



Love, Marriage and Social Security

When should you claim Social Security benefits? You already know you can claim Social Security benefits early and take smaller payments, or collect later for a larger benefit? But, do you know about these little-known strategies that can add thousands of dollars to your annual income?

First, let's review the basics. If you were born between 1943 and 1954, you can claim Social Security as early as age 62. However, at 62 your benefit is permanently reduced for each month you claim prior to age 66. For each year you wait between age 66 and 70, your benefit increases 8%. Claiming benefits at age 70 earns you a 32% bonus, plus all accumulated cost-of-living benefits.

Ok, now let's look at some of the more obscure strategies that can boost your Social Security benefits.

If you are single: Unless you need the money, it usually pays to wait until age 66 for singles to claim. This is especially true for women, since they are more likely to reach the "break-even" age than men.

Strategies for Married Couples: Married couples may benefit by coordinating their start dates. Let's assume the husband is the higher earning spouse. The goal is to increase the benefit for the wife who gets 100% of her husband's primary insurance amount when he dies. If the husband delays until 70, his wife receives an extra 32% plus cost-of-living adjustments.

A study by Boston College's Center for Retirements says many couples benefit by the lower-earning spouse (wife in this scenario) collecting at age 62 and the husband spouse delaying benefits until age 70. Even though the wife's benefit is penalized 25% for collecting at age 62, the study figures this is a temporary reduction. The short-term advantage is extra household income and longer-term advantage is the wife can collect survivor benefits at the higher rate if her husband dies first.

File and suspend: Again, let's assume the wife is the lower-earning spouse. The husband is 66, but wants to delay collecting benefits until 70. The wife could collect benefits based on her own work record, but would get more money by claiming spousal benefits. Unfortunately, she can't claim spousal benefits until the husband files.

The solution? The husband files for benefits and the wife files for spousal benefits which is 50% at her full retirement age. The husband then requests a voluntary suspension for his benefits. The wife continues to get spousal checks at a rate higher than her own, and when the husband reapplies at age 70 he collects a higher amount. Again, if the husband dies first, the wife receives a higher survival benefit.

Claim a spousal benefit and switch: In this case, the wife is age 62 and claims her own benefit. The husband, who is the higher-earning spouse, applies for spousal benefits. At age 70, the husband can switch to his higher benefit. The advantage of this strategy is to generate extra income for four years. If the husband dies first, the wife will collect a higher survival rate. Note: The higher-earning spouse can only use this tactic—know as restricting an application to spousal benefits—if he's at least full retirement age.

Benefits for the divorced: If you were married for at least 10 years, were the lower-earning spouse and are at least age 62, you can claim on your ex's earnings record. If you remarry before age 60, you lose benefits from the former spouse. However, if your second (or more) marriage ends in divorce or death, you can select from among your former spouses. The benefit amount works the same as for married couples with one difference. If your ex-spouse has not applied for benefits, but is at least 62, you can still collect spousal benefits. If the ex-spouse dies, you could get a survivor benefit.

Don't leave money on the table. We encourage you to take time to consider the best strategy for maximizing your Social Security benefits. Our financial advisors would be happy to answer your questions about Social Security, and help you plan for your retirement. If we can help, give us a call at **330-535-0881**.