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When to Claim Social Security? Here's How to Navigate the Tradeoffs

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The best age to claim Social Security benefits depends on many unknown factors, including an individual's longevity, the returns their investments will generate after taxes, and their spending needs. Each of these factors influences the ideal claiming age, and each is ultimately uncertain. Nowadays, people also must contend with not knowing whether the looming depletion of the Social Security trust fund (technically, the Old-Age and Survivor's Insurance Trust Fund, or OASI) will lead to future benefit cuts.

Faced with the complex task of modeling these numerous uncertainties and explaining them to clients, financial planners often resort to oversimplification. More problematically, they frequently assume that maximizing expected benefits is the sole objective, overlooking how the decision of when to claim Social Security can significantly affect the risk of depleting retirement funds.

Calculations that account for all these unknowns and produce varying results based on whether the goal is to safeguard or maximize retirement income rarely align with the oversimplified "maximum benefit" calculators commonly used by financial planners. Those weighing when to claim Social Security can build a better understanding of the tradeoffs of their different options by consulting with trusted advisors who use appropriately sophisticated financial planning tools.

Executive Summary

1. **Tradeoffs in Claiming Age**: The decision of when to claim Social Security benefits involves tradeoffs between receiving smaller payments earlier or larger payments later. Rules differ for claiming one's own benefit versus utilizing the spousal or survivor benefits anchored to the benefit of a wife or husband.
2. **Maximizing Expected Benefits vs. Minimizing Running-Out-Of-Money Risk**: Typically, individuals prioritize maximizing expected total benefits. Another consideration that is arguably more important is minimizing the risk of a shortfall in retirement income. An approach that factors in both objectives is also possible.
3. **Health Considerations**: Health status can significantly influence the decision, as those with longer life expectancies may benefit from delaying claims to maximize expected benefits over time, and vice versa.
4. **Impact of Funding Status**: How financially prepared a person is for retirement affects the optimal claiming age for minimizing income shortfall risk. Claiming earlier tends to be more helpful for less well prepared individuals. Funding status does not impact the claiming age that maximizes expected benefits.
5. **Policy Uncertainty**: Social Security's Old-Age and Survivor's Insurance Trust Fund (OASI) is projected to become insolvent in 2033. If that occurs, the program's large projected deficit will have to be addressed, and benefit cuts are one way to do so. All else equal, the more likely benefit cuts are to happen in the future, the more advantageous it is to claim earlier.
6. **Spousal and Survivor Benefits**: When both spouses intend to utilize one spouse's benefits, coordinating claiming strategies is particularly important, as is the meaningfulness of the age difference between them.

Introduction

Thinking through the possibilities is one of the best parts of planning for retirement. That isn't just because of what you are planning for—a renovation, a second home or perhaps that cruise you've always wanted to take—but also because of all the great surprises that can come in retirement like new friends, new hobbies and new grandchildren. However, when it comes to the financial side of retirement planning, uncertainty about what we will need when and for how long typically ends up complicating matters. Therein lies the challenge when it comes to deciding when to claim Social Security.

You might have an estimate of what your investments will return, what your tax bill will be, how much you will need to (and want to) spend each year, how inflation will factor into those expenses and how many years you expect to need to sustain your income. However, no one can know any of these with certainty and indeed, some of these things are highly uncertain. This is why having a plan that is stress-tested across many scenarios is so important.

For example, while you may not need to spend a lot of time worrying about how you might make ends meet if you lived to 140, you probably should consider how more reasonable examples of extended longevity might affect your finances. The real benefit of retirement income planning is being able to understand how this uncertainty can create financial stress, what your options are and what the tradeoffs are between them.

Social Security is one powerful part of most Americans' retirement plans, promising a guaranteed, inflation-adjusted income for life—regardless of what the markets return year to year. However, Social Security's rules are complex, and retirees (and near-retirees) often have questions about how to navigate the crucial decisions involved. Chief among them is the question of when to claim benefits. Claiming earlier involves receiving benefits at an earlier age, but in lower amounts, while claiming later means fewer years of payments, but in larger amounts.

There is no single right answer, and most people will benefit from approaching these questions within the context of a holistic financial plan that accounts for all savings, income sources, needs and goals. However, there are a set of general principles that can help explain the key factors involved.

