Retirement Blueprint
Episode 6

When Should You Claim Social Security? Common Mistakes to Avoid

Transcript

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Most retirees leave tens of thousands of dollars in Social Security benefits unclaimed—not because they did anything wrong, but because no one ever showed them how to use the system strategically.
And that's what we're diving into today:
How to turn Social Security from a simple check you collect into a powerful income strategy that supports your freedom plan and your future.

Because here's the truth—

For most families, Social Security is one of the largest financial assets they'll ever own.

Over a lifetime, it can easily total more than $1,000,000 in cumulative payouts.

Yet it's often treated as an afterthought—a "we'll just file when we hit 65" type of decision.

What if we looked at it the way a business owner looks at cash flow?

With intention, timing, and a strategy that supports every other part of your retirement.

That's what this conversation is about:

Turning what most people see as a government benefit into a cornerstone of your financial independence.

When most people talk about Social Security, they focus on one question:

When do I start?

But claiming age isn't a birthday—it's a decision.

Every year you delay benefits past your full retirement age, your payout grows by roughly 8% per year.

That increase compounds for the rest of your life—and it's guaranteed by law.

There aren't many guarantees left in finance, so think about that.

If you had an investment that paid an extra 8% every year, risk-free, would you take it?

Of course you would.

Yet that's exactly what delaying Social Security can offer.

And that's the key:

The decision to delay isn't made in isolation.

It's coordinated with your portfolio, your income needs, your tax strategy, and your lifestyle goals.

Here's how I explain it to clients:

Your claiming age is like a throttle on an airplane.

Push it forward, and you get immediate power.

Pull it back, and you extend the runway—allowing for a smoother, longer flight.

Both approaches can work—but you need to know your destination before you take off.

The problem is most people pick an age and say, "Well, that's when everyone does it."

They look at 62 and think, "I've paid into Social Security my whole life—I want to start collecting."

But the difference between claiming at 62 and 70 can mean as much as 75% more income for the rest of your life.

That's not a rounding error—that's a lifestyle change.

So before you pick a date, pause and ask:

What am I really optimizing?

Is it cash flow today—or flexibility for decades to come?

Let me tell you a story about Karen.

Karen was a senior executive at a tech company—hardworking, sharp, and ready to retire at 62.

She came into my office one afternoon and said:

"Glenn, I've done well. I've saved, I've invested—I have enough to live on. I just don't want to leave money on the table. I'm thinking about starting Social Security right away."

That's what most people say.

It feels logical—you've paid into it, you deserve it.

But when we ran the numbers, we looked at what would happen if she delayed until 67 and used her investment portfolio for income in the meantime.

The difference in her lifetime benefit was more than $180,000.

When she saw that number, she leaned back and said:

"So you're telling me if I wait five years, I could essentially give myself a $180,000 raise?"

Exactly.

We also looked at her tax picture.

Those five years gave us a window to do Roth conversions, which lowered her future taxable income—and the taxes on her Social Security later.

Karen didn't delay out of fear.

She delayed with a plan.

And when those checks finally started arriving, they were larger, permanent, and part of an integrated income strategy that supported her lifestyle—and her peace of mind.

A year later, she sent me a postcard from Tuscany that said:

"Best decision ever."

Turns out—patience pays off.

There are three common mistakes I see that cost retirees thousands—sometimes tens of thousands—of dollars:

Mistake #1: Claiming too early while still working
If you claim before full retirement age and your income exceeds the earnings limit (roughly $22,000 per year), the government temporarily withholds $1 in benefits for every $2 you earn.
You may get some of it back later—but you've made your plan more complicated.

Mistake #2: Ignoring spousal coordination
If you're married, there are dozens of possible claiming combinations.
The order and timing can dramatically affect your lifetime income and survivor benefits.
Most couples leave money on the table because they file separately without coordinating.

Mistake #3: Forgetting about taxes
Up to 85% of your Social Security can be taxable, depending on your other income.
That means your net benefit may be far lower than you expect—especially if you're drawing heavily from IRAs or brokerage accounts.

These mistakes aren't about bad luck.

They're about lack of awareness.

And awareness—combined with planning—is what turns confusion into clarity.

For couples, Social Security isn't just about two checks.

It's a system of interlocking parts.

Think of it like a dance—one partner's move affects the other's rhythm.

Here's why timing matters:

When one spouse passes away, the survivor keeps the higher benefit.

That means the higher earner's claiming decision can impact the surviving spouse's income for 20 or 30 years.

I had a couple—let's call them Dave and Maria.

Dave earned significantly more over his career.

He wanted to claim early, saying, "We'll both get something, and we can invest the rest."

But when we ran the projections, we saw that if Dave claimed early, Maria's survivor benefit would be permanently reduced.

By waiting until 70, he increased her potential survivor benefit by over $1,200 a month.

That’s more than $14,000 a year of guaranteed income—for as long as she lives.

When I explained it that way, Dave said:

“So really, I’m not just delaying for me—I’m protecting her.”

Exactly.

When you coordinate benefits as a team, you transform Social Security from an individual decision into a family protection plan.

Social Security isn’t something you simply collect—it’s something you coordinate.

It’s not just about when to claim—it’s about how to integrate guaranteed income with your investments, taxes, and lifestyle goals.

When people approach Social Security this way—as one lever in a larger plan—everything starts to click.

Your portfolio withdrawals become more predictable.

Your tax picture becomes clearer.

Your peace of mind becomes stronger.

The people who get this right aren’t lucky—they’re intentional.

So here’s the thought I’ll leave you with:

Every Social Security dollar you receive represents decades of hard work, discipline, and contribution.

Treat that benefit with the same respect you gave your career.

Run the numbers.

Build a strategy.

Align it with the life you actually want.

Because the goal isn’t just to start receiving checks—

It’s to build a retirement that gives you clarity, confidence, and control.