Are Stocks a Better Bet Than Social Security?

Don’t let social media’s latest hot take on investing lead you astray on timing your retirement benefits

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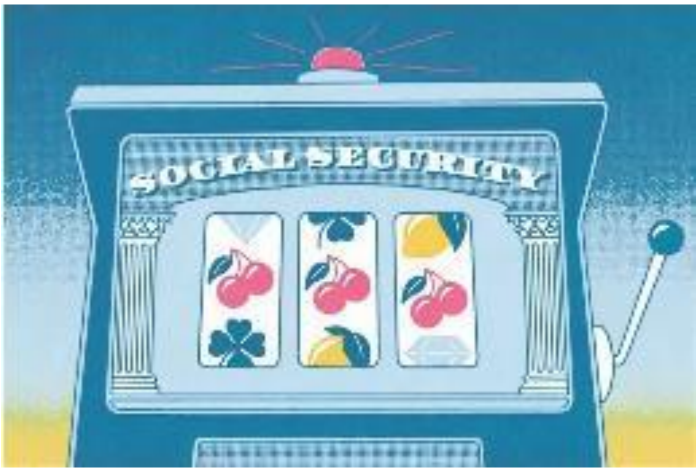

Years ago, politicians proposed putting stocks into Social Security. These days, the trendy advice is to put your Social Security into stocks. In TikTok and YouTube videos, financial advisers and other “finfluencers” are urging people to start claim Social Security as early as possible—at age 62—so they can invest the monthly retirement benefits in the stock market.

That flies in the face of the traditional advice to delay Social Security as long as possible, until age 70 if you can. The longer you defer, the higher your monthly benefit will be—for as long as you live.

Conventional wisdom is often wrong. Not this time. Taking Social Security early just to invest the money in stocks is a dumb idea for most people.

You’d never guess that from the fast-talking finfluencers. If you’re in your early 60s, don’t smoke, have a college degree and earn a middle-to-upper income, you’re likely to live to your mid-80s.

Taking Social Security at age 62 provides a much lower stream of payments over your lifespan—but these people say you should pour it into stocks to capture their higher rate of return. Given the historical return on stocks of 7% annually after inflation, you’re bound to come out ahead in the long run.

Wow! Why doesn’t everybody do that?

So far at least, Social Security has always provided inflation-adjusted income, risk free. The stock market doesn’t.

“Social Security is the best annuity you can ‘buy,’” says Mark Iwry, who formerly oversaw national retirement policy at the Treasury Department. “But you can buy much more of it by waiting.”

Let’s say you’re 62 years old and will live until age 85. If you delay taking Social Security until age 70, your inflation-adjusted monthly benefit will be 77% higher than if you start now, says Jeremy Ko, chief executive of ShoreUp Retirement Solutions, a financial-technology firm. If, instead, you take your benefits early, “that’s like taking a loan,” says Ko. “You have to pay it back in the form of lower payments from age 70 on.”

What about missing out on the stock market's higher return?

Let's say stocks do return 7% annually after inflation, you get a $2,000 monthly Social Security benefit and you put it all into stocks each year. In that case, if you start taking Social Security at 62 and live until 85, you'll amass just over $977,000, calculates Ko. If you delay Social Security until age 70 and then follow the same approach, you'll end up with just under $830,000.

What if stocks go down? If they lose 3% annually after inflation— which is far from impossible—then claiming at 62 and buying stocks every year would leave you at age 85 with only a bit more than $290,000. If instead you delay until 70, you'd have almost $383,000 by age 85.

That's why comparing stocks to Social Security's risk-free, inflation adjusted payments isn't apples and oranges. It's like comparing a roller coaster to an escalator.

Two trends have created a receptive audience for the idea of taking Social Security early to bet on the stock market. For most of the past decade and a half, stocks have boomed, shrugging off every decline. And anyone with eyes or ears knows that fiscal recklessness in Washington is getting wilder.

President Trump has claimed that Social Security is rife with fraud, while analysts worry that his policies will undermine the soundness of the program.

Nearly 2.9 million people filed claims to initiate Social Security in the first nine months of 2025, up 13% from the same period last year. The agency says "fearmongering has driven people to claim benefits earlier."

But the U.S. government, which prints money at will, can keep kicking the can down the road. For a half-century, budgetary Band-Aids have patched the program up.

Even so, many finfluencers argue that with Social Security on shaky ground, your money will be safer in the stock market.

If Social Security went under or slashed benefits, wouldn't that mean the entire U.S. economy was in trouble? In that case, how could stocks be a good investment?

Don't get me wrong. For millions of Americans, taking benefits at the earliest opportunity isn't a choice; it's a necessity. Likewise, if your life expectancy is short, delaying Social Security often isn't prudent. It would also be a shame if you had to sell some stocks—especially in a downturn—to pay your living expenses. Taking Social Security early can reduce the need to do that.

Many Wall Street Journal readers, though, have sizable assets and ample income. If you own bonds or other fixed-income assets, selling those gradually—instead of your stocks—is the best way to cover your cost of living while you delay claiming Social Security.

"Spending down your bonds is not only what you can do but what you should do," says Michael Piper, a financial planner and creator of OpenSocialSecurity.com, a benefits calculator.

That keeps your risk roughly the same over time, says Piper. Spending from your fixed-income portfolio instead of taking Social Security now enables you to earn more government-guaranteed income later.

There's enough leverage in today's markets. Don't add to it by borrowing from your own future.