

**Q:** Has the Social Security retirement age of 65 changed?

**A:** Yes. A federal law passed 17 years ago takes effect this year, gradually raising the Social Security retirement age from age 65 to 67. For people born in 1938 or later, the age at which full Social Security benefits are payable is gradually increased. The age delay rises from 65 to 67 over a 22 year period beginning in 2000 for those retiring at age 62. The earliest Social Security retirement remains 62 -- but full benefits will be delayed.

Your adjusted retirement age is now based on your date of birth. For example, a person born in 1937 or earlier will see no change at all. The increase in retirement age is calculated as follows:

<b>Year of Birth</b>	<b>Full Retirement</b>
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Most older workers today are retiring before reaching full retirement age. In 1998, nearly 7 out of 10 (69%) of men and women retired and started claiming Social Security before age 65. This means most retirees are choosing to take a cut in their Social Security benefit to claim early. Their retirement benefit is cut by 5/9ths of 1% for each month prior to full retirement age. As the full retirement age rises, early retirement will cost you more. A person who was born in 1937 or earlier, and who retires at age 62, will now have their Social Security check cut by 20%. A person who was born between 1943 and 1954, and who retires at age 62, will lose 25% of his or her benefit. This is because the 1983 law adds a higher penalty for those who retire more than 36 months early. The worst penalty is reserved for those who were born after 1960: if they retire at age 62, they lose 30% of their benefit.

**Q: Is there some economic advantage to delay retirement?**

**A:** It's a gamble. The 1983 law increased the rewards for delaying your retirement. The so-called "delayed retirement credit" increases a person's Social Security benefit based on a formula adjusted by your date of birth. A person born in 1930, for

example, gets a 4.5% yearly increase in their Social Security check for delayed retirement, while a person born in 1943 or later gets an 8% higher check. The benefit increase stops at age 70, even if a person continues to delay taking benefits. The gamble of delaying is -- you could fall ill and die without ever collecting a penny of Social Security. But most workers can expect to live beyond the age of 70, when the delayed credit increase stops. Based on the number of workers who are claiming their Social Security check early, the delayed retirement credit seems to have encouraged very few people to hold off retiring. ####