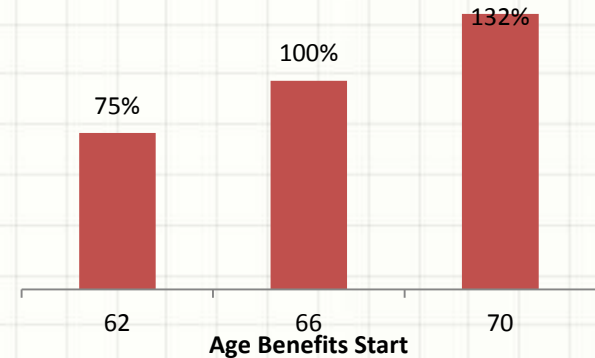
The Need For Social Security

- African Americans have only 6 percent of the wealth of White Americans.
- A 2010 Aspen Institute report showed that the wealth gap between African Americans and Whites quadrupled between 1984 and 2007.

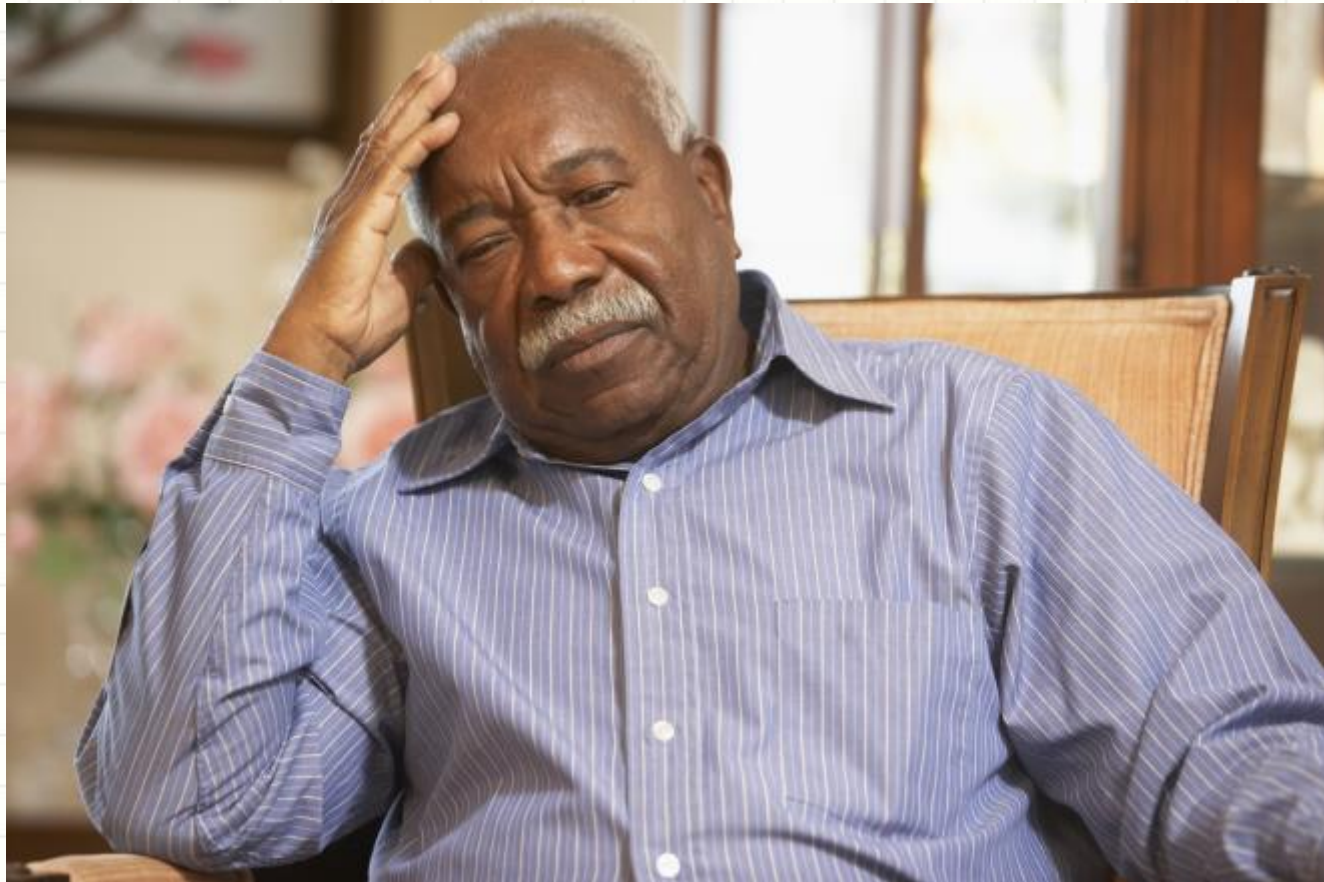


The Advantages of Social Security

- You can receive Social Security benefits as early as age 62, however your benefits will be reduced.
- The longer you wait to receive Social Security - the higher your monthly benefit payments will be.



Deciding When to Retire Is One of the Most Vexing Decisions Seniors Make



Why You Should Wait to Receive Social Security Benefits

- 41 percent of men and 46 percent of women retire early, at age 62.
- Only 14.3 percent of men and 9.7 percent of women wait to collect their full check at age 66. even fewer wait until they are age 70.



Why You Should Wait to Receive Social Security Benefits

- If you are less than your full retirement age, and you are still working...
- The best advice is to wait to receive your Social Security benefits.



Why You Should Wait to Receive Social Security Benefits



Delaying Retirement

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Questions?