



The Secret About Social Security

Many people believe that once they hit age 62, they should begin receiving social security benefits. Others have been advised to wait as long as possible before drawing distributions. While there is no one right answer, there is a right answer for you.

Life expectancy and income needs

Depending on your health, life expectancy, retirement goals, and sources of income, you may want to receive social security benefits beginning at:

- Your early retirement age (62)
- Your full retirement age (between 65 and 67)
- Age 70

Because there is no mandatory age to begin taking benefits, **determining when to start receiving social security is a critical component of retirement planning.** The two most important factors in making this decision are:

1. Your life expectancy
2. What you plan to do with your social security income

If you decide to spend your entire social security check every month and think that you may not need the funds past age 70, you may want to begin drawing on social security at the earliest possible date. But consider the following:

- Cashing in early permanently **diminishes your payout rate.**
- Waiting to full retirement age ensures that you will receive a **greater monthly benefit.**
- Delaying until age 70 ensures that you will receive the **maximum benefit.** (There is no benefit to waiting past age 70.)

If you believe that you will live well into your 80s, it might make sense to wait to begin receiving benefits. But if you plan to invest your social security income, it pays to begin taking distributions at the earliest possible date. If invested wisely, your modest social security checks could grow into a substantial sum.

Leveraging social security for other needs

If you don't need your social security for regular income, you might also consider using your payments to purchase insurance. This approach may be **beneficial for individuals who lack long-term care insurance** and believe that they will require care in the future. Used this way, your social security checks could save you thousands of dollars, helping to protect your assets and ensure quality medical services.

The Social Security Administration website, www.ssa.gov, is a valuable resource to help determine when you should begin taking distributions; you may find the table of payout reductions at www.ssa.gov/retire2/agereduction.htm particularly interesting.

As you plan for retirement, consult with a trusted financial professional to determine when you should begin receiving social security benefits and how, or if, you should invest them, as well as to assess your income flow after the last paycheck. For today's retirees, social security will almost definitely be able to provide a monthly distribution. The question is, when the payout should begin.