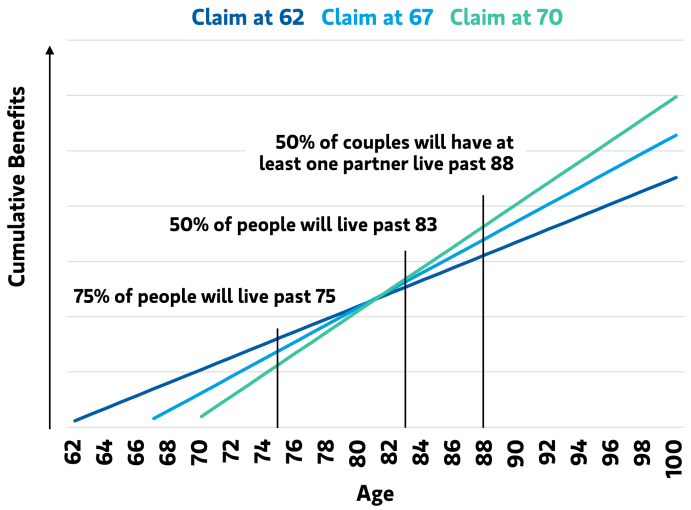
How Waiting Changes Lifetime Benefits

The core tradeoff regarding the claiming decision is outlined in Exhibit 1. Here we plot the total amount of payments received over time by an illustrative retiree assuming three different claiming ages: 62, 67 ("full retirement age" for most)[1] and 70.

By showing the cumulative benefits in this way, we can easily understand the core factors at play. The longer one receives benefits, the higher the monthly benefit but the fewer number of years they will collect benefits.

One way to look at this is to consider the "break-even" points between different claiming strategies. Starting payments at 62 provides greater cumulative benefits than claiming at the current "full retirement" age of 67 until the claimant reaches age 75—the age that mortality statistics suggest roughly 75% of people who make it to age 62 will reach. If they live longer than 75, the larger payments offered by claiming at 67 add up to a greater cumulative, inflation-adjusted amount. Similarly, the even larger payments involved with waiting until you are 70 to claim—the latest age at which deferred benefits continue to grow—accumulate even more quickly. However, one must live until at least 82 for the benefits of claiming at 70 to exceed those that would've been received by initiating payments at 67.

Exhibit 1: The Core Tradeoff—Cumulative Benefits and When You Claim



Note: Mortality calculations assume retirees live to at least 62, with average male and female mortality probability. Based on 2022 Social Security Actuarial Life Table. Benefits shown are inflation-adjusted.
Source: Social Security Administration, Morgan Stanley Wealth Management Global Investment Office (GIO) as of Dec. 31, 2025

Of course, this analysis doesn't answer the question of when to claim. There are many factors to consider, not least of which is one's expected longevity. In fact, many retirees often prefer to prioritize other objectives for their Social Security as well, looking beyond maximizing expected cumulative inflation-adjusted benefits.

In the next section, we explore how one might navigate the decision based on health status—and introduce how these different objectives may impact your decision.

Health Status and Determining the Objective

Mortality data and statistical analysis can be used to estimate potential longevity scenarios and help us decide when to claim Social Security benefits. Unfortunately, this is usually much more complicated in practice than the analysis shown in Exhibit 1 may suggest. Maximizing the expected total value of benefits is not the only way to approach one's claiming decision—and even people who do prefer that straightforward objective should consider more than just the size of each year's anticipated payments.

That's because money received today can be invested, which will make it grow to a larger amount than the same amount of money received tomorrow. Thus, it often makes more sense to evaluate money in the future by discounting it to a smaller "present value" that, if compounded at an easily achievable interest rate (such as a US Treasury bond yield), would equal the future sum. Simply adding up future benefits as in Exhibit 1 ignores this fundamental difference in the value of money received sooner and thus will tend to understate it.

Evaluating the discounted value of future benefits may be a better way to think about maximizing benefit payments, but that is not the only metric that matters. Many, if not most retirees, are more concerned with not running out of money than any other retirement objective. For these people, the most important consideration when it comes to Social Security is how the guaranteed income can both help offset poor investment returns early in retirement and provide support if they outlive their life expectancy. They should evaluate Social Security claiming decisions in terms of their overall retirement income plan.

