



# Claiming Social Security Benefits

NATIONAL  
ACADEMY  
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INSURANCE

## DIFFERENT PEOPLE DIFFERENT CHOICES

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### Thinking about retirement?

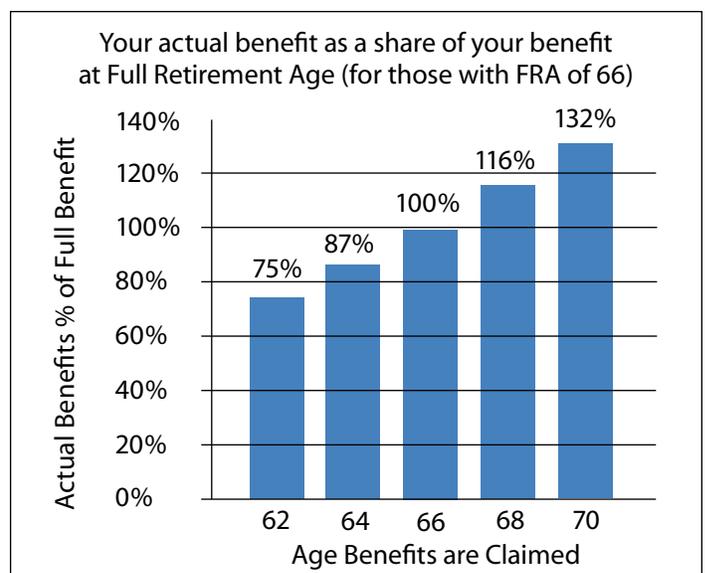
Deciding when to stop working and when to start claiming Social Security benefits are two of the most important financial decisions you will make. These actions do not have to occur at the same time. Social Security is likely to be one of your largest sources of income in retirement. And it's one of the few sources of income you (and your spouse, if you are married) can count on for as long as you live. So it's important to make the most of your Social Security benefits. Deciding when to take Social Security is a personal decision. So when is the right time for you to claim your benefits? The individual scenarios and claiming decisions detailed here may help you to consider your options.

### WORKING LONGER AND WAITING TO CLAIM INCREASES YOUR BENEFITS

Working longer can increase your future Social Security benefits in two ways. First, your core benefits are based on the average of your highest 35 years of earnings. If you had less than 35 years of earnings, or if you make more now than you did when you were a younger worker, additional earnings after age 62 can increase your benefits.

Second, your benefits grow if you wait, even if you aren't working. You can start your Social Security retirement benefits at any time between ages 62 and 70. Benefit amounts are calculated using your Full Retirement Age (FRA). For people born between 1943 and 1954, the full retirement age is 66. Born between 1955 and 1960? The full retirement

### Social Security benefits are reduced if you claim them before your Full Retirement Age.



age increases two months for each year. For example, for someone born in 1957, the FRA is 66 and 6 months. For those born in 1960 or later, the full retirement age is 67.

Social Security benefits are reduced if you claim them before your FRA – and increased for every month beyond your FRA that you wait to claim until age 70. Waiting even a year or two can make a big difference in the monthly amount you’ll receive for the rest of your life. For each year you wait, your monthly benefits will increase by 6-8%. If you wait until age 70, your monthly benefits will be about 76% higher than if you had claimed Social Security at your earliest eligibility age of 62. However, if you need Social Security to make ends meet, take the benefits. You’ve earned them, and they are there to provide you economic security in retirement.

If you’re married, you have two lives to plan for. There’s a good chance that one of you will live past 85. If you’re the higher earner, waiting to take benefits means a higher monthly survivor benefit for your spouse if she or he outlives you.

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## YOUR WORK, HEALTH, FINANCIAL, AND FAMILY SITUATION SHOULD AFFECT YOUR DECISION

When and how to claim Social Security depends on your particular life situation. Your health, work, financial, and family situation all play a role. Let’s consider a range of scenarios that might help inform your decision.

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### Social Security, work, health, and retirement

If you claim Social Security benefits before your FRA and have earnings from work, some or all of your benefits may be temporarily withheld if you earn more than a certain amount. This “earnings test” applies whether you are receiving retirement benefits as a worker, a spouse, or a surviving spouse. When you reach your FRA, your monthly benefit amount will be increased to take account of the number of months in which benefits were not paid. Once

you reach your FRA, your earnings no longer reduce your benefits, no matter how much you make. However, if you have an adequate income, you might consider waiting beyond your FRA to claim benefits to increase your monthly benefits for life.

