

Frequently Asked Questions About Social Security Retirement Benefits

Presented by John Higgins

The following information addresses common concerns about collecting social security retirement benefits, including the effects of part-time work and other earnings on benefits, the age at which you may begin collecting, and spousal benefits.

Q: What age do you have to be to get full benefits?

A: It depends on when you were born.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Q: If I start receiving social security, do I automatically qualify for Medicare?

A: No. You are eligible for Medicare only when you reach age 65.

Q: How will working part-time prior to claiming social security decrease or increase my benefit?

A: Your social security retirement benefit is based on an average of your highest 35 years of earned income, adjusted for inflation. This may include years with zero earnings, such as when a parent takes time off to raise children. Working additional years will never reduce your benefits, because low-wage years never replace higher-wage years. In fact, working part-time in retirement will usually help increase your primary insurance amount (PIA)—the basis for determining benefits—even if you are already drawing benefits. You may not realize the increase immediately if your benefits are temporarily reduced because you earn too much.

Q: But I always thought working during retirement reduced benefits. Is that not the case?

A: While earned income over a threshold of \$15,720 in 2015 (or \$41,880 in the full retirement age year) can result in a reduction of benefits for retirees who are under their full retirement age (FRA), it is only a temporary reduction. The Social Security Administration (SSA) will recalculate the worker's benefit at FRA to take into account any months in which the social security benefit was completely offset (i.e., in nonpay status). Also, since the earnings will be credited to the worker's history, they may result in an increased benefit at FRA.

Q: Do a spouse's earnings from work reduce the other spouse's benefits—if both spouses are receiving social security retirement payments based on their own work record?

A: No, only the working spouse's benefits, including dependent benefits, are reduced by excess earned income before FRA. If you receive a combination of your own benefit and a spousal benefit, only the spousal portion is affected by your spouse's excess earnings.

Q: What if I apply for social security benefits mid-year?

A: Only your earnings from work after you apply for social security are factored into the excess earnings test. Your earnings prior to retirement do not cause an offset of your benefits.

Q: What is considered earned income?

A: Earned income includes wages or net earnings from self-employment. Pensions, 401(k) distributions, severance and other post-employment pay, dividends, interest, and IRA distributions are not treated as earned income.

Q: Can I start to receive reduced benefits at age 62, or prior to FRA, and then change my mind?

A: Yes. You can apply for reduced benefits prior to FRA and then, within 12 months, withdraw the application and reapply at a later date. You must pay back all benefits received, including dependent benefits.

Q: What are spousal benefits?

A: While you are living, your spouse can receive a dependent benefit of up to 50 percent of your full retirement amount. Benefits paid to your spouse will not decrease your retirement benefit. In fact, it is possible to receive a combination of benefits as a worker and as a spouse, although the maximum you will receive is the higher of the two.

Q: Does my early retirement reduce my spouse's or widow(er)'s benefit?

A: If you retire prior to your own FRA, your benefits will be permanently reduced based on your age at application. Your early retirement does not affect a spouse's benefit. If he or she applies for a dependent spouse benefit before his or her FRA, any reduction will be based on his or her age at application. A widow or widower, on the other hand, steps into your shoes and receives an amount equal to the benefit you would have received if you were living. So, if your retirement benefit was reduced due to early retirement, your widow(er)'s benefit would also be reduced, and it may be further reduced based on the widow(er)'s age at application.

Q: Can I apply for spousal benefits if my spouse hasn't yet filed for social security?

A: No. You cannot get spousal benefits until your spouse has applied for social security retirement benefits. You can apply for a benefit based on your work record and, when your spouse retires, qualify for a spousal benefit, if higher, at that time. Or, your spouse can apply for benefits at his or her FRA and then withdraw the application. This will allow you to receive a spousal benefit.

Q: Can a retiree choose which benefit to receive—his or her own benefit or his or her spouse’s?

