



Social Security: When Do I Begin Taking My Benefits?

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Clients nearing retirement are usually anxious about starting their Social Security benefits. Many have been working for decades and contributing into the system; it's finally time to sit back and tap into these benefits. Some might supplement Social Security with income from a job; others may rely on withdrawals from investments or a pension.

One of their biggest questions is whether to tap into this benefit at the earliest possible age (62) or wait until Full Retirement Age (FRA) or beyond. Check the table below or visit www.ssa.gov to determine your own FRA. While some client's personal health and economic issues make it necessary to start early, those who are still working or can afford to delay may need to do some number crunching to find an optimal age.

From a general perspective, it doesn't really matter when you start your Social Security. Benefits paid over the average life expectancy are determined to be mathematically equivalent whether they start at 62, 65, 70 or anywhere in between. However, your personal situation may present factors that may increase or decrease your overall benefit:

Reduction in Monthly Benefits

If you are still working and elect to receive benefits before you reach your Full Retirement Age, your earned income may decrease the standard monthly benefit. Keep in mind that income from pensions, annuities, government benefits, IRA or 401(k) distributions, dividends and interest do not count as wages. What does count is self-employment earnings and income reported on your W-2.

Delayed Retirement Credits

If you are working past your full retirement age, you can continue to defer your Social Security benefit until age 70 in exchange for Delayed Retirement Credits (DRC), which will increase your monthly benefits by as much as 8% per year.

Reduced Survivor Benefit

Electing to receive benefits early not only reduces your monthly benefit, but it may also reduce the monthly benefit to your spouse if you pass away. Increased monthly benefits that you receive by deferring your benefits, including any DRC earned, may be passed on to your surviving spouse.

Income Taxes

Regardless of your age, as much as 85% of your Social Security benefits may be taxable if you are supplementing them with additional forms of income, including pensions, IRA withdrawals, and other investment income. Although taxes can't be avoided, they can be minimized by doing some tax planning to determine the best possible means of supplementing Social Security benefits.

Year of Birth	Full Retirement Age (FRA)
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and Later	67

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Making a Decision

Whether you decide to start Social Security at the earliest retirement age or postpone it to your FRA or beyond, you should compare the options to determine what will best fit your needs. Deciding when to start is a permanent decision and will not only impact your own cash flow & taxes but also your survivor's. If you are wondering whether it is time to start your benefits, contact your Relationship Manager to create some projections and come up with a plan that best meets your needs.

Let a Vantage Professional help you decide when to begin Social Security benefits.

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