

Reductions in Monthly Old Age Benefits Resulting From Increasing Social Security’s “Retirement Age”

Age at which worker starts receiving benefits	Statutory “Retirement Age” of 65	Statutory “Retirement Age” of 67	Statutory “Retirement Age” of 70	Percent decrease by changing from age 65 to 67	Percent decrease by changing from age 67 to 70	Percent decrease by changing from age 65 to 70
62	\$800	\$700	\$565	12.5%	19.3%	29.4%
63	\$867	\$750	\$610	13.5%	18.7%	29.6%
64	\$933	\$800	\$655	14.3%	18.1%	29.8%
65	\$1,000	\$867	\$700	13.3%	19.3%	30.0%
66	\$1,080	\$933	\$750	13.6%	19.6%	30.6%
67	\$1,160	\$1,000	\$800	13.8%	20.0%	31.0%
68	\$1,240	\$1,080	\$867	12.9%	19.7%	30.1%
69	\$1,320	\$1,160	\$933	12.1%	19.6%	29.3%
70	\$1,400	\$1,240	\$1,000	11.4%	19.4%	28.6%

Explanatory Note: This chart illustrates the impact on monthly benefits that results from changing Social Security’s statutory “Retirement Age.” It is based on a hypothetical worker whose wage record entitles him or her to \$1,000/month at the statutory “Retirement Age.” The dollar amounts will vary with a worker’s particular wage record, but the percentage reductions shown are the actual reductions for all workers. They do not vary with earnings. The dollar amount shown is the benefit paid monthly for the rest of the worker's life, adjusted only for inflation once it has begun to be received.

Age 65 is the statutory “Retirement Age” for beneficiaries born prior to 1938; age 67 is the statutory “Retirement Age” for beneficiaries born 1960 or later. 42 U.S.C. §416(l) The earliest age a worker can claim Social Security old age benefits is age 62. 42 U.S.C. §402 House Minority Leader John Boehner (R-OH), among others, has proposed increasing the statutory “Retirement Age” to age 70. This chart assumes that the earliest age at which benefits can be claimed will remain age 62 even if the statutory “Retirement Age” is raised to age 70.

42 U.S.C. §402(q) and §402(w) specify the actuarial adjustments when benefits are claimed before or after the statutory “Retirement Age.” §402(w)(6)(D) provides that for each year of work, up to age 70, after the statutory “Retirement Age,” and that is the adjustment factor used in the chart. As a matter of historical fact, the transition to a larger adjustment factor and to a higher statutory “Retirement Age,” meant that when the statutory “Retirement Age” was 65, the adjustment factors varied with year of birth, in accordance with §§402(w)(6)(A), (B), and (C).

Source: The benefit amounts in the chart were calculated by Nancy J. Altman, Co-Director, Social Security Works. They have been reviewed for accuracy by the Chief Actuary, Social Security Administration.