

3 Reasons It's Smart to Take Social Security Benefits at 62

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Image source: Getty Images

Congratulations! After working for over three decades -- and paying into Social Security -- you finally get to draw on your hard-earned benefits. But as your retirement approaches, the question is: When should I choose to start taking my Social Security benefits?

That may seem like an innocuous question, but there are serious implications to the decision. That's because, for every year that you wait -- starting at age 62 and ending at 70 -- your monthly benefits increase. Given that, a knee-jerk reaction would be to think that waiting until 70 -- and locking in higher monthly benefits for the rest of your life -- makes the most sense for everyone.

But there are as many potential scenarios as there are retirees in this country. Here are three of the scenarios where it makes the most sense for you to claim Social Security benefits as soon as you can.

You need the money, and you need it now!

A 2016 report by the Government Accountability Office estimated that "households... would save enough... over their careers to generate monthly lifetime income... of about \$2,970." This equates to about \$35,640 before taxes.

Many retirees could live on this; others may struggle mightily. It depends very much on lifestyle choices.

But here's the key part: The lowest and second-lowest quartiles of lifetime earners -- in other words, the poorest 50% of retirees -- are only predicted to have \$6,700 and \$18,600, respectively, to annually draw on from retirement plans like 401(k)s and IRAs.

For these folks, it makes abundant sense to take Social Security as soon as possible, especially if they are no longer able to work. If you need money to make ends meet, there's no sense in living with additional and unnecessary stress.

Social Security will allow you to retire... and that's what you want

There are many convincing arguments to made for working well beyond 62. For instance, an Age Wave/Merrill Lynch study found that after retiring, 65% of survey respondents said that the thing they missed most about work were either (1) social connections, (2) having purpose and work goals, or (3) mental stimulation. The loss of steady income was cited by just 29%.

But there's a subset of retirees that almost uniformly want to retire as soon as possible: blue collar workers. A different GAO study found that among men employed in the farming,

mechanics, or construction industries, 54%, 45%, and 49%, respectively, retired at age 62. It isn't hard to see why: their bodies were getting older and needed a break from such taxing jobs.

If you find yourself in a situation where you could claim Social Security benefits at 62 while making ends meet -- and you have no interest in continuing to work, like the aforementioned blue-collar workers -- then it doesn't make much sense to continue working. After all, your time on earth is limited, and there's no point in being miserable to eke out more money that you don't absolutely need.

Take your health into consideration

Finally, as morbid as it might seem, it's worth considering your own health. If you have a family or personal history of serious medical conditions, it might make sense to claim Social Security as soon as you can -- from both an emotional and financial standpoint.

Emotionally, this could free you up to spend your limited time doing the things that you truly want to do -- playing with grandchildren, traveling, or even just sleep in.

Financially, it's worth considering that if you wait until full retirement age to collect Social Security, you are forgoing at least four years of benefits. The breakeven point -- the age at which claiming at a later date makes more financial sense -- usually doesn't hit until retirees are in their late 70s to late 80s. To run the numbers for your own situation, use the Social Security Administration's Quick Calc.

At the end of the day, every retiree will have different scenarios. The key is figuring out what your priorities are, and using this information to help you decide when to start claiming your benefits.

The \$15,834 Social Security bonus most retirees completely overlook

If you're like most Americans, you're a few years (or more) behind on your retirement savings. But a handful of little-known "Social Security secrets" could help ensure a boost in your retirement income. For example: one easy trick could pay you as much as \$15,834 more... each

year! Once you learn how to maximize your Social Security benefits, we think you could retire confidently with the peace of mind we're all after.