Different Objectives for Social Security Claiming

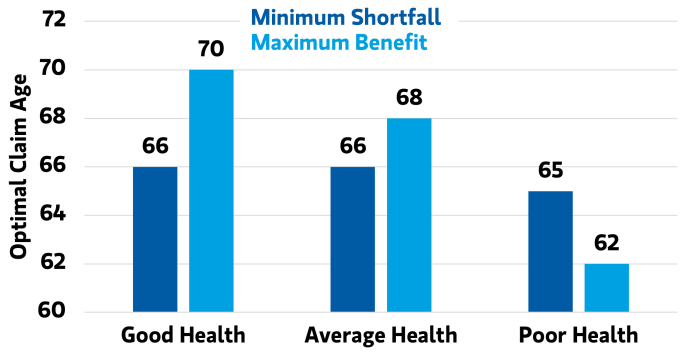
- **Maximum Benefit:** Claiming at the age that maximizes expected total lifetime dollars from Social Security.
- **Minimum Shortfall:** Claiming at the age that minimizes the risk of outliving your money.
- **Hybrid Approach:** Strategy that does not fully prioritize either approach, but rather combines the two.

Exhibit 2 shows what some simple statistical assumptions about your health—whether it's better or worse than average—say about how to meet these two distinct objectives. For those seeking to maximize their benefits, assumptions about health matter a great deal. If you expect to live longer than average, it may be worth delaying as much as possible, all else equal; and vice versa, worse-than-average health argues for claiming as soon as possible to maximize one's expected benefit payments in total.

When it comes to an objective of minimizing the likelihood of running out of money, our analysis shows that health status matters less. That's because knowing your health today doesn't exclude important, although less likely scenarios where your longevity differs significantly from what the statistical average would suggest.

Consequently, the lowest income-risk claiming age swings only from 66 to 65 for those considered in "good" to "poor" health, while the expected benefit-maximization age swings from 70 all the way down to 62. As we show in the next section, however, one's funding status can have material implications for the claiming strategies of those who are primarily concerned about their income risk.

Exhibit 2: The Impact of Health Status Depends on the Objective



Note: For more information on the chart, see Endnote 4.
Source: Social Security Administration, Morgan Stanley Wealth Management GIO as of Dec. 31, 2025

Funding Status: The Size of your Nest Egg and Spending Goals Matter

Those who wish to approach Social Security with the objective of minimizing their risk of running out of money need to take a particularly close look at their finances. To understand why, consider the analysis in Exhibit 3. Here we perform a similar analysis to that in the prior section, with crucial differences: Health status is held constant (at average levels), and we examine how different degrees of retirement preparedness, otherwise known as funding status, may impact one's claiming decision.

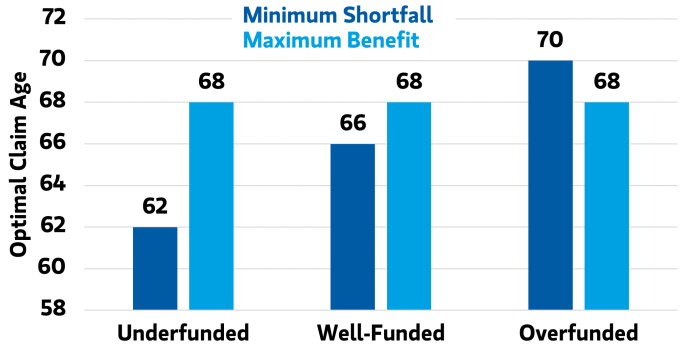
The analysis finds that those whose savings look set to cover planned spending with room to spare (what we call "overfunded") find their income risk is minimized by claiming later in exchange for larger expected benefits. Those whose current goals look like a stretch would minimize their income risk by claiming early. On the other hand, funding status doesn't affect the claiming age that maximizes the anticipated value of discounted benefit payments. All funding levels point to age 68 given that other variables, such as health status, are held constant.

The primary reason that funding status matters so much for those concerned with minimizing their risk of running out of money is what may happen in the years between retirement and claiming benefits. Retirees who delay claiming often need to fund the gap years by spending down a larger amount of their savings until their Social Security checks start coming. This means that they are more exposed to the impact of a bear market in stocks, bonds or other investments during these crucial early years of retirement. Taking larger withdrawals during down markets likely means selling more shares at lower prices to fund one's spending needs—realizing losses before prices can rise again in any subsequent recovery.

Among financial planners, this is known as "sequence-of-returns" risk. It's given that name because the compounding of returns means that locking in losses early in retirement often matters much more than it would if the adverse returns occurred late in retirement.

Claiming Social Security benefits earlier, on the other hand, can help mitigate this risk. Offsetting some expenses with benefit payments means that your savings would shoulder a smaller share of the burden.

