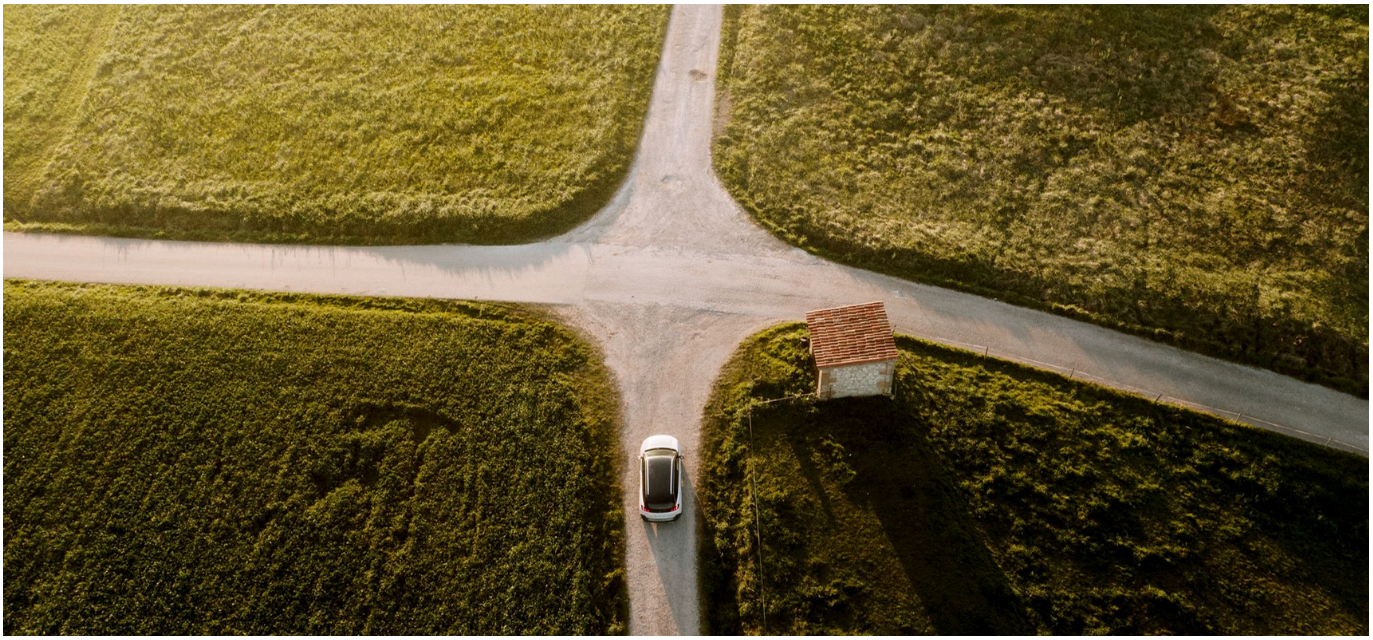

What to know before claiming Social Security

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The right time to claim Social Security depends on more than maximizing benefits. It is a retirement planning decision that should reflect income needs, longevity, and household objectives.

Key points

- Social Security claiming decisions are best evaluated as part of a broader retirement income plan, not as a standalone choice about when to start benefits.
- For many households, claiming decisions can affect not only current retirement income, but also the income available to surviving spouses later in life.
- The right claiming strategy depends on more than maximizing benefits; it should reflect income needs, longevity, household circumstances, and available assets.

Many investors approach Social Security as a decision about maximizing benefits or collecting them as soon as possible. In reality, the decision is often more complex. Factors such as longevity, retirement income needs, portfolio withdrawals, and family circumstances can all affect appropriate claiming strategies.

Questions investors ask before claiming Social Security

The following questions are designed to help investors think through the tradeoffs that commonly arise before claiming Social Security. The answers are educational and may help frame a more informed conversation about how claiming decisions fit within an overall retirement plan.

1. When should I claim Social Security? Since benefits increase for each month that claiming is delayed (up to age 70), waiting longer can result in a significantly larger monthly benefit. However, there is no universally optimal claiming age. The right decision depends on factors such as health, longevity expectations, income needs, available assets, and family circumstances.

Rather than focusing solely on the size of the benefit, investors may benefit from considering how a claiming decision fits within their broader retirement plan and affects a spouse or surviving spouse.

Planning takeaway: The decision is not simply about maximizing benefits, it's about determining which claiming strategy best supports the family's long-term retirement goals.

2. What's my breakeven age? A breakeven age is the age at which the total benefits received from delaying Social Security catch up to—and eventually exceed—the total benefits that would have been received by claiming earlier.

The figure below shows the breakeven ages for an individual deciding between two claiming ages. For example, a retiree comparing ages 67 and 69 would need to live to approximately age 84 for delaying to age 69 to come out ahead.

Figure 1 - Estimated breakeven ages

Heatmap showing the approximate age at which delaying Social Security produces higher cumulative benefits than claiming earlier.

