

[Home](#)[Retirement](#)[Personal Finance](#)[Careers](#)[Investing](#)[Real Estate](#)[On Retirement Blog](#)[Planning to Retire Blog](#)[Best Places to Retire](#)

## 3 Times It Makes Sense to File Early for Social Security

You'll get a smaller check if you collect early, but sometimes it could be a smart move.



For seniors with limited financial resources or couples that are trying to coordinate their benefits, taking Social Security early may be the best option.

By [Maryalene LaPonsie](#)

May 22, 2015 | 8:31 a.m. EDT

[+ More](#)



For those who have paid into the system, Social Security promises to provide a reliable source of income during your senior years. However, how much you receive each month depends on [exactly when you retire](#).

While a person needs to wait until his or her full retirement age – that would be 66 for those born between 1943 and 1954 – to receive full benefits, the government allows those as young as 62 to file for Social Security. In exchange for early benefits, a senior agrees to receive a reduced monthly amount for the rest of his or her life.

[Cecilia Beach Brown](#), a certified financial planner in Annapolis, Maryland, points out that Social Security benefits can be reduced by as much as 7 to 8 percent for each year a person files early. "I can't think of a single investment offering that type of return on an annual basis," she says, noting that even if seniors took the money early and invested it, they might end up with fewer dollars than they could receive by waiting until their full retirement age to take benefits.

According to Brown and other financial experts, most people will likely come out ahead by [waiting until their full retirement age](#) or beyond to file for Social Security. However, there are three situations in which filing early can make sense.

### **1. You can coordinate your benefits with a spouse.**

"The biggest mistake I see is couples who look at [Social Security] in terms of one life instead of two lives," Brown says.

Rather than make filing decisions independently, couples should [consider their Social Security benefits jointly](#). If both spouses are eligible for benefits, it might make sense for one spouse to file early while the other spouse waits until his or her full retirement age or even later to file for benefits. Then, when one spouse dies, the surviving spouse will, in most cases, continue to receive the larger of the two amounts.

"There are a number of factors that go into these decisions," Brown says. "I think the biggest thing is people need to do the math and take account of the cost of living."

### **2. You are seriously or terminally ill.**

The next reason to file early for Social Security is if you believe you might not live long in retirement.

However, Shanna Tingom, owner of Heritage Financial Strategies in Gilbert, Arizona, cautions seniors not to make hasty decisions based solely on their family history. Even if someone's parents died early, it doesn't necessarily mean that person is destined for the same fate. "You're playing a number game," she

says. "You have to look at those longevity numbers, but unless you've got an imminent threat to your health, don't take that risk."

Many people entering retirement today are [living into their 90s and beyond](#), and Michael Bivona, a certified public accountant and author of "Retiring? Beware!!: Don't Run Out of Money and Don't Become Bored," says that can pose another problem.

"They might be inclined to change their mind," he says of early retirees. Those who anticipated a shorter life span may have second thoughts about retirement after a year or two with no major illness in sight. Bivona says these retirees could find themselves paying penalties if they go back to work and earn more than the amount allowed by the Social Security Administration.

### 3. You have no money and limited earning options.

For seniors with limited financial resources, filing early for Social Security may be less of an option and more of a necessity.

"The only time I tell my clients it makes sense to file early is if you need the money," Tingom says.

Older Americans who have been laid off, injured or are without a steady source of income may find a reduced Social Security benefit is better than no money at all. "If they retire at age 62, they could have three to five years of extra checks," Bivona says, "and that's a lot of money."

Bivona adds that [talking to a financial professional](#) is key to making the right decision. Depending on the retirement accounts you have, it may make more sense to dip into another fund and let Social Security benefits grow.

"You want to be sure you'll have the highest income possible in [retirement] years," Tingom says.

The decision to file early for Social Security can be difficult – if not impossible – to reverse, so seniors should carefully weigh their options before opting to accept a lifelong reduction in their monthly check.

TAGS: retirement, social security, Social Security Administration, personal finance, income, marriage, money

[+ More](#)

### You Might Also Like

---