Exhibit 3: Funding Status Can Impact Claiming Decisions as Well



Note: For more information on the chart, see Endnote 5.
Source: Social Security Administration, Morgan Stanley Wealth Management GIO as of Dec. 31, 2025

One wrinkle on that simplified story is that not all funding statuses are created equal. The analysis in Exhibit 3 assumes the timing of your expenses is largely inflexible, either because they are largely nondiscretionary—things like health care and housing—or simply because the retiree has no tolerance for varying desired spending. However, many retirees do have such a tolerance, and these retirees often have a varying degree of discretionary expenses, like travel and entertainment, that can make up a significant portion of spending. Having flexibility in the size and timing of such expenses can be of significant help in mitigating the impact of sequence-of-returns risk.

Policy Uncertainty and Benefit Cut Concerns

This brings us to another concern for the timing of claiming benefits: whether the government will continue to pay them at their current rate or whether politicians will address the current fiscal deficit and unsustainable Social Security Trust Fund dynamics through an adverse change to benefit rules.

While we acknowledge the immense political pressure that has historically led politicians to steer clear of benefit cuts for those who are already receiving Social Security benefits, we also acknowledge that the current fiscal and Social Security funding dynamics present no easy solutions. Some type of painful adjustment is likely necessary, though it remains to be seen what shape this may take and what constituencies it may impact most. Notably, the 2025 Trustees Report[2] estimated that the OASI fund may run out as early as 2033. At that point, projected revenue streams would only be able to fund around 77% of anticipated benefits.

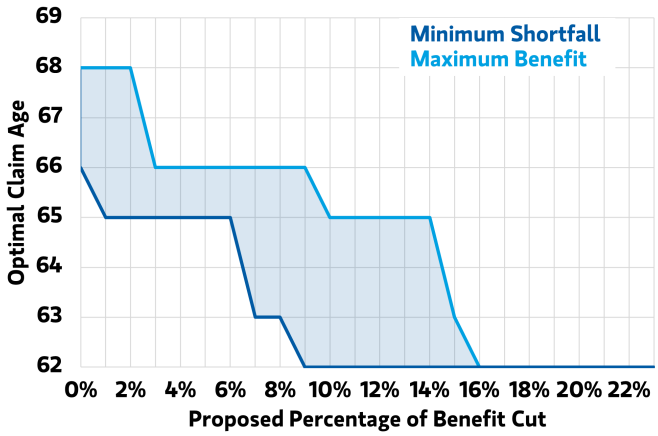
Our base case is that benefit cuts will be among the least politically popular ways of securing Social Security. Even so, those contemplating their approach to claiming would be wise to consider the potential for a policy mix that includes benefit cuts. In Exhibit 4, we illustrate the sensitivity of today's claiming decision to different levels of cuts to payments for all current beneficiaries, assuming they were to come into force in 2033.

In this analysis, we test a range of potential benefit cut scenarios—no cut, a moderate cut and a larger one—to see how an illustrative 62-year-old today might navigate the two different objectives of maximizing expected total benefits or minimizing the likelihood of being forced to cut their spending goal. Directionally, it's simple. As the assumed cut grows, the recommendation nudges toward claiming earlier.

Exhibit 4 also illustrates a good way to think about balancing the choice between maximizing one's expected discounted benefits and minimizing the risk of shortfall to one's retirement income objective. A hybrid approach that blends both objectives is also possible—not just when it comes to benefit cuts, but also when considering one's health, funding status and other factors.

The shaded blue region in Exhibit 4 highlights a solution space with different claiming ages representing a balance of considerations between the two objectives, albeit only with respect to the illustrative example of potential benefit cuts. Choosing a claiming age within the shaded region rather than on the boundary neither maximizes expected benefits nor minimizes retirement income risk, but instead represents a compromise between these two objectives.

Exhibit 4: What if Benefits Are Cut?



Note: Baseline and benefit cut cases follow the same assumptions in Exhibit 2 except that only average health status with life expectancy of 82 is used here. In benefit cut cases, the cut varies from 1% to 23% and starts in year 8 and continues until end of life. For more information on the chart, please see Endnote 6.
Source: Social Security Administration, Morgan Stanley Wealth Management GIO as of Dec. 31, 2025

Claiming for Two

The arcane rules associated with Social Security's treatment of couples make it important that retirees evaluate their claiming strategy in coordination with their spouse. That's not just because evaluating claiming decisions as a household enables additional flexibility for customizing your retirement income strategy. In fact, navigating the claiming decision for each spouse often requires consideration of both partners' age differences, health status and earning history.

