

Forced to retire, some take Social Security early



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MIAMI – Paul Skidmore's office is shuttered, his job gone, his 18-month job search fruitless and his unemployment benefits exhausted. So at 63, he plans to file this week for Social Security benefits, three years earlier than planned.

"All I want to do is work," said Skidmore, of Finksburg, Md., who was an insurance claims adjuster for 37 years before his company downsized and closed his office last year. "And nobody will hire me."

It is one of the most striking fallouts from the bad economy: Social Security is facing a rare shortfall this year as a wave of people like Skidmore opt to collect payments before their full retirement age. Adding to the strain on the trust are reduced tax collections sapped by the country's historic unemployment — still at 9.5 percent.

More people filed for Social Security in 2009 — 2.74 million — than any year in history, and there was a marked increase in the number receiving reduced benefits because they filed ahead of their full retirement age. The increase came as the full Social Security retirement age rose last year from 65 to 66.

Nearly 72 percent of men who filed opted for early benefits in 2009, up from 58 percent the previous year. More women also filed — 74.7 percent in 2009 compared with 64.2 percent the previous year.

Jason Fichtner, an associate commissioner at the Social Security Administration, said the weak economy has led more people who lost their jobs to retire early. However, it also has forced some people hard-hit by the recession and in need of a bigger paycheck to push back retirement and stay in the work force longer.

"But we're seeing more people taking early benefits than staying in the workforce longer," Fichtner said.

Like Skidmore, 63-year-old Jan Gissel of Tustin, Calif., also was forced into retirement early. She turned to unemployment benefits when her technical support business failed and filed for Social Security last September. Together, the checks are keeping her afloat.

"I knew I had to have an income from somewhere, and my business wasn't giving it to me," she said.

"I just went online and, boom, three weeks later I had the check."

Gissel wants to continue working but still hasn't found a job. Although she didn't expect to be cashing Social Security checks so soon, she's grateful for the support it has provided.

"I needed it way earlier than I thought," she said.

In the annual report of the Social Security program released Thursday, the trustees said that pension and disability payments will exceed revenues for this year and 2011, reflecting the deep recession.

The report forecast that the program would return to the black in 2012 through 2014, but that benefit payments will again exceed tax collections in 2015. For every year after 2015, the report projects that Social Security will be paying out more than it receives in tax collections as 78 million baby boomers begin retiring.

The trustees did not focus on the growth of early retirees in their report, as they don't expect the early retirees to significantly drain funds over the long-term. Early opt-ins receive smaller monthly checks so that they aren't projected to receive any more money over a lifetime than they would if they had waited to collect Social Security until their full retirement age.

People entitled to full benefits at 66 would receive 75 percent of their check if they began collecting four years early. Conversely, if they waited until they turned 70, collecting four years late, they would earn 32 percent more.

They would receive the decreased — or increased — percentages for the rest of their life.

"From the trustees' perspective it's a wash, because they calculate you'll get the same total benefit," said Maria Freese, director of government relations and policy at the National Committee to Preserve Social Security and Medicare.

Freese added, though, that beneficiaries generally only opt in early because they have to.

"When you retire early, you are taking a hit in your monthly check, and most people don't do that voluntarily," she said. "They either do that because they aren't healthy enough to keep working or because they lost their job."

Nora Lopez, 62, of Hialeah, Fla., retired from her job as an elementary school teacher last year and began collecting Social Security. She did so, in part, because of health problems. When her school district offered teachers the option of keeping their health insurance coverage until they qualified for Medicare at 65, she decided she could get by on her pension and Social Security.

"I wanted to work as long as I could," she said. "But it was hard for me to do that."

For some, it's simply a matter of doing the math that prompts them to cash in early. Jack Dixon, 63, of

Naples, Fla., stopped working full-time in April as a trolley driver and tour guide, cutting back to one day a week. He decided to do it after his wife figured out they'd be able to get by even with the reduced Social Security benefit.

"Why should I go out there to the hustle and bustle and stress and all the stuff that's related to work if I don't have to?" he asked.