A: If your spouse has already applied for retirement benefits, you cannot apply for a reduced spousal benefit at age 62 and then step up to an increased benefit based on your own record at FRA. There are two limited exceptions, however. If you haven’t received any benefits before reaching your FRA, you can then apply for spousal benefits and delay applying for benefits under your own record up to age 70. This will allow you to take advantage of the delayed retirement credit, which increases your benefit by a certain percentage if you delay your retirement beyond your FRA.

Another exception applies if you claim benefits before your spouse does. In that case, you can start to receive benefits based on your work and elect to add a spousal benefit when eligible. Remember that your combined benefit will be reduced based on your age at application.

Here’s an example:

Jane qualifies for her own benefit at age 62, when her PIA is \$800. Because she is 48 months under her FRA, her benefit is reduced to \$640.

Two years later, when her husband, Jack, retires, Jane qualifies for a spousal benefit of \$900 at her FRA, based on Jack’s PIA of \$1,800. She has the option to wait to apply for a spousal benefit at her FRA, but she decides to apply for her increased benefit at age 64. The SSA will first subtract her PIA from one-half of Jack’s PIA ($\$900 - \800). It will then reduce her spousal benefit of \$100 to \$91 based on her current age of 64. Her new combined benefit is \$731 ($\$640 + \91).

Q: How can a couple maximize their social security benefits?

A: If current cash flow is not an issue, the spouse with the lower earning history could apply for benefits as early as possible while the higher-earning spouse would delay benefits as long as possible. Let’s say Sally and Jim are age 62 and 65, respectively. Sally retires at 62 and applies for reduced social security benefits. Her husband, Jim, also retires but does not apply for benefits. At his FRA of 66, Jim applies for spousal benefits based on Sally’s work record. At this time, he would qualify for 50 percent of Sally’s PIA. He will continue to accrue delayed retirement credits of his own—equivalent to an 8-percent increase per year—until age 70. At age 70, Jim will need to apply for social security under his own work record.

Q: How does a divorce affect benefits?

A: A divorced spouse can get benefits based on a former husband’s or wife’s social security record, provided the marriage lasted for at least 10 years and the divorced spouse is 62 years old or older and unmarried. You do not have to wait until your former spouse retires to receive benefits, and you can receive benefits even if your former spouse remarries.

Q: What happens when my spouse, or divorced spouse, dies?

A: You can receive widow or widower benefits at age 60 (age 50, if disabled). You will get a survivor’s benefit equal to 100 percent of your spouse’s benefits. You will not receive both your spouse’s and your own benefit, however. The amount you receive will depend on your age at

application for widow(er) benefits and whether your deceased spouse was receiving reduced benefits.

Please note: A widow or widower has the option of taking a survivor benefit now and then switching to an unreduced benefit based on his or her own work record anytime after FRA, or vice versa.

Q: What happens if I remarry?

A: If you are a widow(er) or divorced widow(er) and you remarry before age 60 (age 50, if disabled), you are not eligible for your deceased spouse's benefits. You can apply for spousal benefits under your new spouse, however. If you remarry after age 60 (age 50, if disabled), you can choose between your deceased spouse's survivor benefit or your new spouse's spousal benefit.

Q: What does *windfall elimination provision* mean?

A: This term relates to a job, such as a public school teacher or government worker, where no contributions were made to social security because a public pension was available. If you also worked at jobs covered by social security, your social security retirement benefits may be reduced by an amount equal to 50 percent of your public pension.

Please note: This provision will not reduce your survivor's social security benefits.

Q: What does *government pension offset* mean?

A: This term relates to a job during which one spouse did not contribute to social security—usually because he or she was employed in a federal, state, or local government job. If you receive a public pension, you may also be eligible to receive spousal or widow(er) benefits from your spouse who worked in private industry. Your spousal or survivor benefits may be reduced by an amount equal to two-thirds of your public pension.

Q: How reliable is the estimate on my social security statement?

A: The social security statement assumes you will continue to work at the same level of earnings until retirement. If you stop working but decide to delay benefits, your benefits may be less. Use the Retirement Estimator on the SSA website (www.ssa.gov) to see how not working could affect your monthly benefit.

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