

# Long Island Business NEWS

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## Opting for early retirement

By Claude Solnik  
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But accountants and advisors confirm that taxpayers are often better off if they draw Social Security money early, even though they get less each month.

Taxpayers who begin drawing on monthly Social Security payments when they reach 62 do so at a rate of 20 to 25 percent below the "full" monthly rate they would receive if they waited until they reached 65 or 66, depending on the year in which they were born. Those who wait until 70 get an added premium per month. "It's a matter of crunching numbers for people, looking at their financial situation and health," said David First, a partner at Marcum & Kliegman in Melville. "It's a financial calculation."

First said people with long life expectancies might be better served waiting and taking the bigger payment. But other accountants said people should begin to draw on Social Security at age 62, because it's better to receive and invest money sooner, rather than gamble on life spans. Robert Mayer, managing partner at Mayer & Co. in Woodbury, favors this approach. "I'm not a negative person," Mayer said. "But it takes X number of years to make up for the payments you would have received in the period between 62 and 65."

Thomas Warren, a financial planner at ARS Financial Services in Jericho, also advises most clients to take the money and run. "It can be better off than waiting until 65 and deferring Social Security," Warren said. "Social Security doesn't grow as fast as if you invest the money on your own."

**Michael T. Hanley, managing partner at Merl & Hanley in Smithtown, said clients frequently ask whether they should take early retirement benefits from Social Security. He generally advises them to tap the money at 62, although financial calculations vary based on what each person is owed. Hanley had a 62-year-old client who would receive \$1,483 a month if she opted for early retirement or \$1,900 per month if she waited until age 65.**

**Even though she'd receive an additional \$417 per month, she would be giving up \$68,218 that she would receive if she opted to take the money sooner. If she waited, she'd be nearly 80 before she caught up. "She would need to live to 79 years and 7 months in order to break even," Hanley said.**

**He said another client would need to be 88 to break even, if he took retirement at 65 instead of 62.**

**"Obviously health and other financial factors need to be considered, but generally I find that most clients opt for early benefits when the options are explained to them," Hanley said.**

Warren said people who live into their 80s most likely will receive more money overall if they wait rather than draw on money early. But nobody knows how long they'll live. "A lot of people figure they'd like to have the money at hand, and come 81, they're not going to be around anymore," Warren said. This doesn't mean it's wise to take all retirement benefits as soon as possible. First said you'll probably do better if you leave money in an IRA as long as possible, since it accumulates free of taxes. "If you don't need the money for your lifestyle, keep it there as long as you can," First said. "Then take a minimum distribution."