

## SOCIAL SECURITY... NOW OR LATER?

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Many of you may have tasted, or at least seen the candy “NOW and LATER”.

One of the important cash flow decisions almost everyone is faced with in their pre-retirement planning, is “NOW OR LATER”. That is, when to begin drawing their social security benefits. Presently, most people have three basic options....either “early”, “full” or “late”. Generally, once you start drawing, you are locked into that base monthly amount (with increases only for inflation as the government determines) for the rest of your life.

Most know that “early” benefit draws begin at age 62. Some want (or need) to draw at this early age because of their living expenses and employment situation at that point in time. Others may feel they have waited so long since they started working and contributing into the system, they want to start getting some back as soon as they can. It is important to remember however, if you draw at that age, you get less than if you wait until “full” or “late” drawing age.

The “full” retirement age for those born in 1943 or later is between age 66 and 67. If you wait until that age to begin draws, you get full, unreduced benefits. If you are unsure of when you are eligible, based on your age, you can log onto the Social Security website and that information will be available to you.

“Late” retirement means you begin to draw sometime after you eligible date for “full” benefits. The monthly benefit you receive once you start drawing goes up the longer you put off the start date, until age 70. At that point, if you continue to wait, there is no increase in the base amount.

There are many factors that come into play when deciding at which age to draw. For example, if you draw “early” you could face even further reduced benefits if your salary or earned income is over a certain level. On the other hand, if you wait to draw until “full” or “late”, you have passed up monthly income, albeit reduced, for many months/years.

There are also other questions, including:

- Will the social security system have the funds in the future to meet the “projected” benefits you are quoted now? Some folks lean heavily on the old “bird in the hand vs two in the bush” philosophy, so they want to take it as soon as possible.
- How long will you live to collect monthly benefits?

- How long do you want to work and what level of income will you earn that might affect the benefits received?

All these factors and many more should be considered before making your decision of when to retire and when to draw. There are no



“guarantees” (much like all of life); in what is the best method or time. However, an informed decision, considering all alternatives, gives a better chance of enjoying your “Now OR Later” while you enjoy your “Now AND Later”!

If you have questions about this or any other business or tax issue, please contact your Account Manager or [John Martens, CPA](mailto:John.Martens@connerash.com), at (314) 205-2510 or via email at [jmartens@connerash.com](mailto:jmartens@connerash.com).