	63	64	65	66	67	68	**69**	70
62	80	81	80	81	81	82	82	83
63		83	80	81	82	82	83	83
64			79	80	81	82	83	83
65				82	83	83	83	84
66					84	83	84	85
67						83	**84**	85
68							85	87
69								80

Source: Social Security Administration, UBS. For illustration purposes. Hypothetical breakeven ages for an individual (born in 1960) assuming an annual COLA (2.4%) and investment growth (5%).

While many retirees find this calculation helpful, it is only one piece of the decision. A breakeven analysis may focus primarily on an individual's benefit and does not reflect factors such as uncertain life expectancy, the impact on a spouse or surviving spouse, or how Social Security fits within the overall retirement plan.

Figure 2 - Breakeven ages are a starting point, not a claiming strategy

A breakeven age answers…	A breakeven age doesn't answer…
"At what age will cumulative benefits be equal?"	"When should I claim?"
"How does longevity affect the tradeoff?"	"Which strategy maximizes my retirement security?"
"How long do I need to live for delaying to pay off?"	"How should investments and survivor needs influence my decision?"

Source: UBS. For illustration purposes.

Planning takeaway: A breakeven age can be a useful reference point, but the optimal claiming strategy often depends on factors that a breakeven analysis cannot measure.

3. How much would my spouse receive? A spouse may be eligible for a Social Security spousal benefit based on the other spouse's earnings record. At full retirement age, a spousal benefit can be up to 50% of the higher-earning spouse's full retirement benefit. However, a spouse generally receives the higher of their own retirement benefit or the spousal benefit, not both.

For example, if Pat's full retirement benefit is $3,000 per month, Pat's spouse may be eligible for a spousal benefit of $1,500 per month at full retirement age. If the spouse's own retirement benefit exceeds $1,500, the spouse would receive their own retirement benefit instead.

A spouse generally cannot receive a spousal benefit until the worker on whose earnings record the benefit is based has claimed retirement benefits. In addition, if the spouse claims a spousal benefit before reaching full retirement age, the benefit may be reduced. Delaying beyond full retirement age does not increase a spousal benefit above 50% of the higher-earner's full retirement age benefit.

Planning takeaway: Claiming decisions can affect both spouses, making it important to evaluate Social Security from a household perspective rather than focusing solely on an individual's benefit.

4. What happens to Social Security when one spouse dies? When one spouse dies, the surviving spouse generally does not continue receiving both Social Security benefits. Instead, the survivor typically keeps the larger of the two benefits.

For example, if Pat receives $3,000 per month and Pat's spouse receives $1,500 per month, the surviving spouse would generally receive $3,000 per month after Pat's death. The smaller benefit would stop.

This is an important difference between spousal benefits and survivor benefits. While a spousal benefit is generally based on 50% of the higher-earning spouse's retirement benefit, a survivor benefit may be based on the full amount the deceased spouse was receiving (or was entitled to receive) at death.

Planning takeaway: For married couples, a Social Security claiming decision can affect not only retirement income while both spouses are living, but also the income available to a surviving spouse later in life.

5. Should I claim early because Social Security might run out of money? Concerns about the future of Social Security are common, but claiming early does not lock in today's benefit level. If future changes are made to the program, they could affect benefits regardless of when they are claimed.

Claiming early does, however, permanently reduce monthly retirement benefits and it may also reduce the income available to a surviving spouse later in life.

Planning takeaway: Claiming early may not protect against future changes to Social Security, but it does permanently reduce benefits. For that reason, claiming decisions are often best made based on factors that can be evaluated today, such as income needs, health, longevity expectations, and the financial needs of a spouse or surviving spouse.

6. Should I claim now and invest the money instead of claiming later? While investing Social Security benefits may seem appealing, Social Security is not designed to function like a traditional investment. In addition to providing income for life, benefits are adjusted for inflation and can help protect against the risk of outliving retirement assets.

Claiming early provides more payments upfront, but it also results in a permanently smaller monthly benefit. Delaying benefits may increase the amount of guaranteed income available later in retirement and, for married couples, potentially the amount available to a surviving spouse.

Figure 3 - Should you claim early and invest the benefits?
Potential advantages and tradeoffs of claiming Social Security benefits early to invest versus claiming later.

Potential advantages	Potential tradeoffs
Earlier cash flow	Permanently lower guaranteed lifetime benefits
More years for investments to compound (if benefits are invested)	Lower inflation-adjusted income over time
Reduced need to draw from portfolio in early retirement	Smaller survivor benefit (if applicable)
May be advantageous if longevity is shorter than expected	Greater reliance on investment performance if benefits are invested

Source: UBS. For illustration purposes.

The decision often comes down to whether a household would benefit more from having additional cash flow today or a larger stream of guaranteed income later in retirement.

Planning takeaway: The decision is not simply whether Social Security or investing is likely to generate a higher return. It is also a decision about how much guaranteed, inflation-adjusted income may be available throughout retirement.

7. Are there special claiming considerations for divorced or widowed individuals? Yes. Individuals who are divorced or widowed may have Social Security claiming options that are not available to most married couples.

