Can a person obtain higher retirement benefits by working past retirement age?

Yes, in two ways.

First, workers who continue on the job receive an increase in retirement benefits for each year they work between full retirement age and seventy. Note that this is *not* an increase in the worker’s PIA. Other benefits based on the PIA, such as those payable to a spouse, are not affected.

This delayed retirement credit is also payable to a worker’s surviving spouse receiving a widow(er)’s benefit.

Beginning in 1990, the delayed retirement credit payable to workers who attain age sixty-two after 1986 and who delay retirement past the full retirement age, the full-benefit age (gradually rising from age sixty-five to age sixty-seven) is gradually increased. The delayed retirement credit is increased by one-half of 1 percent every other year until reaching 8 percent per year in 2009 or later. The higher delayed retirement credits are based on the year of attaining age sixty-two and are payable only at and after full retirement age.

|  |  |  |
| --- | --- | --- |
| Delayed Retirement Credit Rates | | |
| **Attain Age 62** | **Monthly Percentage** | **Yearly Percentage** |
| 1979-1986 | 1/4 of 1% | 3% |
| 1987-1988 | 7/24 of 1% | 3.50% |
| 1989-1990 | 1/3 of 1% | 4% |
| 1991-1992 | 3/8 of 1% | 4.50% |
| 1993-1994 | 5/12 of 1% | 5% |
| 1995-1996 | 11/24 of 1% | 5.50% |
| 1997-1998 | 1/2 of 1% | 6% |
| 1999-2000 | 13/24 of 1% | 6.50% |
| 2001-2002 | 7/12 of 1% | 7% |
| 2003-2004 | 5/8 of 1% | 7.50% |
| 2005 or after | 2/3 of 1% | 8% |

Workers, who became age sixty-five before 1990 (and after 1981) and continued on the job, received an increase in retirement benefits usually equal to 3 percent for each year (1/12 of 3 percent for each month) they worked between age sixty-five and seventy. (The factor was only 1 percent for workers who became age sixty-five before 1982.)

Can a person obtain higher retirement benefits by working past retirement age?

Second, working past the full retirement age frequently results in a higher AIME. The reason: In figuring the *number* of years to be used in the computation, the year in which the person reaches age sixty-two and succeeding years are not counted.. But those years can be selected as years of highest earnings.