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# The Social Security Retirement Age: In Brief

Gary Sidor

*Congressional Research Service*

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# The Social Security Retirement Age: In Brief

## **Abstract**

[Excerpt] Two important ages may affect a worker's decision of when to claim Social Security retired-worker benefits. Workers may claim full Social Security benefits at the full retirement age (FRA), which is currently 66 and is rising gradually to the age of 67 for workers who were born in 1960 or later. Retired-worker beneficiaries may claim benefits as early as the age of 62, which is known as the early eligibility age (EEA). Social Security benefits are reduced, however, for every month that retired worker benefits are claimed before the FRA

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## **Comments**

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# The Social Security Retirement Age: In Brief

**Gary Sidor**

Information Research Specialist

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## Introduction—Retired Worker Benefits

Two important ages may affect a worker’s decision of when to claim Social Security retired-worker benefits. Workers may claim full Social Security benefits at the full retirement age (FRA), which is currently 66 and is rising gradually to the age of 67 for workers who were born in 1960 or later. Retired-worker beneficiaries may claim benefits as early as the age of 62, which is known as the early eligibility age (EEA). Social Security benefits are reduced, however, for every month that retired worker benefits are claimed before the FRA.

## Full Retirement Age

The FRA is the earliest age at which workers can claim full, unreduced Social Security retired-worker benefits.<sup>1</sup> The FRA is also referred to as the “normal retirement age” in some publications.

For most of Social Security’s history, the FRA was 65. Why the age of 65 was chosen for the FRA is disputed. According to Robert Myers, who worked on the creation of the Social Security program beginning in 1934 and later served in various senior and appointed capacities at the Social Security Administration, “why not?” Myers wrote, “Age 65 was picked because 60 was too young and 70 was too old. So we split the difference.”<sup>2</sup> The Social Security Administration, however, claims that when the Committee on Economic Security (CES) drafted the original Social Security legislation, the CES arrived at a recommendation of age 65 after weighing a variety of precedents.<sup>3</sup>

The 1983 Social Security Amendments<sup>4</sup> included a provision to raise the full retirement age gradually to 67, beginning with people born in 1938 or later. **Table 1** shows FRAs for different birth years under current law. The table shows the FRA is 66 for persons born in 1943-1954 and rises in two-month intervals to 67 for those born in 1960 or later.

**Table 1. Age to Receive Full Social Security Benefits**

| Year of Birth   | Full Retirement Age |
|-----------------|---------------------|
| 1937 or earlier | 65                  |
| 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    |

<sup>1</sup> For a description of the Social Security benefit calculation, see CRS Report R41479, *Social Security: Revisiting Benefits for Spouses and Survivors*, by Dawn Nuschler.

<sup>2</sup> Robert J. Myers and Richard L. Vernaci, *Within the System: My Half Century in Social Security* (Winsted, CT: ACTEX Publications, 1992), pp. 93-94. Although the age of 65 has been linked to German Chancellor Otto von Bismarck, who set up Germany’s social security system in the 1880s, the German system’s initial retirement age was 70. In the United States before the passage of the Social Security Act in 1935, 28 states and 2 territories paid pensions (often very low) with retirement ages generally set at 65 or 70.

<sup>3</sup> Social Security Administration, “Age 65 Retirement,” <http://www.ssa.gov/history/age65.html>.

<sup>4</sup> P.L. 98-21, the Social Security Amendments of 1983, signed April 20, 1983.

| Year of Birth  | Full Retirement Age |
|----------------|---------------------|
| 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                  |

**Source:** Social Security Administration, <http://www.socialsecurity.gov/pubs/retirechart.htm>.

**Note:** The full retirement age birth-year schedule is different for survivors of covered workers. For more information, see <http://www.socialsecurity.gov/survivorplan/survivorchartred.htm#chart>.

## Early Eligibility Age

Retired workers are eligible to claim Social Security benefits as early as the age of 62, which is known as the EEA.<sup>5</sup> The EEA is sometimes referred to as the early retirement age (ERA).

Currently, the EEA is 62 for retired workers and their spouses. Different rules apply to surviving spouses. Widow(er)s and divorced widow(er)s may claim survivor benefits as early as age 60. Disabled widow(er)s and disabled divorced widow(er)s may claim survivor benefits as early as age 50.

