A RETIREMENT INSTITUTE GUIDE

Should I Claim Early, at Full Retirement Age, *or Delay?*

A deeper look at the single biggest lever in Social Security — what each year early costs you, what each year of waiting buys, and how to decide.

WELCOME

Knowledge first. Always.

The Retirement Institute exists to help Americans approaching and living in retirement make clear, confident, well-informed financial decisions — without the pressure of a sales pitch.

This is the fourth guide in our Social Security Series, part of a growing library of educational resources built to put real knowledge — and real control — back in your hands.

Of every decision you'll make about Social Security, one stands above the rest: the age you choose to claim. It can swing your monthly benefit by more than 75%, and it's largely permanent. Yet most people decide it quickly, without ever seeing the full trade-off.

This guide takes a deeper look. We'll walk through exactly what each year of early claiming costs, what each year of waiting buys, how the classic "break-even" math works, and the honest reasons a person might land on either side — so the choice is yours to make on purpose.

BEFORE YOU BEGIN

This guide is for general education only. It is not personalized financial, tax, or legal advice, and no advisor-client relationship is created by reading it. Examples use a full retirement age of 67 (for those born in 1960 or later); your figures depend on your own record. The Social Security Administration (ssa.gov) is the authoritative source for your benefit. (Full disclosures appear at the end.)

INTRODUCTION

One choice. *Three doors.*

You can claim Social Security as early as 62, at your full retirement age (67 for most people today), or as late as 70. The month you choose locks in your benefit — for life, and often for your spouse's life too. Claim sooner and the check shrinks. Wait and it grows. Permanently.

The spread is enormous. For someone with a full retirement age of 67, claiming at 62 pays just **70%** of their full benefit. Waiting to 70 pays **124%**. That means the age-70 check is roughly **77% larger** than the age-62 check — every month, for the rest of their life, rising with inflation.

And yet, the most common age to claim is 62. More than 70% of people claim before their full retirement age, while only about 4% time the decision in the way that would maximize their financial security.

This isn't an argument that everyone should wait. It's an argument that everyone should *understand the trade* before they choose. Let's open all three doors.

> The right answer depends on your health, your savings, your tax picture, your marital situation, and your need for income today. But you can't weigh those honestly until you see exactly what's on the table.

NUMBER 1

01

What each year early costs you

The reduction for claiming early isn't a flat penalty — it's calculated month by month. For each of the first 36 months before full retirement age, your benefit is cut by **5/9 of 1%** per month (about 6.67% per year). For any month beyond that, the cut is **5/12 of 1%** per month (5% per year). For a full retirement age of 67, here's how it stacks up on a $2,000 full benefit:

CLAIMING AGE	% OF FULL BENEFIT	MONTHLY ($2,000 FULL)
62	70.0%	**$1,400**
63	75.0%	**$1,500**
64	80.0%	**$1,600**
65	86.7%	**$1,733**
66	93.3%	**$1,867**
67 · full retirement age	100%	**$2,000**

Claiming at 62 means a **30% smaller check** — for life. And remember from earlier guides: that reduced amount also becomes the base for your future cost-of-living raises and, for couples, the survivor benefit your spouse may one day inherit.

> *The check you claim early is the smallest check you'll ever receive — and you'll receive it the longest.*

NUMBER 2

02

What each year of waiting buys

Wait past your full retirement age and Social Security rewards you with **delayed retirement credits**: an extra **8% per year** (2/3 of 1% per month), all the way to age 70. After 70, the credits stop — there's no reason to wait longer. On that same $2,000 full benefit:

CLAIMING AGE	% OF FULL BENEFIT	MONTHLY ($2,000 FULL)
67 · full retirement age	100%	**$2,000**
68	108%	**$2,160**
69	116%	**$2,320**
70 · maximum benefit	124%	**$2,480**

There is no investment, CD, or commercial annuity on the open market that reliably offers a guaranteed, inflation-adjusted 8% annual increase with no market risk. Put the two halves together and the full spread is striking: the same worker can receive **$1,400 a month at 62 or $2,480 at 70** on an identical earnings record. Same person. Only the timing changed.

> *Delaying isn't leaving money on the table. It's buying the cheapest lifetime, inflation-protected income available anywhere.*

03

NUMBER 3

The break-even question

The most common way people decide is the "break-even" calculation: claim early and you get smaller checks, but more of them; wait and you get larger checks, but fewer. The break-even age is where the cumulative totals cross. Using our $2,000 example:

ILLUSTRATIVE · APPROXIMATE BREAK-EVEN AGES

62 VS 67	62 VS 70	67 VS 70
~79	~80	~83
early vs full	early vs delayed	full vs delayed

Live past the break-even age and waiting wins; pass away before it and claiming early came out ahead. (These are simplified — a full analysis also weighs cost-of-living adjustments, taxes, and the chance to invest early checks.)

Here's the piece break-even math leaves out: a man reaching 65 today lives to about 84 on average, and a woman to roughly 87 — both well *past* these break-even ages. For most people who reach their mid-60s in good health, the odds favor waiting. And break-even treats Social Security like a bet on your death date, when it's better understood as **longevity insurance**: protection against the risk of living a long time and running short.