In this report, we focus on two of the most common and important types of benefits for couples where one spouse's benefits are less than 50% of the other's—"spousal" and "survivor." A high-level overview of the benefits that spouses who are not claiming their own benefits are entitled to can be found in Exhibit 5.

"Spousal benefits" offer significant support for qualifying couples. When a spouse would receive higher benefits by claiming on their partner's work history rather than their own, spousal benefits can pay up to 50% of the higher earner's "full retirement age" (FRA) benefit, also known as their "primary insurance amount" (PIA). Spousal benefits are contingent on the higher earner having filed for their own benefits, and, unlike claiming for oneself, delaying them does not result in increases after reaching full retirement age.

Survivor benefits entail a different set of considerations. The surviving spouse can receive up to 100% of the deceased spouse's benefit. However, claiming survivor benefits before the surviving spouse's FRA will reduce this amount.

Exhibit 5: Spousal and Survivor Benefits

	Spousal Benefit	Survivor Benefit
Collect Benefit When	Primary earner is still alive and has started claiming Social Security	Primary earner is deceased
Partial Benefit Eligibility	Spouse between 62 and FRA can collect at least 32.5% but less than 50% of Primary earner's PIA	Surviving spouse between 60 and FRA can collect at least 71.5% but less than 100% of Primary earner's benefit
Maximum Benefit Eligibility	Spouse at FRA (or older) can collect 50% of Primary earner's PIA	Surviving spouse at FRA (or older) can collect 100% of Primary earner's benefit

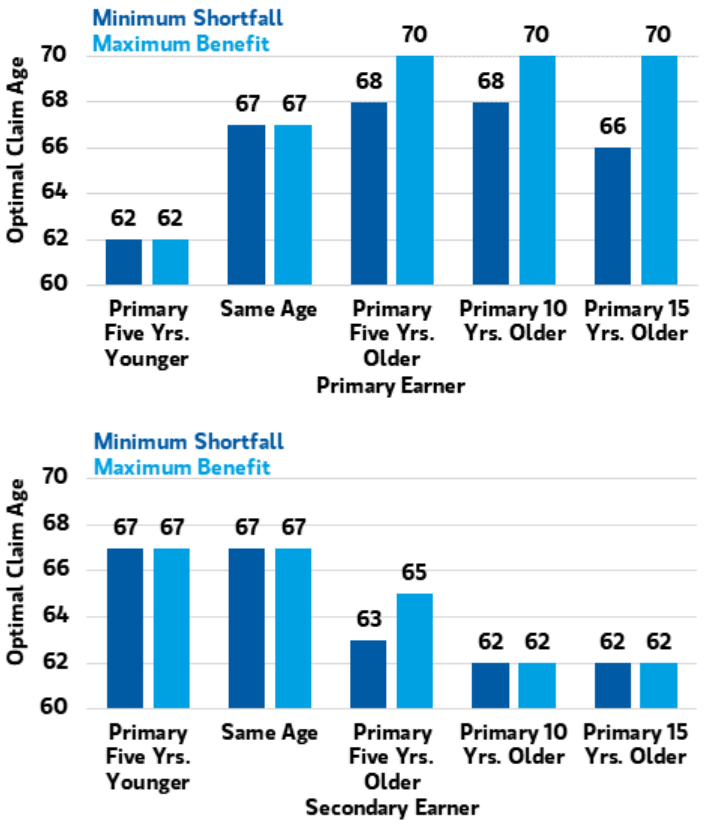
Note: PIA stands for "Primary Insurance Amount," which is the basic monthly Social Security benefit a person is entitled to at their full retirement age.
Sources: Social Security Administration, Morgan Stanley Wealth Management GIO as of Dec. 31, 2025

Differing Rules for Spousal and Survivor Benefits
Claiming affects spousal and survivorship benefits differently. The primary earner's claiming decision does not affect spousal benefits, which are indexed to the primary's Full Retirement Age (FRA) benefit regardless. When the secondary spouse claims does matter, but only if they claim early, which reduces spousal benefits. Claiming late does not increase them. The primary earner's claiming decision does, however, affect survivorship benefits, as the baseline for these benefits is the deceased spouse's actual benefit.