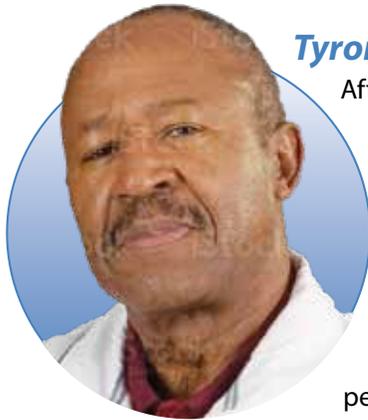
If you claimed benefits before your FRA but change your mind, at your FRA you can request that benefit payments be suspended. This will let you earn delayed retirement credits to increase your monthly benefit amount later. *(Note: if you have a spouse who is receiving benefits based on your work record, those spousal benefits will also be suspended when you suspend your benefits. Benefits being paid to a divorced spouse will not be suspended.)* If you change your mind within one year of starting to receive benefits even before your FRA, you can withdraw your application entirely – but you must repay all the benefits you and any member of your family received on your work record.

### Gerald

Gerald lost his job as an IT professional at age 59, had trouble finding another job, and needed to take Social Security benefits as soon as he was eligible at age 62. His benefits were approximately 25% lower than they would have been at his FRA, but Gerald needed the monthly income to pay his mortgage and meet life’s daily expenses. At 64, Gerald was able to find another job. He decided to suspend his Social Security benefits when he reached his FRA of 66, so his monthly benefits would be higher later when he needs them more. He restarted his worker benefits when he retired from work at age 69, and was eligible for higher monthly Social Security payments because he had suspended his benefits from ages 66 to 69, 3 years past his FRA.

Gerald is married. However, his wife is receiving benefits based on her own work record, not as his spouse. Her benefits are unaffected.





### Tyrone

After his bypass surgery at age 62, Tyrone, who is single, is faced with a difficult choice: whether or not he should claim Social Security benefits. He understands that receiving them immediately will result in a 25 percent reduction in his benefits compared to waiting until age 66.

However, Tyrone thinks about how his father died at age 59 from cancer and his mother died at age 64 from heart disease and wonders what to do. Although he does not have cancer, Tyrone suffers from a few of the same ailments that his parents had, including high blood pressure, high cholesterol, and arthritis. Tyrone cannot predict how long he will live but he knows that he has to weigh two risks. If he claims benefits now and has a long life, he might outlive his savings and depend entirely on a smaller Social Security benefit than if he waited. But, if he waits to claim benefits and has an untimely death, he'll have little opportunity to enjoy the benefits he's earned. No one enjoys thinking about death, but his recent surgery and family history have forced him to be realistic about his life expectancy. Tyrone chooses to take his Social Security benefits at 62.

### Pamela

Pamela worked for 35 years as an assistant at a doctor's office. She recently stopped smoking, but is 30 pounds overweight and does not exercise regularly. While she is not sufficiently disabled to pass Social Security's strict disability test, at 63 she could no longer handle the long days on her feet. She had used the majority of her personal savings earlier in life to deal with a medical emergency and needed her Social Security benefits to make ends meet. While she had spoken with family and friends about the advantages of waiting to claim Social Security retirement benefits, given her poor health



and financial needs, Pamela chose to retire from work and take her Social Security benefits at age 63. The benefits, while modest, provide most of her monthly income.



**If you are married and are also eligible for Social Security based on your work history, consider how your and your spouse's Social Security claiming decisions affect each other's benefits as individuals, as a couple, and for whichever partner lives longer.**

### Social Security for married couples

Married couples have two lives to plan for in retirement. Each partner is entitled to up to 50% of his/her spouse's Social Security benefit at his/her FRA, or his/her own worker benefit, whichever is higher. (A surviving spouse is entitled to up to 100% of his/her spouse's Social Security benefit, or his/her own worker benefit, whichever is higher.) You must wait until your spouse claims Social Security in order to be eligible for spousal benefits. If you are married and are also eligible for Social Security based on your work history, consider how you and your spouse's Social Security claiming decisions affect each other's benefits as individuals, as a couple, and for whichever partner lives longer. (The claiming options are different for surviving spouses, as discussed further below.)

## Sandra and Larry

Both Sandra and her husband Larry have worked and earned Social Security benefits. Both are now age 60, and they are planning for retirement and thinking about when each of them will claim Social Security.



Sandra took time out of the workforce when their children were young and her earnings are less than Larry's. They look at their online Social Security accounts and determine that Sandra's benefit as a spouse – 50% of Larry's benefit, if she waits until her FRA to claim it – would be higher than the benefit based on her own work record. However, for Sandra to be eligible to claim her benefit as a spouse, Larry has to claim his benefit as a worker. That would mean giving up the chance for Larry to wait and let his worker benefit – and Sandra's survivor benefit if she outlives him – continue to grow. They decide that Larry should wait until age 70, if possible, to take his worker benefit. Sandra plans to continue to work, so she will wait to claim her Social Security benefit as a worker until she is 66. Her worker benefit will be boosted by her additional earnings and her decision to wait until her FRA. (Sandra can't start her spousal benefit because Larry isn't receiving his worker benefit yet.) When Larry claims Social Security at

age 70, his benefit will be 32% higher than if he had claimed it at 66. And, if Sandra outlives Larry, her survivor benefit – which is equal to Larry's worker benefit – will be 32% higher because Larry waited until age 70 to claim Social Security, rather than claiming it at 66.

