Ghostwritten article — retirement
PM-06142025-6162403.1.1

When should you claim Social Security?

When it comes to Social Security and retirement, you may have conflicting viewpoints: On one side, you hope to start collecting your benefits as soon as you're eligible, or maybe you're concerned you'll need that income sooner. On the other side, you know that if you wait, your monthly benefit amount will be greater.

While it does make sense to wait as long as you can, Sherman Hohenberger, a lead wealth planning strategist at Wells Fargo Wealth & Investment Management, recommends you reevaluate your situation every year in retirement before deciding whether to continue delaying the beginning of Social Security benefits.

"Because each individual, couple, widow, and widower has a unique lifestyle and unique income needs, I believe a year-by-year evaluation prior to beginning benefits is the best approach," Hohenberger says.

One item you need for that annual retirement review is a current copy of your Social Security benefit estimate from ssa.gov. This provides personalized estimates of future benefits based on your real earnings and lets you see your latest statement and earnings history.

Here, Hohenberger outlines a comparison of claiming now vs. later and offers key considerations as you review your strategy each year.

Comparison: Claiming sooner vs. later

Let's start with a hypothetical example: John Doe was born in 1960 and was earning $200,000 a year when he retired. He decided to start receiving Social Security benefits as soon as he became eligible at 62, or five years before he would receive full retirement benefits. His monthly benefit in today's dollars is $2,106.

If he had delayed receiving benefits until he was 70, he'd receive $1,600 more a month, or $3,731. And he would make up for the eight-year delay in not taking any benefits in about 10 years.

"Unlike personal assets that can be exhausted, Social Security is a vast resource provided by the U.S. government. As long as you are alive, you should continue to receive your Social Security benefits and with a cost-of-living adjustment throughout your retirement years."

Make wellness a deciding factor

Your health can play a big role in helping determine when you should start taking benefits. Do your loved ones live long lives, or have most succumbed to illness before age 65? "It's not the most accurate indicator of what’s going to transpire in the future, but it can have some bearing and, therefore, should be taken into consideration,” Hohenberger says.

“If you’re in reasonably good health and anticipate a continued healthy lifestyle, that usually counsels in favor of waiting,” he continues. “If, on the other hand, you’re in poorer health and have concerns about longevity, that counsels toward drawing benefits sooner rather than later.”

Do you have enough income?

Another key factor is having other sources of income to help you live comfortably in retirement without needing Social Security benefits. He says you should consider the rate of return Social Security can offer: 6.25% – 8.00% (plus a cost-of-living increase).

Considerations for married couples

Hohenberger suggests married clients look at multiple factors when determining the timing for each spouse to claim Social Security benefits.

For example, if you’re working part time or seasonally, your Social Security benefits may be dramatically lower if your partner is working full-time. It still may be wise for both of you to wait, if possible.

“Not only does it increase the size of the benefit that the [higher-earning] individual personally receives, but it also increases the size of what’s known as the survivor’s benefit that the [lower-earning] spouse could draw if the other spouse passes away,” Hohenberger says.

What about taxes?

When it comes to when to claim Social Security benefits, Hohenberger advises not to focus primarily on the tax ramifications.

“For the vast majority of people, their marginal tax rate in retirement will be fairly constant,” Hohenberger says. “If retirees were to take their Social Security benefit at 62, we typically see that their marginal tax rate is the same or approximately the same as it would be if they claimed the benefit at age 70. We want [them] to focus instead on working to maximize the net cash flow over the remainder of their lifetime.”

------------------------------- [Print disclosures for PCG/WBS] -------------------------------

[If there is a charge to publish, produce, or distribute an article, use the following disclosure instead of the above:]

This advertisement was written by [Firm Name/Vendor/Organization Name] and provided to you by [FA Name, Title].

NOTE TO PUBLISHER: If this article is being published over more than one page, the boxed disclosure must appear on the first page and the other disclosures at the end of the article. If the article is being published on only one page, this disclosure should appear at the end along with the other disclosures. The font size of the boxed disclosure must be at least as large as the article text.

Investment and Insurance Products are:
• Not Insured by the FDIC or Any Federal Government Agency
• Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate
• Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

-------------------------------- [Print disclosures for FiNet] --------------------------------

This article was written by Wells Fargo Advisors Financial Network and provided courtesy of [FA Name and Compliance-Approved Title] in [City] at [Phone Number].

[If there is a charge to publish, produce, or distribute an article, use the following disclosure instead of the above:]

This advertisement was written by Wells Fargo Advisors Financial Network and provided to you by [FA Name, Title].

Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC, Member SIPC, a registered broker-dealer and a separate non-bank affiliate of Wells Fargo & Company.

------------------------------ [Print disclosures for FiNet Custom] ------------------------------

This article was written by Wells Fargo Advisors Financial Network and provided courtesy of [FA Name and Compliance-Approved Title] in [City] at [Phone Number].

[If there is a charge to publish, produce, or distribute an article, use the following disclosure instead of the above:]

This advertisement was written by Wells Fargo Advisors Financial Network and provided to you by [FA Name, Title].

Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. [*Practice Name*] is a separate entity from WFAFN.

------------------------ [Print disclosures for First Clearing] --------------------

This article was written by a third party and provided to you by [FA Name, Compliance-Approved Title] at [Firm Name] in [City] at [Phone Number].

[If there is a charge to publish, produce, or distribute an article, use the following disclosure instead of the above:]

First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.