

# Learn

## Deciding When to Receive Social Security Benefits

The Social Security Administration sends out Social Security Statements to workers over age 25. The statements arrive about three months before each worker's next birthday. Your statement contains a year-by-year display of your earnings record as well as an estimate of the total Social Security taxes paid by you and your employers. The statement also has estimates of the benefits that may be available to you in the future. These estimates include what your partial benefits would be for early retirement at 62, along with full benefits for retirement at different ages.

### Using the Information in Your Social Security Statement

The information in the Social Security Statement can be helpful in determining the most advantageous time to start taking Social Security benefits. Do you start collecting Social Security benefits as soon as you're eligible at age 62 or should you wait awhile? Depending on your personal situation, there are advantages and disadvantages to both.

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### Delay Can Pay

Starting to receive Social Security benefits *before* full retirement age (age 65 to 67, depending upon the year of birth; see table) means that benefits will be permanently reduced. By putting off taking benefits, a person could significantly boost the amount he or she receives each month. For instance, if you were born in 1943 or later, your benefit would increase by 8% for every year you delay taking benefits beyond your full retirement age until age 70. If you keep working after your full retirement age, you could boost your benefit even more.



Your Year of Birth	Your Age for Full Benefits
1937 or earlier	65 years
1938	65 years 2 months
1939	65 years 4 months
1940	65 years 6 months
1941	65 years 8 months
1942	65 years 10 months
1943-1954	66 years
1955	66 years 2 months
1956	66 years 4 months
1957	66 years 6 months
1958	66 years 8 months
1959	66 years 10 months
1960 or later	67 years

Source: Social Security Administration

### Early Bird Gets Some Benefits

Individuals who need the money or don't expect to have a long retirement may lean toward taking benefits as soon as possible. Your current health, your family's history of longevity, and your financial needs are all factors worth considering. So is your "break-even" age — the age at which you'll receive the same total amount from Social Security whether you begin taking benefits early or wait until you're older. The longer you live past a break-even age, the more you'll gain from delaying taking your benefits.

### Tax Considerations

It's also important to find out about potential tax implications so there are no surprises. Under federal tax law, if 50% of a taxpayer's Social Security benefits plus the taxpayer's other income for the year add up to over \$25,000 (\$32,000 if married, filing jointly), a portion of the Social Security benefits must be included in income for tax purposes (see table).



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## Will Your Social Security Benefits Be Taxable?

<i>If income* is:</i>	<i>Up to this percentage of your benefits will be taxed:</i>
<b>On a joint return</b>	
Less than \$32,000	0%
Between \$32,000 and \$44,000	50%
Over \$44,000	85%
<b>On a single or head of household return</b>	
Less than \$25,000	0%
Between \$25,000 and \$34,000	50%
Over \$34,000	85%

\* For this purpose, income includes half of annual Social Security benefits received. Your tax professional can give you details regarding how this figure is calculated.

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