Case Study: Joint Claiming Strategy

Exhibit 6 provides an analysis of an illustrative couple's Social Security claiming strategy, with specific focus on how the age differences between the primary and secondary earner have an outsized influence on claiming decisions. In each scenario, the primary earner, whom we assume to be 62, has all claiming options available to them. We vary the age of their spouse, who intends to claim solely based on the primary earner's work history.

Exhibit 6: Consider the Impact on Spousal and Survivor Benefits



Note: For more information on the charts, see Endnote 7.
Source: Social Security Administration, Morgan Stanley Wealth Management GIO as of Dec. 31, 2025

The Primary Earner

Focusing first on the primary earner, couples face different math in their claiming decision than single-person households. Even when they are both the same age, the joint benefit maximizing claiming age (67) for the primary earner is one year earlier than for a single person in the same circumstances (68), as we saw in exhibit 6.

The age that would minimize income shortfall is also different from the single case when the two people are very different ages, especially when the primary earner is the younger of the two. Indeed, with a mere five-year age gap in that direction, both the expected benefit maximizing and income-risk minimizing claiming ages fall all the way to age 62.

When the primary earner is the older member of the couple, the benefit maximizing decision moves in the other direction, as it becomes more beneficial for the primary spouse to delay claiming benefits until age 70. However, with very large age differences, the benefit maximizing claiming age starts to drop, indeed, all the way to age 62, when the primary earner is 15 years older.

These dynamics reflect the more complex cash flow patterns of a two-person household, the generally lengthier retirement horizon—even when the spouses are the same age—and the vagaries of the rules associated with claiming spousal and survivor benefits, which create inflection points in benefits across different joint mortality scenarios. This means that couples tend to face both greater longevity risks (the probability that at least one of two people lives longer than average is higher than that for just one person) and a greater need to hedge portfolio income against sequence-of-returns risk, which significantly influences the calculation.

The Secondary Earner

The second of the two charts in Exhibit 6 illustrates the claiming decision for the secondary earner. When the secondary earner is older, it generally behooves him or her to claim close to their full retirement age, regardless of whether they are focused on maximizing expected benefits or minimizing income risk. Some of this is predetermined by the rules of spousal benefits, which cannot be claimed before the primary earner has claimed.

When the secondary earner is younger, however, the calculus shifts quite quickly with the age gap. Even at a five-year difference in age, it is beneficial to claim earlier, and indeed at age 63, when the objective is risk mitigation. This is because the value of the joint benefits grows more quickly over the longer joint horizon than the value of deferral, with the expected benefit-maximizing age dropping all the way to 62 with a 10-year age gap.

Conclusion

Not knowing how the future will unfold is a reason for action, rather than inaction, when it comes to planning for a secure financial future. For Social Security claiming decisions, that means not just seeking out expertise but seeking out experts with sophisticated planning tools that are realistic about uncertainty and computationally honest about how it can affect outcomes in the real world.

Good process doesn't always lead to good results, but it does increase their likelihood. A good retirement income plan should account for all your specific circumstances—such as your financial goals, your spouse, and your income needs—as well as the specific objective you are trying to achieve with your Social Security benefits. You have spent your life contributing to a program that is a unique and highly effective resource for supporting your retirement income. Doing the hard work up front maximizes the likelihood that it will be put to its highest and best use for you and your loved ones.

Glossary of Terms

1. Full Retirement Age (FRA): The age at which a person is eligible to receive full Social Security retirement benefits. FRA varies based on birth year, typically ranging from 65 to 67.

2. Funding Status: An individual's financial preparedness for retirement, which influences the optimal claiming age for minimizing income-shortfall risk.

3. Maximizing Expected Benefit: The strategy of claiming Social Security at an age that results in the highest total lifetime benefits, often by delaying claims to increase monthly payments.

4. Minimizing Shortfall Risk: The strategy of claiming Social Security at an age that reduces the risk of outliving one's financial resources, often by considering factors like health, funding status and market conditions.

5. Primary Earner: The individual whose earnings record is used to calculate Social Security benefits.

6. Primary Insurance Amount (PIA): The monthly benefit a person is entitled to receive at their FRA, based on their earnings record.

7. Secondary Earner: A spouse or dependent who is eligible to receive benefits based on the primary earner's lifetime income record.

8. Sequence-of-Returns Risk: The risk that the order of investment returns will negatively impact the sustainability of withdrawals from retirement savings, particularly in the early years of retirement.

