

Women, Social Security: When to take your benefits



“I’m taking Social Security at 62 and retiring early.” You hear it all the time. Many people, especially women who generally made less money throughout their working years than their male counterparts, want their Social Security benefits as early as possible. Don’t be too hasty. There are several options available to you including some big financial benefits if you wait.

Should you start collecting at 62? Maybe. Your benefits are determined by the amount you earned during your work life. But taking Social Security early means your benefits will be reduced. What’s more, if you decide to continue working – even part time – once you begin taking Social Security benefits, you’ll be limited as to the amount of money you can make penalty free until you reach full retirement age. Your local Social Security representative has the latest information on this or you can visit ssa.gov. You may want to consult your financial advisor before making your decision so you can ensure the benefits you receive from your Social Security payout meet your needs.

Waiting until you’re eligible for full benefits may be your best bet. Here is an example: Let’s say you claim benefits at age 62 and receive \$1,000 a month. If you can wait until you’re 66, you’ll receive at least 33% more (\$1,333). And if you wait until you’re 70, you’ll receive at least 75% more (\$1,750) *

Once you’ve decided when to receive your benefits you should:

- Contact the Social Security Administration at ssa.gov for the latest information. Apply three months before you want your benefits to start. You can apply online if you wish or you can make a face-to-face appointment with your local Social Security representative.
- Gather the following documents you may have to produce: your birth certificate, your passport or other proof of U.S. citizenship, proof of lawful alien status, military discharge papers if you served before 1968, last year’s W-2 or, if you’re self-employed, your tax return for the last year.

Other Social Security Options for Women

There are other ways women can benefit from Social Security even before they reach full retirement age. Here are two examples:

Divorced spouse benefits: A divorced woman can receive Social Security based on her ex-husband’s benefits if they were married 10 years or more, she has not remarried, is 62 years of age or older, and if the amount of Social Security she would receive from her own work record would be less than the benefits her ex-husband receives.

Widow benefits: A widow can become eligible for her deceased husband’s benefits at age 60 or at 50 if she’s disabled. If she waits until full retirement age, she can receive 100% of his benefits; if she takes his benefits early, she will receive a reduced amount. She can only receive one benefit (hers or her husband’s).

Please note: In years past, it was possible to take Social Security at 62, and then pay back the amount you collected to get a higher payment later – the Social Security Administration recently revised

this policy so that the payback option is only available if you began taking benefits less than one year ago. Check with ssa.gov for the latest information regarding your Social Security benefits.

The entire Social Security program continues to be a major political topic – it’s unsettled and subject to change. If you’re married, your spouse will be affected by any decisions you make. So you may want to include your spouse in your decision process. It may also be beneficial to consult your tax professional before you make any decision.

Investment myth: Women make investment decisions based on emotions.

In the past, many women faced major investment decisions only after an emotional event like widowhood, divorce or a serious illness. Now that 50% of the workforce is female, numbers of women are remaining single longer and more are alone in their later years. Women – 48% in one study – realize they may end up solely responsible for their financial well-being. They are more likely than men to admit they are confused and to seek professional advice.

* AARP Bulletin, December 2010

Kathy Greenway is a Certified Financial Planner® with Raymond James Financial Services, Inc. located at First Dakota National Bank, 225 Cedar St., Yankton, SD. Securities offered through Raymond James Financial Services, Inc., Member FINRA/SIPC, and are not insured by FDIC, NCUA or any other government agency; are not deposits or obligations of First Dakota National Bank; are not guaranteed by First Dakota National Bank; and are subject to risks, including the possible loss of principal. First Dakota National Bank and First Dakota Brokerage Services are independent of Raymond James Financial Services.

■ by Kathy Greenway

Getting Married?

See the floral experts.

Affordable living art to accent your special day.

See us for your free consultation!

piED piper flowers

15th & Broadway, Yankton
www.piEDpiperflowers.com **605.665.7700**