

Social Security's Lump-Sum Payment Option



The Social Security Administration offers the chance to receive a lump-sum payment of up to six months' worth of benefits. It's not a well-known option, but it is available to anyone meeting the basic requirements. There are also caveats to consider.

Retroactive benefits can be claimed by a person who has reached full retirement age (FRA) and is not currently collecting benefits. FRA is currently 66 for those born between 1943 and 1954. It increases in two-month increments for those born between 1955 and 1959. Those born in 1960 or later will not reach full retirement age until they turn 67.

Full retirement age is the year at which a person first becomes eligible for the primary insurance amount. Social Security benefits can be claimed prior to the FRA, but they will be below the primary insurance amount. Conversely, if claiming is postponed, delayed retirement credits increase the benefits until age 70. The increase in benefits is why conventional wisdom calls for delaying the claiming decision until as close as possible to age 70 for those in good health.

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