

# When should I begin my Social Security retirement benefit?

By Peter Murphy

I hear that question often when discussing retirement plans with my clients and class attendees - and for good reason! For anyone born after 1942, delaying Social Security retirement benefits until age 70 provides a benefit increase of over 75% compared with taking early retirement at age 62. In other words, for every year a retiree delays receipt of Social Security retirement benefits, the payment increases an average of 7.4% annually. As a Financial Advisor, this age-based benefit increase, combined with Social Security's annual cost of living adjustment, make the decision on when to draw Social Security benefits an extremely important and personal choice.

Figuring out the exact amount of money you can expect in Social Security benefits is based on many factors including; birth date, number of quarters and taxes paid to Social Security, spousal earnings/benefits, number of years married and earned income. If you paid Social Security taxes and are over 25 years old, you automatically receive a Social Security statement in the mail approximately three months prior to your birthday. You can also request a statement online, download and mail a request or use Social Security's online calculator to predict your future retirement benefits. A great place to start is [http://www.ssa.gov/pgm/links\\_retirement.htm](http://www.ssa.gov/pgm/links_retirement.htm) and you'll find the website user friendly.

For those "do-it-yourselfers" out there, understanding specific Social Security items like; normal retirement age, primary insurance amount, fully insured requirements, spousal and child benefit determination, divorced spouse benefits, federal taxation on earnings and maximum family benefit are necessary to select the most advantageous time to start your Social Security retirement benefit.

Additionally, you'll have to consider more personal information; need, health, life expectancy, employment plans (full-time, part-time), children's age, spouse's or partner's retirement plans, tax rate, additional investment resources, expected retirement portfolio growth rate and safety of those assets, inflation rate, retirement goals and beneficiaries/heirs expectations.

Wow – that is a lot to think about, but this isn't brain surgery! Discussing personal goals and retirement plans with a Financial Advisor will provide you with the detailed analysis, investment alternatives and recommendations to attain your retirement goals. Why not work with someone experienced in helping others select the best time to start this important retirement benefit and more importantly, helping you determine exactly how much money you need in retirement to reach your goals?

According to a survey conducted by the Employee Benefit Research Institute in 2007, less than one in three workers actually know how much money they'll need to retire comfortably. Do you know how much money you will need in retirement? Have you considered the effects of inflation in your annual expenses?

USA Today reported on October 2007, that more than 1 in 3 of America's first year baby-boomers decided to take early retirement at age 62, opting for just 75% of their primary insurance amount. Was early retirement in their best interest? What are you plans?

T. Rowe Price Associates predict that one in every three retirees will likely outlive their income. Did you know that the average U.S. citizen lives 19 years in retirement? How long should you plan to live in retirement and will your retirement portfolio accommodate those expectations? What if you live longer? Does your retirement portfolio provide you with a guaranteed\* income for the rest of your and your spouse's lifetimes? What affect will beginning your Social Security retirement benefit early or late have on your retirement income when adjusted for inflation? Have you maximized Social Security benefits based on your expected longevity?

Choosing when to apply for Social Security retirement benefits is an important decision, one that should be made after fully analyzing your personal situation. Know the facts, and select the most advantageous option for you and your family. You can download Social Security's Retirement Electronic Booklet at <http://www.socialsecurity.gov/pubs/10035.html> for free and it will provide you with valuable information to assist with this important decision. Alternatively, you can contact me to review your retirement and estate planning needs and offer you my professional advice on when to being your Social Security retirement benefit. At American Prosperity Group, we never charge for consultations.

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