



## Calculating Delayed Retirement Credits

This article discusses how to calculate Delayed Retirement Credits (DRCs) within LifeYield Social Security+.

The Social Security Administration sweetens the pot with delayed retirement credits (DRCs) for anyone who delays filing for benefits between the dates they reach full retirement age (FRA) and turn 70.

To calculate DRCs, multiply the number of months delayed by 0.667, or 8% for 12 months. That's the percentage increase in the client's benefit at their FRA.

So, a client whose FRA is 67 and holds off filing until 70 will receive a 24% increase in their monthly benefit.

## Computing DRCs in Social Security+

When you enter someone's FRA benefit into LifeYield Social Security+, the tool will calculate DRCs based on your selected claim age.

If your client has passed their FRA, you can enter their estimated benefit – what they would get if they filed today. Remember that what you enter should include DRCs, which you can find by signing into their account at [ssa.gov](https://ssa.gov).

Social Security+ then uses that benefit amount to calculate their FRA benefit to make future projections appropriately.



## When are delayed retirement credits paid?

The timing of DRC payments is based on when a client files and sometimes confuses. The rule to remember is that DRCs are paid in January of the year *following* the year when they are earned. Exceptions to that are when a client:

- Files in January.
- Waits until age 70, when all DRCs are credited at once.

If a client has earned DRCs in the *same* year that they file, they will receive their FRA benefit initially, and then the amount will be increased by DRCs in January of the following year.

If a client has earned DRCs over multiple years, those are credited annually in January, increasing the monthly benefit.

### Example:

John turned 67 on July 1, 2023 (FRA date), with an FRA benefit of \$1,000. Here's how DRCs will be accrued, and his benefit amount adjusted each year.

Month of election	Number of DRCs	DRCs paid as of date of election	Benefit amount in initial payment	Additional DRCs paid the following January/year	New benefit amount
7/1/2023	0	0	\$1,000	0	\$1,000
7/1/2024	12	5	\$1,033	7	\$1,080
7/1/2025	24	18	\$1,120	6	\$1,160
7/1/2026	36	36	\$1,253	0	\$1,253