

Social Security:

Get the most from your benefits

Claiming strategies and important questions to answer

One of the great satisfactions in retirement is seeing Social Security go from a deduction that comes out of your paycheck to a monthly deposit to your bank account. The prospect of finally getting something back from the system you've been paying into during your working career can be a powerful temptation to start Social Security payments as soon as possible—at age 62. But the decision about when to begin collecting benefits could make a major difference in how much Social Security you collect, and it can't be easily undone. It's important that you consider your options carefully. Social Security isn't likely to cover all of your financial needs in retirement, but as inflation-adjusted lifetime income, it can be a solid foundation for a retirement income plan.

The basics

For every year you postpone taking Social Security after age 62, up until age 70, you could receive substantially more in future monthly payments. For those who expect to live into their 80s and beyond, the math usually works out in favor of waiting to begin receiving benefits. On the other hand, someone with below-average life expectancy or a need for immediate income might be better off starting early.

To be eligible to collect Social Security, you must accumulate at least 40 “credits” for the time you spent working and paying into the system—about 10 years of full-time employment for most people.

Then, Social Security determines your “primary insurance amount (PIA),” or the monthly payment you would receive at your full retirement age (FRA). If you were born between 1943 and 1959, your full retirement age is between 66 and 67. If you were born in 1960 or later, it will be age 67.

The benefit calculation takes into account how much you earned during your top 35 earning years. Basically, the more you earned, the higher your benefit will be—up to a point. The maximum benefit for workers retiring at FRA is \$4,018 a month for 2025.¹ The average monthly benefit “All Retired Workers” is \$1,976 in 2025.¹ The Social Security Administration has an excellent online tool for estimating your monthly benefit on its calculators page at ssa.gov/planners/calculators/.

¹ SSA, Fact Sheet, 2025 Social Security Changes, <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>

If you decide to start collecting early (between age 62 and full retirement age), your monthly benefit will be permanently reduced. On the other hand, if you wait until after full retirement age, you can accumulate delayed retirement credits (DRC)—up until age 70—that will increase your monthly benefit by 8% a year.

Monthly Social Security benefit amounts differ based on the age you start receiving benefits

This example assumes a benefit of \$2,000 at a full retirement age of 67



SSA: “When to Start Receiving Retirement Benefits,” <https://www.ssa.gov/pubs/EN-05-10147.pdf>

Factors to consider

The decision on when to begin collecting Social Security depends on your situation. Most people want to maximize their total lifetime benefit. Other factors may impact your decision, however, such as whether you intend to continue working and whether your spouse also qualifies for benefits. Here are some important questions to answer as you plan a strategy for getting the most from your Social Security benefits.

Q. How long do you expect to live?

Unless you currently have significant health issues or a below-average life expectancy, waiting to file for Social Security is likely to yield a higher lifetime benefit. Not only would your monthly benefit increase by 8% for every year that you wait past your full retirement age (up to age 70), it would be reduced significantly for every year you collect before reaching full retirement age. For example, if your full retirement age is 66 years and 4 months, your benefit would be about 27% lower if you started collecting at age 62.² The reduction could be as much as 30% in other scenarios.

While it takes a period of years, if you wait until age 70, life expectancy data indicates that the odds are in your favor. The Social Security Administration notes that a man who reaches age 65 can expect to live, on average, to age 84. A 65-year-old woman’s life expectancy is age

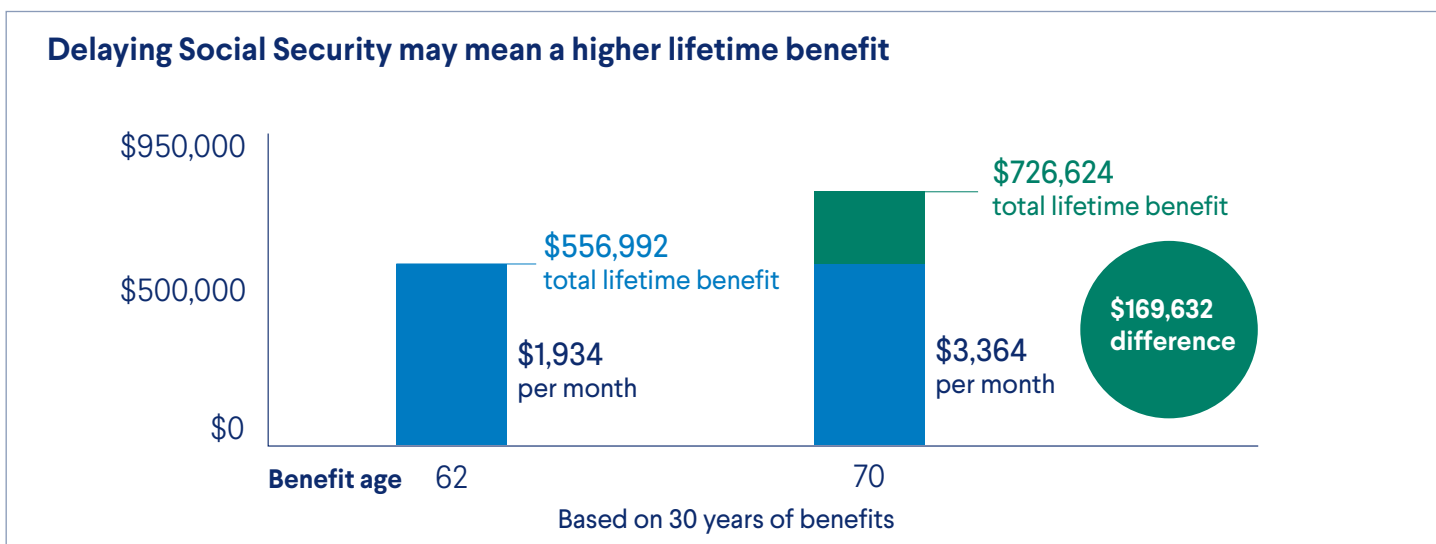
87.3 Also, about one out of every three 65-year-olds will live until at least age 90 and one out of seven will live until at least age 95.⁴

