

Social Security Q&A

Should You Take Social Security Retirement Early? Here's Answer From IRS Specialist

Q&A also looks at what happens if you take early retirement and then earn more income than is allowed

May 20, 2013 – One of the questions most asked by those nearing Social Security retirement age is about the decision to retire early or wait until reaching full retirement age. It all depends, according to the Q&A by Oscar Garcia of SSA. He also answers a couple of key questions by seniors who took early retirement or disability retirement.



Question:

Is it better for me to begin receiving retirement benefits early with a smaller monthly amount or should I wait for a larger monthly payment later?

Answer:

There is no single answer to this question. It depends on your overall situation. Here are some of the factors you should consider besides the amount of your Social Security benefit. It will be important to examine your current cash needs and your health and family longevity. You will also want to consider whether you plan to work in retirement and whether you have other retirement income sources.

Your anticipated future financial needs and obligations will also help you determine what is best for you. If you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter whether you choose to start receiving benefits at age 62, full retirement age, age 70 or any age in between.

However, monthly benefit amounts can differ substantially based on your retirement age. Basically, you can get lower monthly payments for a longer period of time or higher monthly payments over a shorter period of time.

The amount you receive when you first get benefits sets the base for the amount you will receive for the rest of your life, though you do receive annual cost-of-

living adjustments and, depending on your work history, may receive higher benefits if you continue to work.

When thinking about retirement, be sure to plan for the long term. Many of us will live much longer than the “average” retiree, and, generally, women tend to live longer than men. About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95. Social Security benefits, which last as long as you live, provide valuable protection against outliving savings and other sources of retirement income.

Again, you will want to choose a retirement age based on your circumstances so you will have sufficient income when you need it. Once you weigh all these facts carefully and consider your own circumstances, you will be closer to making the important decision about when to begin receiving Social Security benefits. You can visit www.socialsecurity.gov and click on the “Retirement” tab to learn more about your benefits. You can also call us at 1-800-772-1213 to speak with a representative.

Question:

I filed for Social Security retirement last year when I turned 62. I started working part-time this year and did not expect to earn over the allowable work limit in order to qualify for my benefits. However, I am almost working full-time hours now. What happens if I earn over the limit in 2013?

Answer:

If you earn over the annual work limit this year then it will affect your benefits for 2013. Since you are either 62 or 63 this year, the annual earnings limit is \$15,120. If you believe you will earn more than this amount in 2013, then you should contact Social Security to revise your annual work estimate. This way you avoid being overpaid and having to repay benefits that you were not entitled to receive based on your earnings.

Once you report your anticipated earnings for this year, we will adjust the amount of your Social Security benefits based on what you tell us you expect to earn this year. If you think your earnings for 2013 will be over \$15,120 then let us know right away. If other family members get benefits based on your work, your earnings after you start getting retirement benefits could reduce their benefits, too.

However, if your spouse and children get benefits as family members, their earnings affect only their own benefits. If you are younger than full retirement

age during all of 2013, we must deduct \$1 from your benefits for each \$2 you earn above \$15,120.

For example, let us say that you report your 2013 wages to be \$20,120. You would be over the annual limit by \$5,000. Social Security would actually withhold \$2,500 from your benefits for 2013. If your monthly benefit is \$500 a month, then we would withhold the benefit payment for the next five months.

The annual work limit is in place until the month you reach your full retirement age. Also, the annual work limit is quite a bit higher during the year you reach full retirement age. There is still an annual work limit during the year you reach full retirement age, but only up to the month you attain full retirement age. You can learn more about the annual work limit by going to www.socialsecurity.gov and searching for the pamphlet "How Work Affects Your Benefits".

Question:

I have been getting Social Security disability benefits for many years. I'm about to hit my full retirement age. What will happen to my disability benefits?

Answer:

When you reach "full retirement age" we will switch you from disability to retirement benefits. You will not even notice the change because your benefit amount will stay the same. It is just that when you reach retirement age, we consider you to be a "retiree" and not a disability beneficiary. To learn more, visit our website at www.socialsecurity.gov.

Oscar Garcia is a Public Affairs Specialist with the Social Security Administration. You can direct your questions to him at: SSA, 411 Richland Hills Drive, San Antonio, Texas, 78245. You can also email him at Oscar.h.garcia@ssa.gov.

Question:

How do I schedule, reschedule, or cancel an appointment?

Answer:

We do not currently have an online appointment scheduler. However, you do not need an appointment to file for benefits or appeal a disability decision. You can file for Retirement, Medicare, and Disability benefits online.

If you do not want to apply for benefits online, you can schedule, reschedule, or cancel an appointment by calling us at 1-800-772-1213 (TTY 1-800-325-0778)

between 7 a.m. to 7 p.m., Monday through Friday. Plus, you can contact your local Social Security office. Our office hours are 9 a.m. to 3 p.m. Monday through Friday, except on Wednesday when we close at noon.

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