

# CRS Report for Congress

Received through the CRS Web

## Social Security: Fact Sheet on Changes in the Retirement Age

Geoffrey Kollmann  
Specialist in Social Legislation  
Domestic Social Policy Division

### Summary

The Social Security “full retirement age” — the age at which retired workers, aged spouses, or surviving aged spouses receive benefits that are not reduced for “early” retirement — will gradually rise from 65 to 67 beginning with people who attain age 62 in 2000 (i.e., those born in 1938). Early retirement benefits will still be available beginning at age 62 (age 60 for aged widows and widowers), but at lower levels.

The original Social Security Act of 1935 set the minimum age at which workers could receive Social Security retirement benefits at 65. In 1956, (for women) and 1961 (for men) Congress lowered the minimum age to 62, but also provided that benefits taken before age 65 would be permanently reduced to account for the longer period over which benefits would be paid. This “actuarial reduction” is 5/9 of 1% for each month benefits are received before age 65 — a 20% reduction at age 62. In 1972, Congress set aged widow(er)’s benefits at 100% of the deceased worker’s benefit if elected at age 65 or later. Reduced widow(er)’s benefits could be elected as early as age 60 (the reduction is 19/40 of 1% per month — a 28.5% reduction at age 60).

Beginning in the mid-1970s, raising the retirement age was studied by several advisory panels. The initial impetus for these studies was concern over projections of growing long-range deficits in the program. A major part of the problem reflected a declining ratio of workers to retirees. Forecasts showed that, whereas a little more than three workers were supporting each recipient then, only two would do so in the next century. It was argued that increasing the retirement age would offset this decline, thus bolstering the financing of the program. It also was argued that it would properly recognize the substantial increases in longevity that had occurred and were projected to continue.

When Congress enacted legislation in 1983 (P.L. 98-21) to solve Social Security’s financing problems, it included a provision that gradually will raise the full retirement age (the age at which one receives unreduced benefits) from 65 to 67. It does so in two steps. First, the full retirement age (FRA) will increase by 2 months for each year that a person

is born after 1937 (i.e., attains age 62 after 1999), until it reaches age 66 for those who were born in 1943 through 1954 (who attain age 62 in 2005 through 2016). Second, it will increase again by 2 months for each year that a person is born after 1954 (i.e., attains age 62 after 2016), until it reaches age 67 for those who were born after 1959 (who attain age 62 after 2021). Early retirement still will be available, but benefits will be lower, e.g., the actuarial reduction in retirement benefits ultimately will be 30%, instead of the present 20%, at age 62. The age for full benefits for aged spouses and widow(er)s likewise will rise to 67.

### 1983 Changes in the Social Security Retirement Age for Workers

Year of birth	Year age 62	Full retirement age (year/month)	Reduction at age 62
before 1938	before 2000	65	20.0%
1938	2000	65/2	20.8
1939	2001	65/4	21.7
1940	2002	65/6	22.5
1941	2003	65/8	23.3
1942	2004	65/10	24.2
1943-1954	2005-2016	66	25.0
1955	2017	66/2	25.8
1956	2018	66/4	26.7
1957	2019	66/6	27.5
1958	2020	66/8	28.3
1959	2021	66/10	29.2
1960 & later	2022 & later	67	30.0

In 1983, it was projected that the new provision would reduce Social Security's long-range costs by slightly more than 5%. This, combined with other measures contained in P.L. 98-21, was projected to balance Social Security's income and outgo over the next 75 years. Since 1983, Social Security's financial picture has worsened, leading to renewed interest in raising the retirement age further. For information on proposals that would make changes in the retirement age, and arguments for and against doing so, see CRS Report 94-622, *Social Security: Raising the Retirement Age, Background and Issues*, updated regularly.