

When should I take Social Security benefits?

Before deciding when to begin taking Social Security, consider these factors:

Other sources of income.

Work with your retirement plan consultant to evaluate the tradeoffs involved in taking your Social Security benefits earlier (and letting other assets grow untouched for a longer period) vs. dipping into retirement assets immediately and deferring your Social Security benefits.

Your taxable income.

Tax-related factors could also affect your decision. For instance, if your combined income from Social Security and other retirement resources reaches a certain level, your tax liability may increase. Conversely, delaying Social Security may reduce your taxes.

Your work history.

If you have not worked a full 35 years and you begin taking Social Security benefits early, those benefits will be less than if you had worked the full 35-year period. The Social Security Administration (SSA) provides no payments for the years you have not worked, reducing the annual benefits available to you. In this case, deferring Social Security and working longer, whether part or full time, could be your best choice.

Whether you plan to work in retirement.

If you plan to work until your full retirement age, you probably won't want to take benefits early. That's especially true because, if your income is above a level set by the SSA, your benefits will be greatly reduced.

Your spouse.

If you are married, the needs and situation of your spouse are also vital factors in your decision. If you both have earnings from your work, you probably will both receive a monthly benefit. The lower-earning spouse is often eligible for a spousal benefit of up to one-half of the higher-earning spouse's benefit.

Your health and life expectancy.

Should you defer your Social Security benefits until you reach 70, you will only reap the full advantage of doing so if you live past the age of 80. Of course, you can't predict exactly how long you will live, but lifespans are increasing and, if you are healthy, you may receive more benefits if you delay taking Social Security.



Contact Brad Warner or Tom Padilla for more information on Social Security benefits.