## Actuarial Modification to Benefits for Workers Who Claim Benefits Before or After the FRA

Actuarial adjustments to benefits claimed before or after the FRA provide the worker with roughly the same total *lifetime* benefits regardless of the age at which he or she begins receiving benefits, and assuming he or she lives to average life expectancy.<sup>6</sup> Therefore, if a worker claims benefits before the FRA, his or her monthly benefit is *reduced* to take into account the longer expected period of benefit receipt; if a worker claims benefits after the FRA, his or her monthly benefit is *increased* to take into account a shorter expected period of benefit receipt.

<sup>5</sup> When Social Security was first established in 1935, it featured a single retirement age at 65, but no early retirement age. The Social Security Amendments of 1956 (P.L. 880, 84<sup>th</sup> Congress) created an early retirement age for women, by making retired-worker benefits available to women starting at age 62. The Social Security Amendments of 1961 (P.L. 87-64) made retired-worker benefits available to men beginning at age 62.

<sup>6</sup> A beneficiary's monthly Social Security benefit may be reduced by other provisions, including the retirement earnings test (RET) which applies to workers who are below FRA and who continue to draw a wage or salary from work after they have claimed Social Security benefits. For more on the RET, see Social Security Administration publication, "Exempt Amounts Under the Earnings Test," <http://www.socialsecurity.gov/OACT/COLA/rtea.html>. Two other provisions apply to workers who have a pension from employment that was not covered by Social Security: the windfall elimination provision (WEP) and the government pension offset (GPO). For more on the WEP, see CRS Report 98-35, *Social Security: The Windfall Elimination Provision (WEP)*, by Gary Sidor. For more on the GPO, see CRS Report RL32453, *Social Security: The Government Pension Offset (GPO)*, by Gary Sidor.

The effect of early or late retirement on monthly retirement benefits is shown at [http://www.socialsecurity.gov/OACT/quickcalc/early\\_late.html#calculator](http://www.socialsecurity.gov/OACT/quickcalc/early_late.html#calculator).

## Actuarial Reduction for Claiming Social Security Benefits Before the FRA

When a worker claims benefits at any age between the EEA and the FRA, monthly benefits will be reduced.<sup>7</sup> The reduction for claiming benefits before the FRA is permanent and can be large. Consider a retired worker or spouse who claims Social Security benefits at the age of 62. If the worker has an FRA of 65 (i.e., somebody born in 1937 or earlier), his or her Social Security benefit would be reduced by 20%. If the worker has an FRA of 67 (i.e., somebody born in 1960 or later), the reduction to the Social Security benefit at the age of 62 would be 30%. **Table 2** shows, for a worker with an FRA of 67, the actuarial reduction taken if this worker were to claim benefits at the ages of 62 through 66.

**Table 2. Benefit Decrease for Early Retirement**

(Worker's FRA is 67)

| Worker Claims Benefits at Age | Actuarial Reduction to Monthly Benefit Amount |
|-------------------------------|---|
| 62                            | 30%   |
| 63                            | 25%   |
| 64                            | 20%   |
| 65                            | 13 1/3%                                       |
| 66                            | 6 2/3%  |

**Source:** Social Security Administration, <http://www.socialsecurity.gov/pubs/retirechart.htm>.

**Note:** Widow(er)s of deceased workers, including divorced surviving spouses, may be eligible for aged widow(er) benefits at age 60, or at 50 if disabled.

For a worker whose FRA is 66, the decision to claim benefits at the age of 62 results in a 25% reduction in his or her initial monthly benefit amount (not shown in **Table 2**).

## Delayed Retirement Credit for Claiming Social Security Benefits After the FRA

Workers who claim benefits after the FRA receive a delayed retirement credit (DRC) for each year of delay up to the age of 70. The DRC is intended to compensate workers for the shorter expected period of benefit receipt, by increasing the monthly benefit amount.

<sup>7</sup> Retirement benefits are reduced by five-ninths of 1% (or 0.0056) of the worker's primary insurance amount (PIA) for each month of entitlement before FRA up to 36 months, for an annual reduction of 6⅔% a year for the first three years before FRA. For each month of entitlement before FRA in excess of 36 months (the 4<sup>th</sup> and 5<sup>th</sup> years of entitlement before FRA), retirement benefits are reduced by five-twelfths of 1% (or 0.0042) of the worker's PIA, for an annual reduction of 5%.

