

What's your biggest worry about retirement?

75% of people age 50 and up worry Social Security will run out of money in their lifetimes - CNBC Aug 24, 2023



Yesterday I spoke with a 66 year old man who had a question about when to take his Social Security (SS). He was concerned about the solvency of the system going forward and worried about what to do when he reached his full retirement age later this year.

Before I started, I reflected on my parents who elected to take SS at age 62 based on their unique situation. We then discussed his current situation: His house is paid off, he wants to continue working to age 70, he and his spouse are both relatively healthy, he has no significant debt, his spouse is employed and wants to continue working, there are no children at home, and he has no relatives to support financially.

My recommendation: wait to take SS at age 70. Why? He doesn't need the money now and he will receive 125% of his full retirement benefit starting at age 70. Where else, other than Uncle Sam, are you going to earn 8% per year guaranteed with NO RISK? This was not an opportunity cost or time value of money issue for this client. The higher SS annuity is indexed to inflation increasing its value over time and thus his surviving spouse will receive a portion of the greater SS entitlement amount following his death. Therefore, the deferred SS annuity not only provides higher income a few years from now, ongoing until his death, but it's also a form of continuity insurance for his spouse following his passing. Do you really think Congress is going to pull the SS rug out from under all senior citizens? Not a likely scenario.

This situation is not for everyone. It was not the appropriate decision for my parents who had a need for income replacement immediately. Just realize that taking SS early reduces your benefit forever by roughly 6-7% for each year you take SS prior to your full retirement age. My parents knew this, but their situation required income replacement now.

The key takeaway for everyone is that their situation is often unique and you should sit down with a financial advisor and look at all the SS options and then make the best decision for you and your family. One size does not fit all. To learn more about building resilience into your retirement, click [HERE](#). All the best, Pete Bosse, CFP®