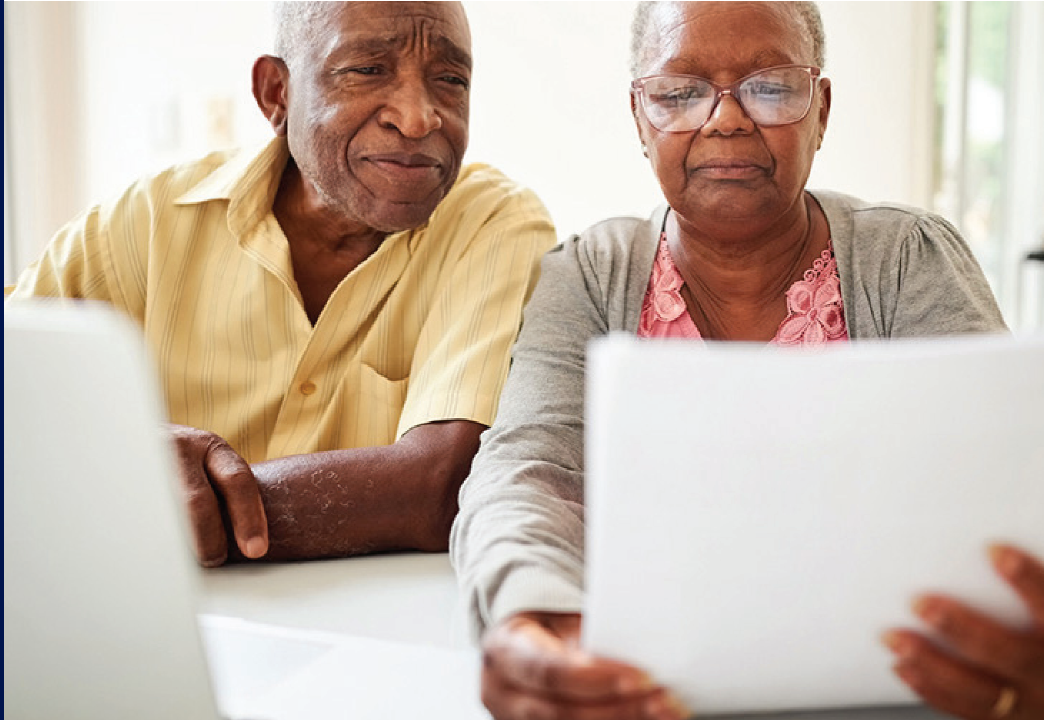
CONSIDERATIONS BEFORE FILING FOR SOCIAL SECURITY

When it comes to receiving Social Security benefits, timing is everything



FOR YEARS, YOU'VE DILIGENTLY INVESTED IN YOUR RETIREMENT PORTFOLIO, ACCUMULATING WEALTH THAT YOU HOPE WILL SUSTAIN YOU THROUGHOUT YOUR GOLDEN YEARS.

In many cases, your savings may fall short, in which case you turn to Social Security. After all, you've deposited a fair chunk of your income for decades into a Social Security account. Now it's time to tap those savings to help sustain you.

Or is it?

There are several important considerations before you apply for your Social Security benefits. We encourage you to review your options, as any decision you make could have a significant financial impact on your retirement years.

About Retirement Age

There is no universal age when you are eligible to receive Social Security. The age varies from 66 to 67 and depends on the year when you were born. It represents the age when you can begin collecting your full benefit amount even if you continue working.

If you claim your benefits before your retirement age, you will not receive the full amount to which you are entitled. On the other hand, if you claim after your retirement age, you will receive an increased amount. (Both amounts, either reduced or increased, become your permanent monthly benefit.)

To calculate your retirement age, visit the Social Security website.

Calculate your Retirement Budget

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Next, assemble an accurate budget that itemizes your income and expenses. If you anticipate any major lifestyle changes after retirement — for instance, you plan to sell your house and downsize to a rent-controlled apartment — make these notations. Include your anticipated income during retirement, such as Social Security, pension, and other income streams.

Include all your expenses, including recurring fees (membership, insurance, college tuition), prorating them to account for them on a monthly basis. Consult a financial professional for assistance, as you want to make sure that you are accurate (and certainly not under) in your calculations.

After you develop your statement, review the figures for any potential cash flow issues. Look for areas that you can improve your income/expense balance. For example, you may have fees or expenses that you can reduce or even eliminate.

The above can help you understand whether a reduced or increased benefit can help you meet your expected retirement budget.

The Downside of Being Early. The Benefit of Being Late.

Your monthly benefit can decrease by as much as 30% if you claim Social Security before your full retirement age. On the other hand, it can increase up to 8% for every year you delay claiming Social Security after your turn 62 and reaches a maximum benefit when you turn 70. For a chart detailing the impact on early or late claims, visit the Social Security website.

Consider the impact carefully, especially if you are relatively healthy and can draw on non-Social Security savings when you reach retirement age, as the benefit may be more important as you deplete those other savings.

Consider Working

If you are short on cash, consider working if you can, building up your Social Security benefit while also saving more for retirement.

To help you plan for retirement and the timing when you begin to draw Social Security benefits, consult a financial professional.