9. Spousal Benefits: Benefits available to a spouse based on the primary earner's lifetime income record, typically up to 50% of the primary earner's PIA.

10. Survivor Benefits: Benefits available to a surviving spouse, which can be up to 100% of the deceased spouse's benefit, depending on the age at which they are claimed.

Endnotes

1. Full retirement age (FRA) is the age at which a person is eligible to receive full Social Security retirement benefits. FRA varies based on birth year, ranging from 65 to 67.

2. Social Security Administration. "Trustees Report Summary." Accessed November 28, 2025. https://www.ssa.gov/oact/TR/2025/index.html

3. All exhibits refer to information from the Social Security Administration, specifically "Retirement Benefits: Benefits By Year Of Birth" as of Nov. 24, 2025. https://www.ssa.gov/benefits/retirement/planner/1960.html

4. Exhibit 2 assumes that clients with average health, good health and poor health status have a target life expectancy of 82, 89 and 78, respectively, based on a 2021 study by Gopal K. Singh and Hyunjung Lee (citation above/below). The base Social Security benefit is assumed to be $2,590 (pretax) every month if claimed at age 67. One's Social Security benefit is based on different percentages of the base amount if claimed at different ages (62 to 70) and grows by inflation each year. In the average client case, the funding ratio is targeted at 100%, leading to a 10.5% initial withdrawal rate. Withdrawal starts at age 65. Each client starts with $1,000,000 of initial assets (pretax) and invests in a 50/50 equity/bond portfolio. A Monte Carlo simulation is used to grow the portfolio. Total benefit values are discounted using Morgan Stanley Wealth Management Global Investment Office's 2025 capital market assumption of approximately 4.6%. Income shortfalls are calculated in terms of years, and then the mean is captured across all simulated paths. All results are calculated with stochastic mortality based on the average male and female mortality assumptions. Importantly, Exhibit 2 assumes that one's other sources of retirement savings are commensurate with one's spending goals.

5. The assumptions in Exhibit 3 are the same as in Exhibit 2 for average life expectancy. The underfunded case uses an initial withdrawal rate of 13%, and the overfunded case uses an initial withdrawal rate of 7%.

6. Exhibit 4 assumes that the baseline and benefit cut cases follow the same assumptions as in Exhibit 2, except that only average health status (with a life expectancy of 82) is used here. In the benefit cut cases, the cut varies from 1% to 23% and starts in year 2033 until end of life.

7. In Exhibit 6, the joint client cases' mortality, portfolio and cash flows follow the same assumptions as in Exhibit 3. The secondary earner is assumed to be younger than the primary earner based on various age gaps and is assumed to have no individual income. The secondary earner can only claim Social Security benefits at the same time or after the primary earner claims. The joint Social Security income has three scenarios based on the mortality status of the primary and secondary earners. When both spouses are alive, the total benefit is the sum of primary and secondary earners' Social Security benefits. The primary earner's Social Security benefit follows the assumptions in Exhibit 2, and the secondary earner's Social Security benefit is a percentage of the primary earner's base benefit based on the secondary earner's claim age (60 to 70). When primary earner is alive but secondary earner is not, only the primary spouse's benefit is counted. When the secondary earner is alive but the primary earner is not, the secondary earner's benefit is based on primary earner's benefit adjusted for early claiming reduction if the secondary earner claims before his/her own FRA.

8. Singh, Gopal K., and Hyunjung Lee. 2021. "Marked Disparities in Life Expectancy by Education, Poverty Level, Occupation, and Housing Tenure in the United States, 1997-2014." International Journal of MCH and AIDS 10, no. 1: 7–18

Disclosure Section

Risk Considerations

Monte Carlo Simulations

Monte Carlo Analysis Assumptions: As indicated above, this forward-looking analysis uses a Monte Carlo simulation to generate randomized, correlated returns that overall have similar characteristics to the Global Investment Committee's 2025 strategic (seven-year capital markets assumptions. The Monte Carlo simulation involves sampling from those monthly returns for the constituent asset classes. From those monthly returns, we can compute hypothetical monthly returns for portfolios constructed with a lump-sum investing or dollar-cost averaging approach as of any month in the simulated returns data.

IMPORTANT: The projections or other information generated by this Monte Carlo simulation analysis regarding the likelihood of various investment outcomes do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

The value of fixed income securities will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

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