00:00:09:18 - 00:00:51:03

Speaker 1

Welcome, my name is Andrew Baron, and this is Well… It Depends! The podcast where I address financial decisions that can't be answered by a simple yes or no. In this episode, I ask the question, When should I begin taking Social Security? But before we begin a short disclaimer, this is being recorded on August 6th, 2024. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice.

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Speaker 1

It's important to consult with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically.

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Speaker 1

Getting into it. When should I begin taking Social Security? Well… It Depends! Let's explore the various factors that can influence this decision and the tradeoffs between different options. First, let's cover the basics. You can start claiming Social Security benefits as early as age 62, but your full retirement age is typically around 66 or 67, depending on your birth year.

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Speaker 1

If you delay taking benefits past your full retirement age, you can increase your monthly benefit until age 70. So, what's the difference?

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Speaker 1

If you claim at age 62, you'll receive a smaller monthly check, typically between 70% and 75% of your full benefit. Waiting until your full retirement age means you'll get 100% of your benefit, and if you delay until age 70, you can receive up to 132% of your full benefit.

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Speaker 1

Now, let's talk about the factors that may influence this decision.

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Speaker 1

First, we have life expectancy. One of the biggest considerations is your life expectancy. If you have a family history of longevity or you're in good health, delaying benefits may be advantageous. On the other hand, if you have health concerns or a shorter life expectancy claiming earlier may make more sense.

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Speaker 1

What are your current financial needs? Do you have the income now or can you afford to wait? If you have other sources of income, like a pension or retirement savings, you might choose to delay benefits to maximize Social Security. However, if you need money to cover expenses starting earlier could be the better choice.

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Speaker 1

What are your work plans?

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Speaker 1

Are you still working? If you claim Social Security before your full retirement age and continue to work, your benefits may be temporarily reduced. After reaching full retirement age, you can work without any reduction in your benefits.

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Speaker 1

Spousal considerations. If you're married, you may consider coordinating your benefits with your spouse. For example, if one spouse has a higher income benefit, they may delay it while taking the other spouse's benefit today.

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Speaker 1

Taxes. Social Security benefits are taxed depending on your income level. This may influence your decision, especially if you have other taxable income. It's important to run the numbers for your specific situation. You need to consider the breakeven point, which is the age at which the total benefits received from delaying Social Security exceed the total benefits you will receive had you started earlier.

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Speaker 1

This can give you a better picture about the financial impact of your decision. There are also other various online calculators and tools, or you may decide to consult with a local financial planner to create a strategy that fits you. Now let's walk through a few common scenarios.

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Speaker 1

Early claimers. If you need the income or have health concerns, starting benefits at age 62 may be the right move.

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Speaker 1

Just remember this decision locks in a lower monthly benefit for your entire life.

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Speaker 1

On-time claimers. If you're comfortable with your financial situation and want to avoid reductions from working, claiming at your full retirement age may work best. This balances immediate needs with a stable income.

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Speaker 1

And delaying. If you're in good health, enjoy your work and you can afford to wait.

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Speaker 1

Delaying benefits until 70 could maximize your monthly income and provide a higher survivor benefit for your spouse.

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Speaker 1

In this episode of Well… It Depends! We explored the question, “When should I begin taking Social Security?” We discussed the key factors that influence this decision, such as your life expectancy, current financial needs, your work plans, spousal considerations and potential tax implications.

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Speaker 1

This episode highlights the tradeoffs between claiming benefits early at age 62. Waiting until your full retirement age or even delaying until age 70. Ultimately, the best choice depends on your individual circumstances, and listeners are encouraged to carefully assess their situation, or to consult a financial planner to help make a better-informed decision. So, to answer the question When should I begin taking Social Security?

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Unknown

Well… It Depends!

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