



A worker can start collecting Social Security benefits as early as age 62, as late as age 70, or at any age in between. This analysis is for an unmarried individual born between 1943 and 1954 who stops working at retirement.

### Comparison of Benefits

Full retirement age (FRA) is 66 and the maximum primary insurance amount (PIA) benefit is \$2,788 a month or **\$33,456 a year**. At age 62, that benefit amount is permanently reduced by 25% to \$2,091 or \$25,092 a year. By age 70, four years of 8% deferred retirement credits would be earned and that benefit would increase by 32% to \$3,680 or \$44,162 a year.

We'll assume a 2% annual cost of living adjustment (COLA). We account for the time value of money by using a 3% discount rate; this allows us to compare present values (PVs) at age 62 of payments under the three strategies.

### Crossover Age

We can now find the approximate age (highlighted in red) in which one option becomes more valuable than another...

Age	Early at 62			Full Retirement Age of 66			Delay until 70		
	Benefit payments w/ COLA of	Total of Payments	PV of payments at age 62	Benefit payments w/ COLA of	Total of Payments	PV of payments at age 62	Benefit payments w/ COLA of	Total of Payments	PV of payments at age 62
	2.0%		3.0%	2.0%		3.0%	2.0%		3.0%
62	\$25,092	\$25,092	\$25,092	<b>\$33,456 = FRA benefit (PIA amt)</b>			<b>\$44,162 = benefit at age 70</b>		
63	\$25,594	\$50,686	\$49,940						
64	\$26,106	\$76,792	\$74,548						
65	\$26,628	\$103,419	\$98,916						
66	\$27,160	\$130,580	\$123,047	\$36,214	\$36,214	\$32,176			
67	\$27,704	\$158,283	\$146,945	\$36,938	\$73,152	\$64,039			
68	\$28,258	\$186,541	\$170,610	\$37,677	\$110,829	\$95,592			
69	\$28,823	\$215,364	\$194,046	\$38,430	\$149,259	\$126,840			
70	\$29,399	\$244,763	\$217,254	\$39,199	\$188,458	\$157,784	\$51,743	\$51,743	\$40,846
71	\$29,987	\$274,750	\$240,237	\$39,983	\$228,441	\$188,428	\$52,778	\$104,520	\$81,296
72	\$30,587	\$305,337	\$262,996	\$40,783	\$269,224	\$218,774	\$53,833	\$158,353	\$121,353
73	\$31,199	\$336,536	\$285,535	\$41,598	\$310,822	\$248,825	\$54,910	\$213,263	\$161,021
74	\$31,823	\$368,359	\$307,855	\$42,430	\$353,253	\$278,585	\$56,008	\$269,271	\$200,304
75	\$32,459	\$400,818	\$329,958	\$43,279	\$396,532	\$308,056	\$57,128	\$326,399	\$239,205
76	\$33,108	\$433,926	\$351,846	\$44,144	\$440,676	\$337,241	\$58,271	\$384,670	\$277,729
77	\$33,771	\$467,697	\$373,522	\$45,027	\$485,703	\$366,142	\$59,436	\$444,106	\$315,879
78	\$34,446	\$502,143	<b>\$394,988</b>	\$45,928	\$531,631	<b>\$394,763</b>	\$60,625	\$504,731	\$353,658
79	\$35,135	\$537,278	\$416,245	\$46,846	\$578,478	\$423,106	\$61,837	\$566,568	\$391,071
80	\$35,838	\$573,115	\$437,296	\$47,783	\$626,261	\$451,173	\$63,074	\$629,643	\$428,120
81	\$36,554	\$609,670	\$458,142	\$48,739	\$675,000	\$478,969	\$64,336	\$693,978	\$464,810
82	\$37,285	\$646,955	\$478,786	\$49,714	\$724,714	\$506,494	\$65,622	\$759,600	\$501,143
83	\$38,031	\$684,986	\$499,230	\$50,708	\$775,422	<b>\$533,752</b>	\$66,935	\$826,535	<b>\$537,124</b>
84	\$38,792	\$723,778	\$519,475	\$51,722	\$827,145	\$560,746	\$68,273	\$894,809	\$572,755
85	\$39,568	\$763,345	\$539,523	\$52,757	\$879,901	\$587,477	\$69,639	\$964,447	\$608,041
86	\$40,359	\$803,704	\$559,377	\$53,812	\$933,713	\$613,949	\$71,032	\$1,035,479	\$642,984
87	\$41,166	\$844,870	\$579,039	\$54,888	\$988,601	\$640,164	\$72,452	\$1,107,931	\$677,587
88	\$41,989	\$886,860	\$598,509	\$55,986	\$1,044,587	\$666,124	\$73,901	\$1,181,833	\$711,855
89	\$42,829	\$929,689	\$617,790	\$57,106	\$1,101,693	\$691,832	\$75,379	\$1,257,212	\$745,790
90	\$43,686	\$973,375	\$636,884	\$58,248	\$1,159,940	\$717,291	\$76,887	\$1,334,099	\$779,395

### Early vs. Full Retirement Age (FRA)

If claimed early starting at 62, the annual benefit of \$25,092 will increase from four years of COLAs to \$27,160 at age 66.

If claimed starting at FRA of 66, the annual benefit of \$33,456 will have increased from COLAs from age 62 to age 66 (even though benefits weren't collected), to \$36,214 at age 66.

**Crossover is at approximately age 78**; the present value of starting benefits at age 66 passes the present value of starting benefits at age 62. If life expectancy is beyond age 78, one is most likely best off to start claiming benefits at FRA of 66.

### Full Retirement Age (FRA) vs. Delaying to 70

If claiming is delayed until age 70, the annual benefit of \$44,162 will increase from eight years of COLAs to \$51,743.

**Crossover is at approximately age 83**, the present value of starting benefits at age 70 passes the present value of starting benefits at age 66. If life expectancy is beyond age 83, one is most likely best off to delay claiming benefits until age 70.

### Conclusion

Estimating crossover ages allows one to make a decision based on their thoughts regarding their life expectancy. Unless one absolutely needs the income to live on, in most cases, the most valuable option for someone with a normal life expectancy is to wait to claim Social Security benefits until FRA, and most likely delay claiming benefits until age 70.