

# Social Security claiming strategies for married couples

Deciding when to begin receiving Social Security benefits is a major financial issue for anyone approaching retirement, because the age at which you apply for benefits will affect the amount you'll receive. If you're married, this decision can be especially complicated, because you and your spouse will need to plan together, taking into account the Social Security benefits each of you may be entitled to. For example, married couples may qualify for retirement benefits based on their own earnings records, and/or for spousal benefits based on their spouse's earnings record. In addition, a surviving spouse may qualify for widow or widower's benefits based on what his or her spouse was receiving.

Generally, a husband or wife is entitled to receive the higher of his or her own Social Security retirement benefit (a worker's benefit) or as much as 50% of what his or her spouse is entitled to receive at full retirement age (a spousal benefit). But here's the catch: under Social Security rules, a husband or wife who is eligible to file for spousal benefits based on his or her spouse's record cannot do so until his or her spouse begins collecting retirement benefits.

Two popular claiming strategies that have been used to boost Social Security income were eliminated by new rules contained in the Bipartisan Budget Act of 2015. Now, there are basically three sets of rules based on your date of birth.

Born on or before  
May 1, 1950



(66 or older by May 2, 2016)

- The option to elect benefits and then request Voluntary Suspension is no longer available as of April 30, 2016.
- The option to file a Restricted Application for only spousal benefits while accruing Delayed Retirement Credits, then switch to retirement benefits between 66 and 70 is also available.

Born between  
May 2, 1950 and  
January 1, 1954



(62 or older by the end of December 2015)

- Voluntary Suspension will stop all benefits based on your work record. Voluntary Suspension should be considered only to "fix a mistake" if you elected early and missed the one-year window to withdraw your claim.
- Restricted Application for spousal benefits is still available upon attainment of age 66.

Born on or after  
January 2, 1954



- Voluntary Suspension will stop all benefits based on your work record. Voluntary Suspension should be considered only to "fix a mistake" if you elected early and missed the one-year window to withdraw your claim.
- The option to file a Restricted Application for spousal benefits is no longer available. An active claim for retirement benefits will automatically trigger a claim for spousal benefits as soon as eligibility exists and vice-versa.

In more simple terms, this means that those born on or after January 2, 1954, can no longer use a file-and-suspend strategy (file now and suspend in order to earn delayed retirement credits), nor is it possible to file a restricted application for just spousal benefits.

## Things to keep in mind

- Deciding when to begin receiving Social Security benefits is a complicated decision. You'll need to consider a number of scenarios, and take into account factors such as both spouses' ages, estimated benefit entitlements and life expectancies. A Social Security representative can't give you advice, but can help explain your options.
- Using the file-and-suspend strategy may not be advantageous when one spouse is in poor health or when Social Security income is needed as soon as possible.
- Delaying Social Security income may have tax consequences—consult a tax professional.
- Spousal or survivor's benefits are generally reduced by a certain percentage if received before full retirement age.

For more information, please contact your Key Private Bank Advisor.

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