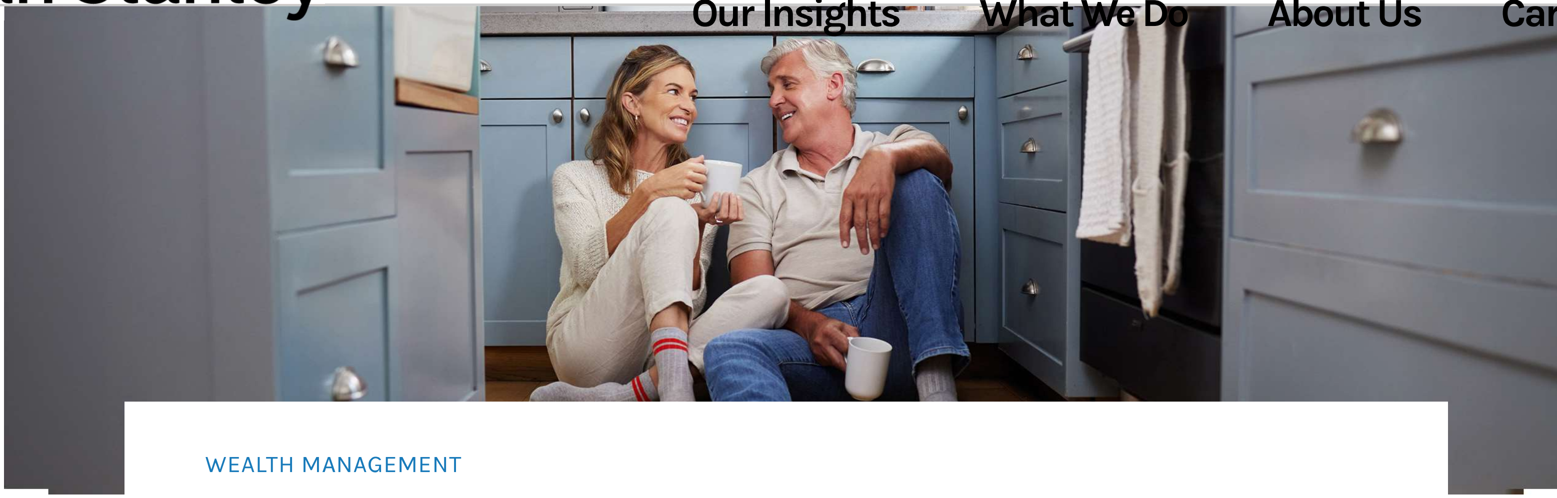

WEALTH MANAGEMENT

When Should You Take Social Security?

When to claim isn't always about maximizing your benefits. Explore how spending needs, health, spousal factors and policy shifts can influence the decision.

Author

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Key Takeaways

- For retirees who are less well-funded, claiming earlier can actually reduce the risk of running out of money by easing pressure on savings during vulnerable years.
- Policy uncertainty is a real variable, and some retirees may value locking in benefits earlier under current rules.
- For couples, coordination matters because spousal and survivor benefits can influence lifetime household income.

For many people approaching retirement, Social Security feels like one of the few constants left — government-backed, inflation-adjusted and guaranteed for life. And yet, one of the most consequential decisions retirees make is when to claim it.

On the surface, the choices seem simple enough: Claim early and receive smaller checks for longer, or wait and receive larger checks for fewer years. That framing has fueled a cottage industry of calculators promising to identify the “optimal” claiming age.

But here’s the problem: Maximizing total benefits is complex, personal and not the only consideration. The Social Security claiming decision also can be viewed through the lens of maximizing retirement security, and the answers differ depending on the choice of objective.

Getting the most out of Social Security first requires an understanding of what you value the most. Here are a few considerations as you plan for this next phase of life.

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WEALTH MANAGEMENT

When to Claim Social Security?

Deciding when to claim Social Security isn't a quick math calculation—it's a high-stakes retirement move that can shape both your monthly income and how long your money lasts. Dan Hunt breaks down the real-world tradeoffs between claiming as early as 62 or delaying up to 70, and why the smartest answer depends on more than just the size of the check.

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Let's start with basic math. Claiming Social Security benefits as early as age 62 can provide income sooner, but at a permanent reduction.[1] Waiting until what the government terms "full retirement age" (between 66 and 67 based on your birth year), or even age 70, can raise monthly benefits meaningfully. Over a long enough life, delaying can result in higher cumulative payments.

