

1-Edit

Publication: Asheville Citizen-Times
Day: MONDAY
Section: W
Page: 10
Keyword: COLUMNS

Date: 07/04/2005
Edition: FINAL
Sectionname: WNC Business
Byline: BY WARREN W. WALL

Social Security benefits based on many factors

Social Security benefits based on many factors

L

Lost amid the political rhetoric swirling around Social Security are many of the other benefits the system provides.

For example, the right to choose when to start drawing benefits can be as important as the benefits themselves. Often overlooked are the benefits Social Security provides the families of retired workers, or the benefits that are available to families of deceased workers.

The right to choose a retirement date affects the payments a worker receives. To test the value of this right, I used the projected benefits for a worker age 62 who has earned the maximum amounts during his lifetime. I use the Social Security Cost of Living Allowance from the Social Security Web site (www.ssa.gov) and a 3 percent discount factor.

Using the Social Security Quick Benefits Calculator for inflated dollars, our worker would receive \$1,434 per month if retiring today, \$2,163 a month if retiring at the normal retirement age of 66, and \$3,314 a month if retiring at age 70.

To determine which is better financially, using the above assumptions, our worker is ahead using a Net Present Value calculation if he waits to draw benefits at full retirement age and lives to age 83. Benefits at age 66 are slightly better than waiting to age 70.

The longer the life expectancy of the worker, the more advantageous it is to wait to age 70.

Drawing benefits at age 62 are more advantageous if the worker's life expectancy is shorter. Using my model, our worker is better off to draw at 62 if he/she dies by 69. For anything beyond that point, waiting to draw at full retirement or even delaying to age 70 is financially a better choice.

To calculate your estimated benefits using today's dollars or future COLA dollars visit the Social Security Web site, www.ssa.gov.

Warren W. Wall CFP, CSA is a local financial author and adviser with W. Wall & Co. Inc., a Registered Investment Adviser. For contact and free investment workshop information, visit www.Wallco.com or call 651-9617.

Department: WNC BUSINESS
Docnumber: 1036969

Docname: wnc biz_wall on the street 0407
Pubdate: 07/04/2005

DC4 Report

Source: STORY
Wordcount: 343

Typist: Jason Sandford

1-Edit

Author: Jason Sandford
Status: Sent

Datatype: Text