² SSA: <https://www.ssa.gov/oact/quickcalc/earlyretire.html>

³ SSA: <https://www.ssa.gov/cgi-bin/longevity.cgi>

⁴ SSA: <https://www.ssa.gov/pubs/EN-05-10529.pdf>

How much could it pay off? Consider the example below using the Social Security Quick Calculator.



SSA: <https://www.ssa.gov/cgi-bin/benefit6.cgi>. (Assumptions: DOB 1/15/1960, Current Earnings: \$100,000, Retirement Benefit Estimates: Age 64 \$1,934, Age 67 (FRA) \$2,569, Age 70 (max delay) \$3,364, Benefit in 2024 dollars, Female, life expectancy rounded to 88 years.

Q. Do you plan to continue working when you retire?

Maybe you want to turn a hobby into a small business or get a part-time job to keep busy and earn some extra cash. Once you reach full retirement age, that's not a problem as far as Social Security is concerned. But if you intend to collect Social Security before full retirement age and keep working, you could receive a reduced benefit.

In 2025, according to the Social Security Administration Benefits Planner, if you're between age 62 and full retirement age, Social Security will deduct \$1 in benefits for each \$2 you earn above an annual limit, which is \$23,400 in 2025. If you reach your full retirement age (not including the birthday month) in 2025, your benefits will be reduced \$1 for every \$3 you earn over \$62,160.⁵ Once you reach your birthday month and beyond, there is no withholding, the beneficiaries can earn as much as they wish. Even if your benefits are reduced, that money isn't lost forever. At full retirement age, it is added back and the benefit is recalculated to account for the withheld benefit.

So, after reaching full retirement age, you can earn as much as you want without having your benefits reduced. Keep in mind, however, that Social Security benefits are taxable, which could reduce the amount of the benefit you get to keep if your income is above certain thresholds. The IRS figures your tax based on "combined income," which is the sum of your adjusted gross income plus nontaxable interest plus half of your Social Security benefits.



⁵SSA: Income Taxes and Your Social Security Benefit, <https://www.ssa.gov/benefits/retirement/planner/taxes.html>, "combined income" = AGI + Nontaxable interest + ½ of your Social Security benefits

Q. What if you lose your job before you're ready to retire?

If you were to lose your job after reaching age 62, you could file for Social Security benefits to help make ends meet. You might also be able to avoid permanently lowering your Social Security benefit. If you land another job, you could notify Social Security to withdraw your claim for benefits up to one year after you filed. The downside: You have to pay back all of the money you received. Another possibility is to suspend benefit payments at your full retirement age and begin receiving delayed retirement credits of 8% annually until you reach age 70. If a health problem forces you to retire early, the Social Security Administration advises applying for Social Security disability benefits rather than filing for retirement benefits. The disability benefit amount is the same as a full, unreduced retirement benefit. If you're still getting disability benefits when you reach full retirement age, Social Security will convert them to retirement benefits.

Q. How will your spouse's benefit affect your decision?

If your spouse is eligible to collect a Social Security retirement benefit based on his or her earnings history, you may have some advantages—although it does add complexity to your calculations. If you determine that a steady income would be helpful early in retirement, one spouse may choose to claim early for a reduced benefit while the other spouse waits until age 70.

Another possibility is for a low-earning spouse to claim a portion of the other spouse's benefit, if it works out to a higher amount than the lower-earning spouse would receive based on his or her own earnings history. The spousal benefit is 50% at full retirement age but is reduced if the spouse files earlier. Also, one spouse can't receive a benefit based on the other spouse's earnings until the other spouse has started benefits.

Keep in mind

Social Security is an important part of nearly every American's retirement income plan. Being smart about when and how you file can help you maximize your Social Security benefits.

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