The percentage increase to benefits varies depending on the date of birth, as shown in **Table 3**. Benefit increases apply for each month the worker delays claiming benefits, between the worker's FRA and age 70. There is no further benefit increase after the worker reaches the age of 70, even if the worker delays claim further.

**Table 3. Benefit Increase for Delayed Retirement**

| Year of Birth | Yearly Rate of Increase | Monthly Rate of Increase |
|---------------|-------------------------|--------------------------|
| 1933-1934     | 5.5%                    | 1 1/24 of 1%             |
| 1935-1936     | 6.0%                    | 1/2 of 1%                |
| 1937-1938     | 6.5%                    | 13/24 of 1%              |
| 1939-1940     | 7.0%                    | 7/12 of 1%               |
| 1941-1942     | 7.5%                    | 5/8 of 1%                |
| 1943 or later | 8.0%                    | 2/3 of 1%                |

**Source:** Social Security Administration at <http://www.socialsecurity.gov/retire2/delayret.htm>.

**Note:** Persons born on January 1 of any year should refer to the previous year of birth.

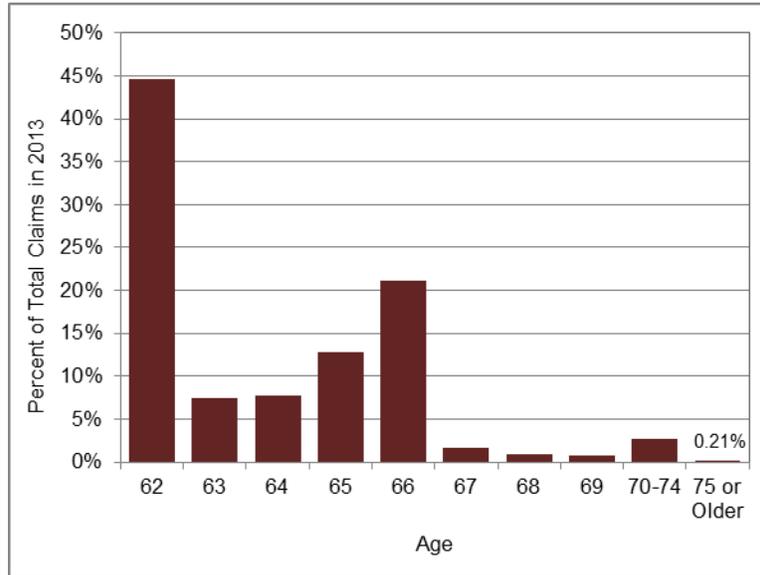
A person born in 1949 (who reached age 62 in 2011 and will turn 66 in 2015) has an FRA of 66, as noted in **Table 1**. If this person were to claim benefits one year after turning 66—that is, upon reaching age 67 in 2016—his or her monthly benefit amount would increase by 8%. If this person delayed claiming benefits until *two* years after turning 66—upon reaching age 68 in 2017—his or her monthly benefit amount would increase by 16%.

## Age Distribution of Retirement Benefit Claims

**Figure 1** shows that approximately 45% of retired worker beneficiaries who claimed Social Security benefits in 2013 were aged 62. Almost 60% of beneficiaries were under the age of 65. The share of claimants electing benefits at earlier eligibility ages has declined over the past few years. As recently as 2011, more than 50% of new beneficiaries were aged 62 and 68% were under aged 65.<sup>8</sup>

<sup>8</sup> Social Security Administration, Annual Statistical Supplement, Table 6.A4, 2014 edition (<http://www.ssa.gov/policy/docs/statcomps/supplement/2014/6a.html#table6.a4>) and 2012 edition (<http://www.ssa.gov/policy/docs/statcomps/supplement/2012/6a.html#table6.a4>) Percentages do not reflect disability conversions.

**Figure I. Age Distribution of Retirement Benefit Claims in 2013**



**Source:** Social Security Administration, 2014 Annual Statistical Supplement, Table 6.A4, <http://www.ssa.gov/policy/docs/statcomps/supplement/2014/6a.pdf>.

## Author Contact Information

Gary Sidor  
Information Research Specialist  
gsidor@crs.loc.gov, 7-2588

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This report was originally prepared by former CRS Analyst Alison M. Shelton. Please direct any inquiries to the listed author.