

Opening Statement  
Senator Susan M. Collins  
Senate Aging Committee

“Maximizing Your Social Security Benefits:  
What You Need to Know”

September 14, 2016

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Good afternoon. This hearing will come to order. If someone offered me \$100 today, no strings attached, I'd be tempted to accept it and say thank you. But, if I were told that if I just waited until next week, I could receive \$200 instead – I think most of us would agree that it might make sense to wait.

Of course, I've over-simplified with my example, but essentially, this is how our Social Security system works for those who qualify for retirement benefits.

Retirees are entitled to claim benefits as early as age 62, and for many retirees that makes sense; either their health may be poor, or their jobs are too physically demanding for them to continue to work. But those who are able to work and nevertheless claim their benefits at age 62 will see their annual benefits permanently reduced by nearly one-third compared to what they could have received by waiting until they're older. In fact, few people realize that their benefits can go up by eight percent annually for each year they delay claiming benefits, up to the age of 70.

Deciding at what age to begin claiming Social Security retirement benefits is the single most important financial decision that many Americans will ever make. Few, however, understand that making the wrong choice can end up costing them tens of thousands of dollars, or more, during their retirement years.

To illustrate how this works, take a look at this chart. The average person in my state of Maine, earning \$42,000 a year, would receive about \$1,200 a month from Social Security if he or she retired when they first became eligible at age 62. But if this person is able to keep working until the age of 66, he or she could receive \$1,600 a month. And, if the person remains in good health, can work, and is fortunate enough to be able to wait until age 70 to begin claiming benefits, this senior could receive a check for \$2,112 a month. That's nearly \$1,000 more each and every month. And, \$12,000 more every year than if the senior had started receiving benefits eight years earlier.

As we have explored in prior hearings, we face a retirement crisis. The simple fact is, far too many Americans have not saved enough money to live comfortably in retirement. Many of these retirees will rely on Social Security for nearly all of their income. For them, a Social Security check that is at the maximum level for which the senior is eligible could make the difference between a secure retirement and living in poverty.

But Social Security is a complex program. I was reminded of this just this week when I happen to receive my own statement in the mail of projected benefits, and believe me, it's pretty opaque. Its rules are difficult to understand, and that's why it is critical that those who are approaching their retirement years have the information that they will need to decide when to begin claiming their benefits – and what will work best for them and for their families.

Last year, Senator McCaskill and I asked the Government Accountability Office to look into the Social Security claiming process. Our goal was to identify ways the process could be improved, and more information made available, to help people make the best decisions given their circumstances.

The GAO found that many individuals do not fully understand key details of Social Security's rules that can affect their retirement benefits. Nor do they understand how spousal and survivor benefits are determined. Many may not realize just how long their financial assets may need to last. For example, a 65-year old today can expect to live for another 20 to 25 years, and one in four will live past age 90.

As the GAO report details, the Social Security Administration does make a great deal of information available to the public. Unfortunately, this information is not always easy to digest, and is sometimes conflicting. Field offices do not consistently provide the information that claimants need to make well-informed decisions about their benefits.

Now, let me be very clear. There are many reasons why someone might want to begin receiving Social Security just as soon as they become eligible. They or a spouse may be in poor health, or their jobs may require physical labor that they can no longer perform. Certainly, the decision on when to begin claiming Social Security is highly personal. We also know that Social Security is designed in a way that it provides greater replacement income for lower-income workers, a structure that I support.

I am hopeful that the GAO's report, and our hearing today, will help highlight the steps that the SSA should take to present vital information that claimants need, in a clear, easy to understand manner, so that they can make the best possible decision for themselves.

I thank our witnesses for appearing today, and I look forward to discussing this important topic.