For example, individuals who were married for at least 10 years may be eligible for benefits based on a former spouse's earnings record. Widows and widowers may be eligible for survivor benefits based on a deceased spouse's record and, in some situations, may have flexibility in deciding which benefit to claim first.

Eligibility for certain benefits may also be affected by remarriage, making it especially important to understand all available options before filing.

Planning takeaway: Divorce and widowhood can create additional claiming opportunities. Because the rules can be complex and remarriage may affect eligibility, it is important to understand all available benefits before filing and evaluate how they fit within the overall retirement plan.

8. What happens if I continue working while receiving benefits? It is possible to work while receiving Social Security benefits. However, if benefits are claimed before full retirement age, earning income above certain limits may temporarily reduce the benefit received.

Beginning with the month full retirement age is reached, benefits are no longer reduced because of employment income. In some cases, continued employment may even increase future benefits if the additional earnings replace lower-earning years in the Social Security benefit calculation.

Figure 4 - Working between age 62 and FRA can temporarily reduce benefits
Earnings test exemptions (2026) that apply to those who are working while receiving benefits

Before FRA	At FRA	Beyond FRA
Earnings test exemption:	**Earnings test exemption**:	**Earnings test exemption**:
$24,480	$65,160	No limit
Impact:	**Impact**:	**Impact**:
$1 of Social Security benefits withheld for every $2 of income above limit	$1 of Social Security benefits withheld for every $3 of income above limit	No impact on benefits

Source: SSA, UBS

Planning takeaway: For individuals who plan to continue working, the impact of employment income may be an important factor when deciding when to claim Social Security benefits.

How to align your claiming decision with your retirement plan

There is no one-size-fits-all claiming strategy. While understanding the rules is important, the decision is often most effective when evaluated within the context of an overall retirement plan. Before claiming benefits, investors may want to consider addressing the following questions:

1. What role will Social Security play in funding retirement?
Will it cover essential expenses, supplement portfolio withdrawals, or serve as longevity protection later in retirement?

2. How could the decision affect my spouse or surviving spouse?
For married couples, the claiming decision should reflect both current household income needs and the income needs after one spouse dies.

3. Are there other assets available to support a delayed claiming strategy?
It's important to understand how claiming at different ages will affect cash flow and portfolio withdrawals. Delaying benefits may result in a larger monthly benefit, but it may require relying on other resources in the meantime.

4. How would different claiming ages affect my long-term financial security?
This question may help households identify which claiming decision best aligns with their overall retirement plan.

5. Have I reviewed the decision with my financial advisor before filing? Social Security claiming is a retirement income decision, not just a benefit election. Before filing, investors may benefit from asking their financial advisor to compare claiming scenarios and evaluate how each option affects income needs, portfolio withdrawals, and the likelihood of meeting financial objectives over time.

Social Security claiming strategies for married couples

Claiming strategy	Description	Who should consider?	Investment priority	Life expectancy
Both claim early	Both spouses claim benefits as early as age 62.	Couples with shorter life expectancies, immediate financial needs, or those who want to maximize current income despite significantly reduced benefits.	Current income	Below-average life expectancy
Both claim at Full Retirement Age (FRA)	Both spouses wait until their FRA (66-67, depending on birth year) to claim benefits, receiving full benefits without reduction.	Couples with average life expectancies who want to balance between receiving benefits earlier and maximizing monthly payments.	Balance of income and increasing benefits	Average life expectancy
Both delay until age 70	Both spouses delay claiming benefits past FRA, up to age 70, to earn delayed retirement credits, increasing their monthly benefit by 8% per year.	Couples with longer life expectancies, other sources of retirement income, or those wanting to maximize survivor benefits for the lower-earning spouse.	Maximize benefits	Above-average life expectancy
Higher earning spouse delays benefits while lower earning spouse claims at Full Retirement Age (FRA)	The higher earning spouse delays claiming until age 70, maximizing their benefit and increasing the potential survivor benefit for the lower earning spouse. The lower earning spouse begins benefits at full retirement age, providing income to the household while allowing the higher earner's benefits to grow.	Couples with longer life expectancies, other sources of retirement income, or those wanting to maximize survivor benefits for the lower-earning spouse.	Maximize benefits	Above-average life expectancy
File and suspend **No longer an option**	The higher-earning spouse files for benefits, allowing the lower-earning spouse to begin receiving spousal benefits. Then, the higher-earning spouse suspends their own benefits so that they can continue to grow.	No longer an option for spousal or retirement benefits (changed in 2016 due to the Bipartisan Budget Act of 2015)	N/A	N/A
Restricted Application **No longer an option for most retirees or spouses, but it may be an option for survivors**	The higher-earning spouse claims only spousal benefits at FRA while allowing their own benefit to grow until age 70. Widows and widowers can file a restricted application to claim only one type of benefit (their own or the survivor benefit) and later switch to the other.	Couples where one spouse was born before January 2, 1954 can take advantage of this strategy to maximize benefits. Widows or widowers who are eligible for survivor benefits and their own retirement benefit	N/A	N/A

Source: SSA, UBS.

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