# Why singles should not claim Social Security at 66

## New research refutes conventional wisdom

**Dec 19, 2012** ***INVESTMENT NEWS***

It's becoming common knowledge that married couples who coordinate their Social Security claiming strategies to take full advantage of retirement, spousal and survivor benefits can significantly increase their income over their joint lifetimes. But most consumers, advisers, and academics think that there is no parallel strategy to boost a single individual's Social Security income.

The general assumption is that claiming strategies for singles is straightforward.

A person with full retirement age of 66 would receive 75% of his or her primary insurance amount (PIA) by collecting benefits as early as possible at age 62, assuming they were not subject to earnings cap restrictions that apply to beneficiaries who continue to work while collecting benefits before their full retirement age. Or, by waiting until age 70, they could collect the maximum benefit equal to 132% of their full retirement amount thanks to four years of delayed retirement credits worth 8% per year.

The breakeven age for a single individual is just over age 80, meaning he or she would have to live at least that long to make it worthwhile to delay benefits until age 70.

But William Meyer, founder and CEO of Social Security Solutions Inc., and author, with William Reichenstein, a professor of investments at Baylor University, of Social Security Strategies: How to Optimize Retirement Benefits, says it's more complicated than that. The two detailed their findings in an article “Social Security Claiming Strategies for Singles,” published in the Retirement Income Industry Association's Retirement Management Journal in October.

“We would assume the break-even age would increase progressively for each year you delay, but we ran breakeven analysis year-over-year and uncovered lumpy results due to the way benefits are calculated,” Mr. Meyer said in an interview.

Between age 62 and 63, monthly benefits increase by 0.42% of PIA per month. Between ages 63 and 66, monthly benefits increase by 0.56% of PIA per month. And between ages 66 and 70, monthly benefits increase by 0.67% of PIA per month.

“This uneven playing field creates opportunities to optimize benefits,” Mr. Meyer said. “However, it also creates what I call rat holes--a time someone should never, ever claim benefits.”

The key take away from their research is that by claiming benefits at the end of the so-called rat-hole gap, an individual will receive not only larger monthly benefits, but greater lifetime benefits if they live beyond normal life expectancy.

Based on their research, Mr. Meyer said, a single person should never claim benefits between age 62 and one month and age 63 and 11 months or between age 65 and five months through age 66 and seven months. That means that for singles, age 66 — the current full retirement age that applies to people born from 1943 through 1954 — is in the middle of a rat hole.

“Singles should never claim benefits at the full retirement age of 66,” Mr. Meyer declared.

Of course, it is impossible for an adviser to figure out such nuances without the aid of software. Messrs. Meyer and Reichenstein have programmed the results of their research into their sophisticated Social Security claiming software, www.ssanalyzer.com. It's the only program I know of that breaks down claiming decisions by months rather than years. But at $1,200, it's also the most expensive program on the market.