

How Much Will Social Security Provide?

Hypothetical worker Mike, age 58, has diligently contributed to his workplace retirement savings plan over the years. It's an accumulation of money that he expects will play a substantial role in his future. The role Social Security benefits will play depends on a range of factors, including when Mike starts collecting them.

Going for growth

The government sets a "full retirement age," the year a person can retire with full Social Security benefits, based on year of birth. Mike was born in 1947, so his full retirement age is 66. For each year beyond age 66 that Mike doesn't claim benefits, to age 70, he'll earn a credit that boosts his upcoming benefit by up to 8 percent. By remaining on the job, Mike increases his Social Security payout and can continue contributing to his workplace retirement savings plan. Or, when he's eligible for Medicare at age 65, he could choose to retire and tap other assets until claiming Social Security.

Determining benefits

For many people approaching retirement, Social Security benefits represent the largest single source of their retirement wealth. The Social Security Administration says that for about two-thirds of people over age 65, Social Security benefits provide 50 percent or more of their income. Mike needs to understand the role that his Social Security benefits will play in helping him reach his retirement income goals.

To locate benefit calculators to help you more accurately figure out what benefits are coming to you, go to the Social Security Web site, www.ssa.gov/oact/anyplia.

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