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RETIREMENT · GUIDE

Social Security Claiming Strategy Guide

Understanding how the age you claim, your work plans, and your family situation can shape one of retirement's most personal decisions

An educational guide from Alex Carter, CFP®

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> *My goal is not to tell you when to claim. It is to explain the trade-offs so the decision feels less like a guess and more like an informed choice that fits your life.*

01 The Three Ages That Anchor the Decision

Social Security uses a few reference points that shape how much your monthly benefit can be. Understanding these terms removes a lot of the mystery.

Your 'full retirement age' (FRA) is the age at which you are eligible for your full, unreduced benefit. For people born in 1960 or later, FRA is 67; for those born 1943 through 1954 it is 66, and for those born 1955 through 1959 it is 66 plus a number of months. You can generally begin as early as 62 or wait as late as 70.

In general terms, claiming earlier than FRA reduces the monthly amount, claiming at FRA provides the full benefit, and delaying past FRA can increase the monthly amount through what are called delayed retirement credits, up until age 70. After 70, there is no additional increase for waiting.

- Age 62: The earliest most people can begin a retirement benefit. Starting here typically means a permanently reduced monthly amount compared with FRA.
- Full retirement age (FRA): The age for the full, unreduced benefit. It depends on your birth year: 66 for those born 1943 through 1954, 66 plus a number of months for those born 1955 through 1959, and 67 for those born in 1960 or later.
- Age 70: The point at which delayed retirement credits stop accruing. Waiting beyond 70 does not raise the benefit further.
- The reduction or increase generally applies for life, which is part of why timing matters.

GOOD TO KNOW

Tip: You can create a free 'my Social Security' account at ssa.gov to see your own estimated benefit at 62, at FRA, and at 70. Working from your real numbers, rather than rules of thumb, makes every other conversation more useful.

02 Monthly Benefit vs. Lifetime Total: Two Different Questions

It helps to separate two ideas that often get blended together. One is the size of each monthly check. The other is the total amount you may receive over your lifetime, which depends on how many years you ultimately collect.

Claiming earlier means smaller monthly checks but more months of collecting them. Delaying means larger monthly checks but fewer years of receiving them. Because no one knows their exact longevity in advance, there is no single answer that fits everyone; the right balance depends on your circumstances, including your health, family history, and how the income fits with your other resources.

Some people prioritize a larger, more predictable monthly income later in life as a way to help address the possibility of living a long time, while others value receiving income sooner. Both are reasonable starting points, and which one suits you is an individual question worth discussing with a qualified professional.

- Earlier claiming: smaller monthly amount, collected over potentially more years.
- Later claiming: larger monthly amount, collected over potentially fewer years.
- Because the monthly amount is generally inflation-adjusted each year through cost-of-living adjustments, a higher base can compound over a long retirement.
- Cost-of-living adjustments are applied to your benefit calculation from age 62 forward whether or not you have started benefits, so delaying does not mean missing them.
- A break-even age can be calculated. Whether you reach it is the part no one can know in advance.

03 Coordinating as a Couple: Spousal and Survivor Benefits

For married couples, the claiming decision is rarely about one person in isolation. Two features of the program can make coordination worthwhile to explore together.

A spousal benefit may allow a husband or wife to receive a benefit based on the other spouse's work record, which can be relevant when one partner earned significantly less or did not work outside the home. The amount and timing rules are specific, so it is worth reviewing the details for your situation.

A survivor benefit can allow a widow or widower to receive a benefit based on the deceased spouse's record. Because of how survivor benefits work, the decision one spouse makes about delaying can affect the income the other may have later in life. This is one reason many couples look at the higher earner's claiming age with particular care.

- Spousal benefit: may be available based on a current (or in some cases former) spouse's record, subject to eligibility and timing rules.
- Spousal benefits reach their maximum at the spouse's full retirement age and do not increase further through delayed retirement credits, unlike a worker's own benefit.
- Survivor benefit: may be available to a surviving spouse and is tied to the deceased spouse's benefit, including any delayed credits earned.
- A survivor benefit can generally begin as early as age 60, or age 50 for a surviving spouse who is disabled, with a permanent reduction for claiming before the survivor's full retirement age. Survivor benefits reach their maximum at that age and do not grow further by waiting until 70.
- Divorced individuals may, in some cases, qualify for benefits on an ex-spouse's record depending on the length of the marriage and other rules.
- Coordination as a household can matter more than focusing on either person's check on its own.

> GOOD TO KNOW
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> Tip: When one spouse was the higher earner, the timing of that person's claim can influence the survivor benefit for years to come. Couples often find it helpful to look at the decision jointly rather than separately.

