



Exercise- Should Maria Delay Collecting Social Security?

Maria was born in 1985 – her full retirement age is 67

- If she takes social security at her full retirement age of 67, she would get **\$2000 monthly**.
- If she waits past her full retirement age, every month she waits, her payment increases by 2/3 of 1%, or approximately 8% a year. BELOW, I have shown this to be an increase of \$160 annually, but the actual number may be a few dollars different.
- However, the increase stops when she reaches 70 years of age. There is NO benefit by waiting past age 70.
- Thus, at age 70, she would receive \$ 2,480.

Age 67	\$2,000
Age 68	\$2,160
Age 69	\$2,320
Age 70	\$2,480

QUESTION #1 – How long does Maria have to live, and to make it worthwhile to delay collecting social security from age 67 to 70?

HINT, think about what she is “giving up” vs. what she is “gaining” and how long it takes to make up the amount she has lost – thus, what is the break-even point?

CHALLENGE

Once you solve the above, go onto the Social Security Administration website, register, find out at what age you will reach full retirement, and see if you can do the same calculation based on your earnings record. Go to: <https://www.ssa.gov/>