
Q. I'm trying to decide when to take Social Security. I'm 66 and my wife is 65. We don't really need the money now, but we could get hit by a truck tomorrow. How can we decide what to do?

A. The decision on when to take Social Security benefits is huge.

Choosing to take benefits at the wrong time can result in you losing hundreds of thousands of dollars in potential benefits over your lifetime.

Generally speaking, individuals like the idea of taking Social Security as soon as it becomes available to them due to the fact that there are concerns over the viability of the Social Security system, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains. She said all too often, people take what they can get as soon as they can get it, but they can end up leaving hundreds of thousands of dollars worth of benefits on the table.

The reality is that claiming early is often not a good decision, she said.

"Keep in mind that for every year that you wait to claim your own Social Security benefits, you will earn an annual 8 percent delayed retirement credit up to the maximum age of 70," she said. "Given the extremely low interest rates available on cash at this time, a guaranteed 8 percent rate of return is certainly something to consider taking advantage of."

While one could always be hit by the proverbial "bus or truck" tomorrow, it is best to plan as if that will not happen, said Bryan Smalley, a certified financial planner with RegentAtlantic Capital in Morristown.

Smalley said if a married couple, such as you and your wife, is [in good health](#) and has [other means](#) to cover current living expenses, it is usually in your best interest to wait until age 70 before beginning to collect your Social Security benefit.

That's because of the 8 percent per year growth in benefits.

Assuming that you will live many years past tomorrow, you should consider a strategy known as ["file and suspend."](#)

"One of you can start collecting a spousal benefit while you wait to begin collecting your own benefit at age 70," he said.

Who collects on the other spouse's record depends on who has the highest full retirement benefit, also known as your Primary Insurance Amount, or PIA.

"Once both of you have reached full retirement age, the spouse with the higher PIA will want to file for benefits but suspend their own benefit until age 70," Smalley said. "The spouse with the lower PIA will want to file a restricted application which will allow them to collect a spousal benefit until age 70. at which time they will switch over to their own benefit — assuming that it is higher than their spousal benefit."

It is imperative to be clear that you are not filing and claiming benefits with this strategy, Aznar said. You are filing and suspending the benefit simply to make your spouse eligible for spousal benefits.

"This allows the spouse with higher earnings who has suspended his or her benefits to continue accruing delayed retirement credits at a rate of 8 percent per year," she said. "The other benefit to this approach is that any survivor benefits will be equal to the higher of the two benefits at the first death."

Smalley said this strategy should provide the greatest cumulative lifetime Social Security benefits for a couple where both spouses live at least into their early 80s.

If [health issues](#) are a concern, he said it may make sense for one of the spouses to begin collecting earlier.

Consider speaking with an advisor who can analyze your specific situation before you make a decision.

Email your questions to Ask@NJMoneyHelp.com.

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