

Social Security

Understanding Your Benefits, Eligibility & Ages

What can you expect & when?

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Eligibility

It takes 40 quarters of coverage (10 years) for a worker to be eligible to receive SS retirement benefits, although there are several exceptions. Your FRA (Full Retirement Age) or normal retirement age is based on the year you were born and is illustrated in the chart below.

Year of Birth	Full Retirement Age (FRA)
1937 or earlier	Age 65
1938 - 1942	Age 65 + 2 months for every year after 1937 until 1943
1943 - 1954	Age 66
1955 - 1959	Age 66 + 2 months for every year after 1954 until 1960
1960 and after	Age 67

Benefits & Retirement Ages

Benefits may be taken as early as age 62 or as late as age 70. The chart below illustrates the interaction between taking benefits early (62), normal (FRA, 66 to 67 depending on DOB) or late (70).

	Early Retirement	Normal (FRA) Retirement	Delayed Retirement
Age	62	66 to 67	70
Benefit Reductions, Increases & Limits	<p>Benefit Reduction: There's a 25% income reduction (6.25% per year) from the Full Retirement Age (FRA) benefit if taken early at age 62 rather than 66. If FRA is age 67, the reduction is 30% (7.5% per year).</p> <p>Earnings Limit: You can earn up to \$18,240 per year without a reduction in SS benefits. Above that, SS reduces by \$1 for each \$2 of earnings.</p>	<p>Full Retirement Age (FRA): This is the normal age for full retirement benefits and the benchmark from which early and delayed benefits are calculated.</p> <p>Earnings Limit: There is NO earnings limitation or benefit reduction on or after FRA for those who continue to work and earn income.</p>	<p>Delayed Retirement Credits (DRC): If you were born in <u>1943 or later</u>, your benefits will increase by 8% per year from your FRA (66 - 67) to age 70. That's a 24% to 32% increase over three or four years depending on your date of birth.</p> <p>If your date of birth is <u>between 1939 & 1940</u> the annual increase is 7% and if it's <u>between 1941 & 1942</u> the increase is 7.5%.</p>
\$ Example:	\$750 (-25%)	\$1,000 FRA	\$1,320 (+32%)

As you can see in the above chart, there's a 57% swing between filing for benefits early at age 62 and waiting until age 70 to file for retirement benefits. And, that's not including COLAs.

Cost of Living Adjustments

Each year, cost-of-living-adjustments (COLAs) could increase your monthly benefit. Historically, the COLA increases have averaged:

- Last 10 Years = 1.52%
- Last 15 Years = 2.05%
- Last 20 Years = 2.15%

Since 1975 there have only been 3 years where there was no COLA adjustment to Social Security benefit checks.

Age Most Americans File For SS

According to a recent study, nearly 40% of filers regret their decision to start SS benefits early. So when do most Americans actually file for benefits? Here's the breakdown from the Social Security Administration: Most file early at age 62 – about 44%. Approximately 27% file at age 66 or 67, their full retirement age (FRA). And only 1% wait to age 70 to file for increased benefits.

Stop! Before You Flip the SS Switch



There are numerous factors to consider before actually triggering SS benefits. Each one could tilt you in a different direction. Here are some questions to ponder before you flip the switch to turn on your guaranteed, cost-of-living-adjusted, lifetime monthly income:

- When will you need the money (now or later)?
- What's your marital status?
- Is there a significant age difference between you and your spouse?
- Will you work during retirement?
- Are you or have you been divorced?
- Is there a significant earnings difference between you and your spouse?
- What's the health status of you and your spouse?
- What's your family longevity history?
- How large is your retirement nest egg?

All information in this report is believed to be accurate and up-to-date. However, it was produced for discussion purposes only for consultation with your financial advisor, the Social Security Administration or other professionals familiar with your individual circumstances.

Published in the **Saltwater Geezer's Baby Boomer Guide to Retirement**. Just click on: www.GuideToRetirementInLSD.com for ideas and strategies to supercharge your retirement income to the max and follow your dreams.