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DECIDING WHEN TO START COLLECTING SOCIAL SECURITY

If you're still working but nearing retirement, you've probably asked yourself, "When should I start taking Social Security benefits?"

Starting before the program's "full retirement age" – 66 for those born between 1943 and 1954, gradually rising to 67 for those born 1960 and later – means accepting a lower monthly benefit. But starting later than full retirement age, at any point up to age 70, increases your monthly benefit even more for each year that you hold off initiated benefits.

Starting your benefit at the earliest possible age – 62 – can allow you to receive a higher total benefit... but only *if* you pass away before reaching the average life expectancy. But retirees who live into their 80s and beyond would receive a higher total if they waited to start their benefits.

The great unknown, of course, is how long you're going to live. That single factor makes the best answer for you unavoidably a guessing game.

According to the Social Security Administration, for those who reach age 65 this year the average life expectancy is about age 84 for men and age 86 for women. That means that about half of those reaching 65 will live past those averages. And planning for the possibility of a long retirement is even more important for married couples, because the odds of at least one spouse living to age 90 are about 45% for couples who reach age 65.

As you consider when to start taking your Social Security benefit, here are a few general guidelines worth remembering:

- From the earliest possible start year, each year you delay taking your benefit will boost your annual payout by as much as 8%.
- For married couples, it's preferable that the higher earner start his or her benefit as late as possible. This is because the surviving spouse gets the higher of the two benefits, no matter which one is started first.
- A portion of your social Security benefit may be taxable, depending on your income level.

The amount that is taxable is based on a 'combined income' formula that includes just half of a person's Social Security benefit up to a certain income threshold. However, up to 85% of social security benefits are taxable for those with higher incomes.

If you have the resources to meet basic living expenses without taking full Social Security benefits, you may want to consider alternative strategies, such as 'file and suspend', 'restricted application' (called 'free spousal benefit' by Social Security), or 'reset' (called request for withdrawal of application). While complex, these strategies can increase lifetime benefits.

The Social Security Administration's website, www.SSA.gov, provides more information. The site also allows you to create an online account to view your projected benefits based on your salary history to date.