

## Retirement, Focus On: Social Security



The big question about Social Security is almost always “When should you start taking Social Security retirement benefits?” The answer: It depends on your family’s particular situation. Consider all aspects of your family’s financial circumstances and your retirement planning prior to making any final decisions, and be sure to discuss with your spouse and a financial planner before you take the plunge.

A typical worker qualifies for Social Security benefits once they have worked for 40 quarters — typically 10 years of employment — and benefits are calculated using 35 years of earnings. These benefits come with crucial decisions that can drastically affect the quality of your retirement. And while [you can get both your pension and Social Security benefits](#) since your military service and Social Security benefits don’t overlap, survivor benefits may be affected. Ask a [military retirement adviser](#) if you have any questions.

### **Military Service and Social Security Planning**

While you can claim your Social Security benefits any time between the ages of 62 and 70, the Social Security Administration defines Full Retirement Age (FRA) as being between the ages of 65 and 67 depending on your year of birth. For example, the FRA for anyone born in 1960 or later is 67 years old. This creates three choices for claiming Social Security: take it early, at, or after you reach your FRA. The maximum benefit amounts for these scenarios in 2021 are \$2,324 per month for retirement at age 62, \$3,113 for FRA (currently age 66), and \$3,895 for retirement at age 70.

Claiming Social Security benefits early, before you reach your FRA, will permanently reduce your benefits by 6.67% per year. Delaying retirement until after your FRA will increase your benefits by 8%



per year. Your family's financial situation will determine whether it makes sense to delay or to take the benefit early.

Keep in mind as well that Social Security benefits are subject to federal income tax. State income tax regulations for Social Security vary by state, so be sure to look up the [regulations](#) for the state where you plan to reside in retirement. Most actuaries also predict a 25% reduction in benefits for everyone starting their claim in or after [2037](#), so if you are under age 50 right now, this prediction probably affects you.

When it comes to service members, depending on when you served, you may be entitled to extra Social Security benefits for veterans. According to the [Social Security Administration](#), under certain circumstances, there can be special earnings added to your monthly check if you actively served during certain periods from 1957 through 2001. When planning out when you will file for benefits and determining how much you will receive, check to see if your military service and Social Security situation meets these criteria:

- Serving in the military between 1940 and 1956 *if* you were honorably discharged after at least 90 days of service or released from duty because of a line-of-duty injury or disability, *or* if you are still on active duty
- If you are applying for survivor benefits and the veteran in question died while on active duty between 1940 and 1956
- Receiving active duty basic pay between 1957 and 1980
- Receiving active duty basic pay between 1980 and 2001 provided you completed at least 24 months of active duty or your full tour

You can do some ballpark calculations using our [Retirement Planning Calculator](#), but other questions you should keep in mind when planning include:

1. How long will you live? (Look at your family medical history.)
2. How long will your spouse live? (Look at their family medical history.)
3. What is your income and/or your spouse's income?
4. Do you plan to keep working in retirement?
5. Does your spouse work or plan to keep working in retirement?

While conducting your financial planning, it is also important to remember that at your death, your spouse is eligible to receive 50% of your Social Security benefits if they are also at full retirement age and you have been married for more than 10 years. If you haven't already, we recommend you create an account with the [Social Security Administration](#) so you can review your work history, check your projected benefit amount, and confirm what constitutes full retirement age for you.

### **Planning your future takes several steps.**

Retirement planning is not one size fits all. Different financial situations call for different solutions, both for Social Security and life insurance. By answering the questions above and knowing about extra social security benefits for veterans and what options for life insurance are available to you, you and your spouse can start to make informed decisions about funding your retirement and aging in place.



Whether you are getting close to retirement, just want to think ahead, or need to simply find life insurance for retired military personnel, Navy Mutual is here to help. Learn more about how to plan for retirement [here](#). To schedule an appointment with a representative, [click here](#), or email us at [counselor@navymutual.org](mailto:counselor@navymutual.org).