

When to Collect Social Security Depends on Your Life Expectancy

One of the decisions one must make as one ages is when to collect a pension, such as Social Security in the U.S. Since we're all about anti-aging and lifespan here at Rogue Health and Fitness, I thought it would be of interest to look at this topic, since I'm faced with the choice soon and I've been looking into it. When to collect Social Security depends on your life expectancy. (Among other things.)

Social Security

The U.S. has the Social Security system, and this discussion will be about that, since other countries may have systems with different rules.

With Social Security, the amount you get per month varies widely depending on when you begin to collect it, hence the importance of the decision as to when to start. The earlier you begin to collect, the smaller the amount of money you get per month.

The longer you live, the greater the total amount of money you collect, since benefits last until death. (In theory, although there's a wrinkle to that as we'll discuss.)

The earliest retirement age is 62, and a large number of people begin to collect at that age, about one third, and only 4% of people wait until they're 70, the age at which benefits no longer increase. This tells me several things about this large number of Americans:

- they dislike their jobs and can't wait to retire
- they work physically demanding jobs that they're too old to do anymore
- they're broke and can't wait any longer to start collecting
- they're in ill health and/or don't expect to live very long
- they have high time preference, i.e. less ability to delay gratification
- they believe the Social Security system won't last
- some combination of the above.

The maximum Social Security benefit for a retirement at age 62 is \$2153 per month, at full retirement age, \$2687, and at age 70, \$3538. That's 64% more money per month for the highest retirement age vs the lowest.

The maximum benefit at age 70, if calculated using the current 10-year Treasury bond rate, is like getting the interest payments on a bond worth \$1.8 million, or \$1.18 million if using the current AAA corporate bond rate.

Full retirement age varies; formerly 65, it now depends on when you were born. For me, for example, it's 66. Full retirement age is arbitrary however, since you can begin to collect your pension at any age between 62 and 70. There's no point to waiting past 70, since you get no more money for doing

so, and you can only lose money.

For every year you delay collecting Social Security, [your benefit increases by 8%](#).

The question as to when to collect obviously revolves around many factors, including personal circumstances, but what we want to figure out here is how to collect the maximum amount in your lifetime. That depends on when you start to collect, and how long you'll live.

Higher mortality with early retirement

[Men who begin to collect Social Security at age 62 have a 2% increase in mortality immediately following](#). The study that found this also suggests the increase is due to "lifestyle changes", i.e. not working, and not due to unhealthy men retiring earlier. Indeed, [retirement is not healthy](#).

So, there's one reason not to collect early: it might kill you.

[At around age 80, someone who starts collecting from age 70 will have caught up in lifetime benefits with those who started earlier, and from that age on will begin to surpass them in lifetime benefits](#). If you think you'll live to be 100, then you will have collected about \$300,000 more if you wait until age 70 to begin, based on the maximum Social Security payout per month. Also, annual cost of living increases in Social Security are a percentage of the amount you collect, so the absolute dollar cost of living adjustments are greater if you wait.

I believe I'll live past 80, so I should wait to collect, if maximizing my lifetime amount is my goal.

However, if you believe that having more money earlier in your life is better than having it later – and it is, according to both standard financial theory and human psychology – then that introduces yet another variable.

Or, maybe you don't think the Social Security system will last, in which case the earlier you start collecting, the better. Maybe you have enough money even without Social Security, in which case it's better to wait to collect.

As you can see, the decision as to when to collect Social Security is not easily made. If you do an internet search for this, you get answers that are all over the place.

Lifetime earnings are not the only factor to consider. However, [I believe I'll live at least into my 90s](#) (knock on wood) and [possibly longer](#). I believe I'll be lifting weights in my 80s, and if I ever become frail due to age, it will be at an age much older than most people become frail.

As someone gets very old, medical expenses can be expected to be higher, and there might be a need for special care, so those are reasons why someone might want or need more money per month than when younger. On the other hand, an older person might not be spending much on other things, such as vacations

or fancy cars.

Normally, it would always be a good thing to delay gratification in order to collect a higher amount of money. This is what anyone who invests their money does: by foregoing current spending, they invest their money in the hope of having a larger amount of money later.

But in the case of Social Security, we're dealing literally with matters of life and death. Can you really or fully apply financial principles to your own life and death? Nevertheless, we're forced to try.

Even with my belief that I'll live at least into my 90s, that's a long way away, and making the leap of imagining myself at that age is difficult. The uncertainty of life accelerates with aging. My default presumption is to wait until I start collecting, but the more I look into it, the less certain I am.

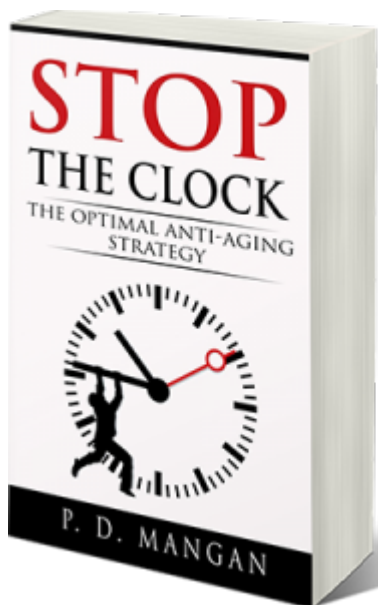
Conclusion

The standard answer to whether to wait past the age of 62 to collect Social Security depends on whether maximizing lifetime income is the goal.

That may not be the case for many people. Having the money to spend when (somewhat) younger may make more sense.

Ultimately, the decision is a highly individual one.

PS: To increase your lifetime Social Security income, follow the practices in my book, [Stop the Clock](#).



PPS: [Check out my Supplements Buying Guide for Men.](#)

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