But those breakeven calculations assume certainty about how long you'll live, and no one has that. Just as importantly, they ignore what happens *between* retirement and claiming. If you delay Social Security, you're often drawing more heavily from your portfolio in the early years, precisely when **market volatility** can do the most damage. This is what planners call **sequence-of-returns risk**: Poor market performance early in retirement can permanently impair a financial plan, even if long-term returns turn out fine.

For retirees who are less well-funded, claiming earlier can actually *reduce* the risk of running out of money. That's because even though the checks are smaller, they arrive sooner and thus can reduce pressure on savings during vulnerable years.

Maximizing Your Benefits: Longevity Matters

The "right" claiming age depends on what you're trying to optimize.

If your sole goal is maximizing expected lifetime benefits, health assumptions matter a great deal. Longer life expectancy generally favors delaying benefits, and shorter life expectancy favors claiming earlier.

typically afford to wait, while less-funded retirees often can't.

Factoring in Policy Risks

The Social Security Trust Fund is projected to face depletion in the next decade.[2] If lawmakers fail to act, benefits could be reduced across the board. While benefit cuts remain politically unpopular, the possibility of future cuts can influence behavior: Some people may claim earlier to lock in benefits under today's rules and reduce the risk of being affected by a future reduction.

Couples May Face Additional Considerations

For couples, the decision becomes even more complex. Social Security isn't just about one lifespan — it's often about two. Spousal and survivor benefits introduce additional tradeoffs, particularly when there's an age gap between partners. Spousal benefits can pay up to 50% of the higher earner's full retirement age benefit once the primary spouse has filed.[3] Survivor benefits can reach 100% of the deceased spouse's benefit if the survivor does not claim before full retirement age.[4]

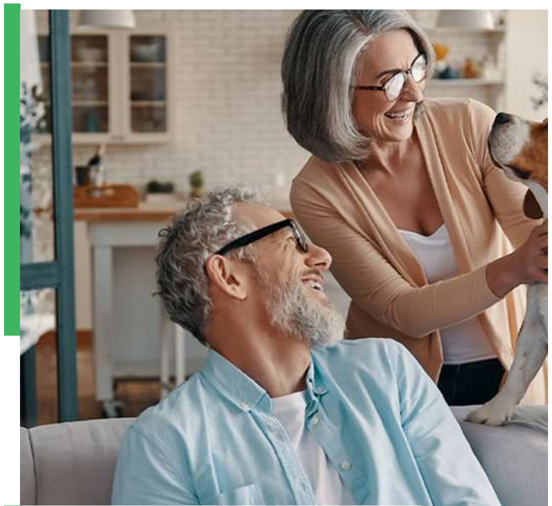
In many cases, the primary earner's claiming decision shapes household income for decades, especially if one spouse lives much longer than expected. The result is that couples often face very different "optimal" claiming ages than single retirees. As such, coordinated planning matters far more than individual maximization.

Working with Your Morgan Stanley Financial Advisor

The larger takeaway is this: Social Security is not a plug-and-play decision. It's a critical resource that can have powerful risk-management effects for your retirement income plan: one of the few spouse and an uncertain policy future.

There is no universal right answer on when to start claiming your benefits. But there is a right process, one that moves beyond oversimplified calculators and focuses on tradeoffs, not just totals. And for most retirees, that shift in perspective can make all the difference.

To learn more, ask your Morgan Stanley Financial Advisor for a copy of the Global Investment Office report, "When to Claim Social Security? Here's How to Navigate the Tradeoffs," by Dan Hunt.



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WEALTH MANAGEMENT
Why our Financial Advisors are Different

WEALTH MANAGEMENT
Protecting Your Retirement From Market Volatility

WEALTH MANAGEMENT
You're Ready for Retirement. Is Your Portfolio?

Footnotes:

[1] *Social Security Administration, Starting Your Retirement Benefits Early,* https://www.ssa.gov/benefits/retirement/planner/agereduction.html

[2] *Social Security Administration, Social Security Board of Trustees: Projection for Combined Trust Funds One Year Sooner than Last Year, published June 20, 2025,* https://www.ssa.gov/blog/en/posts/2025-06-20.html

[3] *Social Security Administration, Do You Qualify for Social Security Benefits? By Dawn Bystry, published July 11, 2024,* https://www.ssa.gov/blog/en/posts/2024-07-11.html

[4] *Social Security Administration, What You Could Get From Survivor Benefits,* https://www.ssa.gov/survivor/amount

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CRC# 5236463 (03/2026)