

# Social Security

---

Besides building financial independence through an investment portfolio, over the past 84 years American workers have been able to supplement their nest eggs during retirement through benefits offered by the Social Security Administration.

You pay into the system. And when you leave the workforce, the Social Security (SS) program created by Congress in 1935 is designed to provide a 'safety net' -- i.e., a certain level of income to help you live during retirement.

How much you'll receive in Social Security benefits, however, depends on a number of different factors. Here are a few ideas that you might want to keep in mind to help maximize these payouts in your golden years.

**1. Length of Time:** In order to help to determine benefits, the Social Security Administration takes into account your 35 highest-earning (inflation adjusted) years of work. So, developing a consistent history of work in which your experience keeps building an earnings pool to draw from in retirement is a key to getting the most out of the system.

**2. Claiming Benefits Early:** As it stands now, you can start receiving benefits at age 62. A lot of people do this, but many wealth management experts point out that Social Security actually rewards those who've planned ahead and can afford to be a little more patient.

### **3 Flexibility on Retirement Dates:**

Claiming benefits at age 62 can be expected to result in up to 30% less in monthly payouts than doing it at full retirement age (FRA), which is between 66 and 67, depending on your date of birth. Also, any annual cost-of-living adjustment, or COLA, will have less impact on your total benefit the earlier you decide to start dipping into the SS pot.

**4. The 'Ultimate' Option:** In an ideal situation, you'll be able to wait even a few more years to claim benefits. This is because for each year past your FRA that you can delay claiming SS up to age 70, you'll get an 8% increase in your benefit. This leads to a possible 24% greater monthly payout by putting yourself in a strong enough financial position to wait until age 70.

**5. Planning in Tandem:** Financial advisors generally like to see those considering SS claiming strategies to not only plan ahead, but also to work in tandem in developing a plan to get the most out of each couple's benefits. The ability to claim benefits based on a spouse's work record, then change to claim benefits at a later date based on your record has largely been eliminated for those who turned age 62 after December 31, 2015. This means claiming before your FRA on a spouse's record can result in less benefits than claiming on your own record, sometimes by significant amounts.

## Social Security

---

**6. Take the Long Road:** Of course, when you claim SS isn't just a cold calculation where only mathematics matter. Retirement experts frequently advise that maximizing SS benefits should be figured as part of an overall plan to enhance a retiree's total income over a lifetime. This can mean taking a closer look at how issues related to your health, other income streams and family concerns play into decisions about when to claim your SS benefits. Longer-term personal goals must be weighed against present financial and career factors.

**7. Make Retirement Planning a 'Living' Discussion:** A common misconception is that you can wait until a few years before retirement to make these types of assessments about how to avoid

outliving your savings. While SS was never designed to be a primary source of nest egg income, it's still likely to be a major resource worth tapping into after leaving the full-time workforce. A tenet of modern retirement planning stresses that coming up with an appropriate SS plan should be an evolving process that takes place over time.

Please don't forget to access [ssa.gov](https://ssa.gov) to do the following:

- Check out your SS statement, change your address and manage your benefits
- Calculate your benefits based on your earnings history
- Get answers to frequently asked questions
- Access forms and publications

