

# Early Retirement Planning and Social Security

Early retirees receive lower monthly Social Security benefits than older retirees, but this may not mean they receive less. What can this mean for you in *your* retirement planning?

If you retire between the ages of 62 and 65, your full benefit is reduced by five-ninths of 1 percent for each month you receive your benefits before reaching age 65. Therefore, if you retire at age 62, you get 80 percent of your primary insurance amount (PIA) each month, while if you retire at age 63½, you receive 90 percent of your PIA.

On the other hand, by retiring *earlier* you may get more dollars back from Social Security during your lifetime than if you retire later--you receive benefits for a longer period of time if you retire at age 62 instead of at age 65. To reach the break-even point and recover the three years of benefits you would have received had you retired at age 62, you must receive benefits for about 15 years beyond retiring at age 65. [Note: If you were born after 1938, your normal retirement age will be raised.]

What happens when you continue working after retirement? If you are under age 65, your benefits are reduced by \$1 for every \$2 of working income. From ages 65 to 69, you lose \$1 of Social Security benefits for every \$3 of employment income until you reach age 70, after which you can collect *full* Social Security retirement benefits regardless of how much you earn.

The best strategy is to coordinate all your existing benefits with potential Social Security benefits. Then you can choose which provides the best long-term financial reward.

For additional information or an estimate of your Social Security benefits, you can call the Social Security Administration at 1-800-772-1213.

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