04 Working While Claiming: The Earnings Test

If you begin Social Security before your full retirement age and continue to work, a rule called the 'retirement earnings test' may temporarily reduce your benefits if your earnings exceed an annual limit set by the Social Security Administration. The limit and the way the reduction is calculated can change from year to year.

Benefits withheld under the earnings test are generally accounted for rather than permanently forfeited. In general, your benefit is recalculated once you reach full retirement age to account for the months that were withheld, which can raise your monthly amount going forward. Once you reach FRA, the earnings test no longer applies, and you can work without this particular reduction.

Because the specific dollar thresholds change and the calculations depend on your earnings, this is an area where checking the current figures on ssa.gov and reviewing your own numbers is especially worthwhile.

- The earnings test generally applies only before FRA, not after.
- Earnings above an annual limit may cause some benefits to be withheld temporarily.
- Withheld amounts are generally credited back through a higher monthly benefit starting at FRA, though whether the full amount is recovered depends on how long benefits are received.
- Wages and self-employment income are treated under specific rules; investment income is generally not counted for this test.

05 Factors That Influence Whether Delaying May Make Sense

There is no universal age that fits everyone, and a strategy that suits a neighbor or sibling may not suit you. Instead, a handful of personal factors tend to shape the conversation.

Health and family longevity, your other sources of income, whether you are still working, your marital status, and your tax picture can all point in different directions. Someone with ample other income and a long family history of longevity might weigh delaying differently than someone who needs the income sooner or has health considerations. None of these factors is decisive on its own; they are inputs to a personal decision.

Taxes are part of the picture too. Depending on your total income, a portion of your Social Security benefits may be subject to federal income tax, and rules can vary by state. Because this interacts with the rest of your retirement income, a CPA or tax professional can help you understand how it may apply to you.

If you or your spouse earned a pension from work not covered by Social Security, two provisions that previously reduced benefits, the Windfall Elimination Provision and the Government Pension Offset, were repealed effective for benefits payable beginning January 2024. Anyone who was affected in the past, or who never applied because a benefit would have been offset to zero, is worth a fresh look.

- Health and longevity: personal and family health history can influence how you weigh earlier versus later claiming.
- Other income: pensions, retirement accounts, part-time work, and savings affect how much you may rely on Social Security and when.
- Marital status: spousal and survivor considerations often shift the analysis for couples and for those who are divorced or widowed.
- Taxes: a portion of benefits may be taxable depending on your overall income, so coordinating with a tax professional can help.
- Cash-flow needs and peace of mind: the choice is partly financial and partly about what helps you sleep at night.

06 Putting It Together and Preparing to Decide

Once the pieces are on the table, the decision becomes less about finding a single right answer and more about choosing the trade-offs that fit your life. Many people find it helpful to gather their own benefit estimates, think through their health and family circumstances, and consider how Social Security fits alongside their other income before making a move.

Decisions like when to claim, whether to roll retirement assets, and how to coordinate with a pension are personal and not the same for everyone. It can be wise to review your specific facts with a qualified financial advisor and a tax professional, and to confirm current rules directly with the Social Security Administration, before you act.

If you would like a second set of eyes on how Social Security fits into your broader retirement plan, I am glad to talk it through with you in the context of your full situation.

- Start with your own estimates from ssa.gov rather than general rules of thumb.
- Consider the decision as part of your whole retirement income picture, not in isolation.
- Revisit assumptions if your health, work plans, or family situation change.
- Confirm current limits and rules, which can change year to year, before acting.

Key takeaways

- Claiming before full retirement age (FRA) generally reduces the monthly benefit, claiming at FRA provides the full amount, and delaying up to age 70 can increase it through delayed retirement credits; there is no additional increase after 70.
- The size of each monthly check and the total you may collect over a lifetime are two different questions, and the balance between them depends on factors like longevity that no one can know in advance.
- For couples, spousal and survivor benefits mean the decision is often better considered jointly; the higher earner's claiming age can affect the surviving spouse's income later.
- If you work and claim before FRA, the earnings test may temporarily withhold some benefits above an annual limit, but those amounts are generally credited back through a higher monthly benefit starting at FRA, though whether the full amount is recovered depends on how long benefits are received.
- Health, other income, marital status, and taxes are personal inputs that can point different people toward different choices; a strategy that suits someone else may not suit you.
- Because the dollar limits and rules change over time, work from your own current estimates at ssa.gov and review your specific situation with a qualified advisor and tax professional before acting.

YOUR SITUATION IS UNIQUE

Questions about how this applies to you?

This guide is a starting point. Schedule a discovery call and we will map it to your own goals, timeline, and circumstances.

Visit carterfinancialplanning.com or call (425) 451-2950.

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