

RETIREMENT

90% of Americans will file too early to maximize Social Security, study finds

By [Nathan Place](#) September 06, 2023, 6:40 p.m. EDT 3 Min Read



Social Security recipients get the largest possible benefit if they file at age 70, but research shows very few Americans plan to do so. *Adobe Stock/larryhw*

When it comes to filing for Social Security, 70 is the magic number. That's the age when retirees — no matter what year they were born — can receive their maximum possible benefits.

Yet few Americans choose to wait that long. According to [a recent study by Schroders](#), a British asset management firm, only 10% of working U.S. adults plan to wait until age 70 to start collecting their Social Security checks.

"Really, what we saw from that is there is a crisis of confidence in retirement," said Deb Boyden, head of U.S. defined contribution at Schroders. "And that fear is leading individuals to draw from Social Security before they will see those full benefits."

The way Social Security is structured, it pays to file as late as possible. A retiree's "full benefit" kicks in when they finally reach their full retirement age — which, for anyone born in 1960 or later, is 67.

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But if they wait even longer, the check keeps growing. After someone passes their full retirement age, a "delayed retirement credit" adds another 8% to their benefit for every year they continue to wait — until they reach that magic number, age 70. So a person whose full retirement age is 67, for example, could earn 124% of their full retirement benefit by retiring at 70.

If a retiree files earlier, however, all that extra money is lost.

"You will be leaving tens of thousands of dollars on the table," said Mary Johnson, a Social Security policy analyst for the [Senior Citizens League](#). "You can't let your reptilian brain and desire for immediate gratification stand in the way of making the best choices for yourself."

As it turns out, many Americans know this. Schroders found that 72% of all respondents — and 95% of those aged 60 to 65 — were aware that waiting longer would mean bigger benefits. Nevertheless, 40% said they planned to start claiming between age 62 and 65 — before they even reach full retirement age.

Why are so many Americans short-changing themselves? Schroders' data points to a number of reasons. Thirty-six percent said they would need the money before they turn 70. Another 34% simply said it was their money and they wanted it back as soon as possible. And 13% said someone had advised them to file for Social Security earlier.



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misinformed.

"It is just a lack of understanding of the Social Security system and the hype out there about Social Security that may not be valid," Boyden said.

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According to [Social Security's board of trustees](#), the trust fund that pays for retirement benefits will be depleted by 2033. But that doesn't mean all payments will stop; the program will still be able to pay out 77% of scheduled benefits. And in any case, this scenario will only happen if Congress does nothing to shore up the program.

But as the 2024 presidential election heats up, Americans often hear [politicians exaggerate the program's problems](#).

"Social Security is going to go bankrupt in 10 years," former U.N. ambassador Nikki Haley said, incorrectly, at the first Republican presidential debate.

Experts say this fear is affecting Americans' retirement decisions.

"That is one of the biggest lies being thrown around out there," Johnson said. "This misunderstanding can become one of the biggest financial mistakes [retirees] can make in their lives. ... If you take your benefits too soon, your benefits are going to be permanently reduced."

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"My clients' Social Security income statements are an important part of their overall financial plan," said Catherine Valega, a certified financial planner at [Green Bee Advisory](#) in Boston. "But unless you're working with an advisor, most people have no idea how to think about their options, or even understand that they have options."

Boyden echoed this idea.

"The more we can have financial advisors involved in the pre-planning for retirement and during

retirement, the better off individuals will be," she said. "As the old saying goes, if you fail to plan, you're planning to fail."

Nathan Place Retirement Reporter, Financial Planning    

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