FINANCIAL PLANNING

The Social Security Mistake That Could Cost You More Than Money

The largest Social Security check is not always the best choice. Learn how health, taxes, longevity, lifestyle, and financial goals should shape your claiming strategy.

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Social Security is one of the most consequential retirement decisions you will make, yet the conversation around it is often reduced to a single question: How can you get the largest possible monthly check? That sounds sensible, but it can lead you toward a strategy that maximizes income on paper while overlooking how you actually want to live. Retirement is not a math contest, and the biggest check is not always the best outcome.

The real question is not simply how much Social Security will pay over your lifetime. It is when that money will be most valuable, what risks it needs to protect you from, and how it fits with your investments, taxes, health, family, and lifestyle. A decision this personal cannot be solved by following a universal rule.

The “Wait Until 70” Rule Is Not a Retirement Plan

You can generally begin receiving Social Security retirement benefits at age 62, although claiming early permanently reduces your monthly payment. For people born in 1960 or later, full retirement age is 67. Delaying beyond full retirement age earns delayed retirement credits until age 70, but there is no additional benefit for waiting past 70.

In broad terms, someone claiming at 62 may receive about 70% of their full retirement benefit, while waiting until 70 could increase it to approximately 124%. That difference explains why delaying is so frequently recommended. It can provide more guaranteed lifetime income, stronger protection against inflation and longevity, and a potentially larger survivor benefit for a spouse.

Those advantages are real, but they do not automatically make waiting the right choice. A larger future benefit may offer less practical value if achieving it requires sacrificing the healthiest and most active years of retirement. Social Security should support your retirement plan, not dictate it.

Break-Even Math Ignores the Life You Are Actually Living

Many claiming decisions are built around a break-even calculation. The analysis compares the smaller checks received by claiming early with the larger checks received after delaying, then estimates the age at which waiting finally produces more cumulative income. Depending on the assumptions, that point often falls somewhere around age 80.

The problem is that break-even calculations treat every dollar as having the same value at every age. They assume a dollar received at 64 is interchangeable with a dollar received at 90, even though your health, mobility, priorities, and ability to enjoy that money may be completely different. The arithmetic may be accurate, yet the conclusion remains incomplete.

Imagine having an additional $30,000 available while you are healthy enough to hike through Europe, take your grandchildren on vacation, renovate your home, or pursue a long-delayed passion. Now compare that with receiving the same purchasing power decades later, when travel may be difficult and medical needs may dominate your spending. The money still matters in both situations, but it may not create the same freedom, happiness, or quality of life.

Your Money Has a Use-By Date

Economists describe this idea as the utility of money. Although two dollars may have identical purchasing power, they do not necessarily create equal value in your life. The usefulness of money depends on when you receive it, what choices it unlocks, and whether you are physically able to enjoy those choices.

Retirement spending also tends to change rather than remain flat. Early retirement is often filled with travel, entertainment, hobbies, family experiences, and home projects, while spending may naturally slow during the middle years. Healthcare, assisted living, and long-term care costs can rise later, but those expenses serve a very different purpose from the discretionary spending that makes early retirement memorable.

This does not mean everyone should claim Social Security early and spend freely. It means the timing decision should reflect the life you intend to live, rather than focusing exclusively on lifetime benefits. Maximizing retirement is not necessarily the same as maximizing the number printed on a Social Security statement.

Social Security Is Insurance, Not an Investment Competition

There is another compelling reason to delay Social Security: it can act as insurance against living a very long life. A larger inflation-adjusted benefit can reduce the risk of running out of assets, provide income during future market downturns, and ease pressure on your portfolio in your 80s and 90s. For retirees worried about longevity, that protection can be extremely valuable.

This perspective changes the central question. Instead of asking how to extract the most money from the system, ask what risks you need Social Security to cover. Someone with a strong pension, substantial savings, poor health, or a shorter life expectancy may reach a different conclusion than someone in excellent health who has a long-lived family and limited guaranteed income.

Your Social Security Decision Does Not Live in a Vacuum

Claiming Social Security affects far more than one monthly deposit. It can influence when you withdraw from investment accounts, whether you complete Roth conversions, how much of your benefit becomes taxable, and how required minimum distributions affect your future tax brackets. It may also influence Medicare income-related surcharges, capital gains planning, and the amount you can sustainably withdraw from your portfolio.

In some cases, spending investment assets earlier allows a retiree to delay Social Security and secure a larger inflation-adjusted income stream later. That strategy may reduce future withdrawals and improve long-term portfolio durability, but it may also introduces exposure [1] to poor market returns during the opening years of retirement. The right choice depends on the complete plan, not on a single isolated calculation.

Married couples have even more to consider. Delaying the higher earner's benefit may increase the income available to the surviving spouse after the first spouse dies, making the decision about household security rather than individual income. Coordinated claiming can be especially important when spouses have different earnings histories, ages, health outlooks, or retirement dates.

The Right Answer May Be the One the Spreadsheet Misses

Claiming early may make sense when health is poor, life expectancy is short, income is needed immediately, or there is no spouse who would benefit from a larger survivor payment. It may also be reasonable for someone who wants to fund meaningful experiences during the active years of retirement or who expects substantial pension or required-distribution income later. These are not failures to optimize; they are legitimate planning priorities.

Waiting until 70 may be more compelling for someone in excellent health, a higher-earning spouse, or a retiree deeply concerned about outliving a portfolio. It can also work well when sufficient investments are available to bridge the income gap without compromising near-term goals. Neither strategy is inherently superior because each protects against a different set of risks.

Thryve Helps You Plan for a Life, Not Just a Benefit

At Thryve, we believe your Social Security strategy should begin with the retirement you want and work backward from there. That means examining your lifestyle goals, health, family longevity, investments, taxes, pensions, spousal benefits, and future income needs together. It also means recognizing that financial security and enjoying your healthiest retirement years do not have to be opposing goals.

A thoughtful analysis can show how different claiming ages affect your taxes, portfolio withdrawals, lifetime income, survivor protection, and ability to spend confidently. More importantly, it can help you understand the trade-offs behind each option rather than handing you a generic recommendation. The goal is to build a coordinated strategy that makes sense both mathematically and personally.

Before deciding, ask yourself what you want the next chapter of your life to include. Consider when money will create the greatest enjoyment, whether your portfolio can bridge a delay, what would happen if you lived into your 90s, and how your decision could affect your spouse. Your answers may be far more revealing than any break-even age.

Speak With a Thryve Advisor Today

The best Social Security strategy is not necessarily the one that produces the largest lifetime check. It is the one that helps you enjoy retirement while protecting you from the risks that matter most to you. Speak with a Thryve advisor today to create a personalized Social Security strategy built around your money, your family, and the life you want to live.

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ABOUT THRYVE

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THRYVE is an independent, fiduciary-based Registered Investment Adviser built on a simple and uncompromising standard: no products, no commissions, no conflicts. Our loyalty is to our clients, and only our clients. Backed by a team with over 100 years of combined wealth management experience, we deliver comprehensive financial planning, forward-looking investment strategies, and family office-level services to individuals, families, and business owners who expect both excellent advice and a genuine relationship.

We also believe the best relationship in the world is made stronger by the best tools available. Our AI-powered, fully integrated platform gives our advisors more time for the conversations that matter most, and our investment approach is built around where the world is going, not where it has been. At THRYVE, we are committed to building and earning our clients' trust: the kind that shows up in the difficult times, when markets are down or you're faced with a major financial decision. It is those real conversations about financial goals, core values, and legacy that provide our clients comfort when they need it most. That's the THRYVE difference.

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