> *Don't only ask when you break even. Ask which outcome you'd rather insure against — dying early, or living long.*

NUMBER 4

04

When claiming early makes sense

Waiting isn't right for everyone, and there are sound, honest reasons to claim before full retirement age. Early claiming may be the right call when:

- **Your health or family history points to a shorter life.** If you don't expect to reach the break-even ages, taking benefits sooner can mean more total dollars.
- **You need the income to cover essentials** and have no other reasonable way to pay for them. A larger check at 70 doesn't help if you can't keep the lights on at 64.
- **You're the lower-earning spouse** in a coordinated strategy — where the lower earner claims earlier for cash flow while the higher earner delays to maximize the survivor benefit.
- **It simply fits your life.** Money isn't the only variable; health, work, caregiving, and the freedom to enjoy your 60s all count.

The point isn't that early is wrong. It's that early should be a *choice* — made with eyes open to the trade — rather than a default reached out of habit or fear.

> *There are good reasons to claim early. "I didn't know I had other options" isn't one of them.*

05

NUMBER 5

The case for waiting

For those with reasonable health and some flexibility, the advantages of waiting compound in ways that are easy to underestimate:

- **A guaranteed, inflation-protected raise** of roughly 8% for every year delayed — unmatched by any risk-free investment.
- **Less stress on your savings.** Every extra dollar of lifetime Social Security is a dollar you don't have to pull from your portfolio — reducing your exposure to bad market timing early in retirement and making your money last longer.
- **A larger survivor benefit** for the spouse who may outlive you.

The research is striking. A landmark study of real households found that about **57% of retirees would build more lifetime wealth by waiting until 70**, while only about **6.5% would do better by claiming before 64** — yet more than 70% claim that early. The same study estimated that **elderly poverty could be cut nearly in half** — from about 13% to 7% of those over 70 — if people simply claimed at the financially optimal time, which for most means waiting.[1]

> *Waiting doesn't just grow a check. It steadies the entire plan that check is part of.*

IN PRACTICE · CASE STUDY

Spending savings to *buy* a bigger guarantee

Walt is 67 with a full benefit of **$2,400** a month and a healthy retirement portfolio. He could claim now — or use some of his savings to bridge three years and let his benefit grow. He decides to wait until 70.

CASE STUDY · HYPOTHETICAL · WALT'S MONTHLY BENEFIT

CLAIM AT 67	DELAY TO 70
$2,400	$2,976
larger portfolio withdrawals for life	+$6,912/yr for life, smaller drawdown

To wait, Walt gives up about **$86,400** in benefits he could have collected from 67 to 70 — money he covers from savings. In return, his benefit rises to $2,976 a month: an extra **$6,912 a year, for life, indexed to inflation**. He has effectively used a portion of his portfolio to purchase a larger, guaranteed, lifelong income stream — at terms no commercial annuity can match.

The quieter win: from 70 onward, Walt withdraws *less* from his investments each year, because more of his income is guaranteed. His plan now leans less on the market and more on a benefit that can't run out — and his wife's survivor benefit is larger, too.

> *Delaying isn't only about a bigger check. It's about a more durable retirement.*

THE BOTTOM LINE

Choose the door on purpose.

Early, full retirement age, or 70 — there's no single right answer for everyone. There is only the right answer for *you*, and you can't find it without seeing the whole trade.

Claiming early costs roughly 6–7% a year up to a 30% lifetime reduction; waiting adds about 8% a year up to a 24% lifetime increase. Break-even ages cluster around 79 to 83 — ages most healthy 65-year-olds will live to see. And beyond the math, waiting does something break-even can't capture: it builds a larger, guaranteed, inflation-protected income floor that takes pressure off your savings and protects the spouse you may leave behind.

TWO HONEST QUESTIONS WORTH SITTING WITH

— *If you plan to claim early, is it a decision you've weighed — or simply the default?*

— *Do you have the assets, or the income, to bridge a few years and buy a permanently larger benefit?*

This guide pairs naturally with its companions across our library — on survivor benefits, on the taxation of your benefit, and on Roth strategy. Turning these principles into a plan built around your numbers, health, and household is a conversation worth having with a qualified professional.

About The Retirement Institute

The Retirement Institute is a non-profit dedicated to financial education for Americans approaching and living in retirement. We publish clear, unbiased guides on the decisions that matter most — taxes, income, healthcare costs, and legacy — so that families can act from knowledge rather than fear. We don't sell products. We teach.

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This educational guide is shared with the compliments of an independent financial professional.

IMPORTANT DISCLOSURES

This guide is provided by The Retirement Institute for general educational purposes only. It does not constitute, and should not be relied upon as, personalized financial, investment, tax, or legal advice, and it does not create any advisor-client or fiduciary relationship. The examples and case study are hypothetical, simplified for illustration, do not reflect any specific individual's situation, and are not a guarantee of future results.

Reduction and delayed-credit percentages assume a full retirement age of 67 (those born in 1960 or later); figures differ for earlier birth years. Break-even ages are approximate and ignore taxes, cost-of-living adjustments, and the time value of money, which a complete analysis would include. Life-expectancy figures are population averages from Social Security Administration period life tables. The Social Security Administration (ssa.gov) is the authoritative source for your personal benefit estimate and current rules.

[1] Research findings cited — that roughly 57% of retirees would build more wealth by waiting to 70, only about 6.5% by claiming before 64, and that elderly poverty could fall from about 13% to 7% with optimal claiming — are drawn from Matt Fellowes, Jason J. Fichtner, Lincoln Plews, and Kevin Whitman, "The Retirement Solution Hiding in Plain Sight: How Much Retirees Would Gain by Improving Social Security Decisions," United Income, 2019.