## Jamal and Tamika

Tamika, age 64, and her husband Jamal, age 65, have worked most of their adult lives. But Tamika needs to cut back her hours to care for her mother – and may have to leave the workforce altogether. They realize that their claiming decisions will affect each other's financial security in old age, and have



looked at their **"my Social Security"** accounts to see their estimated Social Security benefits. Jamal's earnings were higher than Tamika's – but Tamika's earnings were high enough that her benefit as a worker is more than the 50% of Jamal's benefit which she would get as a spouse. Because Jamal is the higher earner, they decide that he should wait until age 70, if possible, to take his worker benefit. Waiting to take benefits will increase Jamal's monthly benefit – and Tamika's monthly benefit as a surviving spouse if she outlives him – by 8% for every year he waits beyond his FRA. Tamika decides to claim her Social Security worker benefit now (at age 64). They know this will reduce her monthly worker benefit by a little over 13% below what it would be if she waited until her FRA at 66. But they need the income now that her earnings are down. And they know that Jamal's decision to wait to claim benefits will give her additional lifetime income protection, if she outlives him. Because Jamal was born before January 2, 1954, they have an additional option. When Jamal reaches his FRA of 66, he can claim just his benefit as her spouse, and receive 50% of her worker benefit. Jamal's benefit as a spouse is lower than the benefit he would get if he had also claimed his benefit as a worker. But by claiming just his benefit as a spouse, they can get some additional income while his monthly worker benefit – and Tamika's potential survivor benefit – can grow.



If Jamal had been born on or after January 2, 1954, he would not have been able to file just for his benefit as a spouse, even if he waited until his FRA to claim a benefit. This is due to recent changes in the law. For more on these changes, see “Claiming Social Security Benefits: What to Know, What to Ask,” at [www.nasi.org/WhenToTakeSocialSecurity](http://www.nasi.org/WhenToTakeSocialSecurity).

## Social Security survivor benefits

If you are a widow or widower, you are eligible for Social Security ‘life insurance protection,’ known as survivors benefits.

Couples can increase their Social Security life insurance protection by having the higher-earning spouse delay claiming Social Security benefits. This is because the amount of the benefit for a survivor depends on when the deceased, higher-earning spouse claimed benefits. If the higher earner claimed benefits before his/her FRA, the benefit for the surviving spouse will be reduced; if the higher earner waited until after FRA, the benefit for the surviving spouse will be increased.

A surviving spouse can claim that benefit as early as age 60, but it will be reduced if it is claimed before FRA. A surviving spouse who is also eligible for a benefit as a worker can

choose which benefit to receive first, even if he/she has not reached FRA or was born on or after January 2, 1954. In other words, you can claim your survivor benefit first while letting your worker benefit grow, and then claim that later. The survivor benefit is especially important to the economic security of lower-earning spouses. But higher-earning spouses can also benefit from the option to claim just a survivor benefit and let their worker benefit grow.

### *Don and Tanya*

Tanya, the manager of a grocery store, was widowed at age 60. Previously, Tanya and her husband Don, 15 years her senior, had discussed their Social Security claiming options as a couple. Don was the higher-earning spouse and they knew that his worker benefits would become Tanya’s survivor benefits, should he pass away before her. Don had waited to take his Social Security benefits until 68, two years past his FRA, increasing both his worker benefit while he was alive and Tanya’s future



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survivor benefit. As a surviving spouse, Tanya can decide which benefit to claim first: her benefit as a surviving spouse (as early as age 60) or a worker benefit (as early as age 62). With the help of the Social Security Administration, Tanya determines that her full survivor benefit at her FRA of 66 will be larger than her worker benefit, even if she waits until age 70 to claim the worker benefit. She decides to claim just her worker benefit at age 62. With this income, she can meet her daily expenses after she retires. Tanya waits to start her survivor benefit until she can claim the full, unreduced amount at her FRA of 66, for the maximum lifetime income protection.

If Tanya's worker benefit were going to grow larger than her survivor benefit if she waited until age 70 to claim the worker benefit, she might make a different decision. She could claim just a reduced survivor benefit as early as age 60 – and claim her increased worker benefit at age 70, for the maximum lifetime income protection.

### **Social Security benefits for divorced spouses**

If you are divorced, you may be eligible for the same benefits based on your ex-spouse's work record if your marriage lasted at least 10 years. You are entitled to benefits as a divorced spouse if you are at least age 62 and not currently married. Your ex-spouse must be at least age 62. Even if your ex-spouse has not claimed benefits, you can receive benefits as a divorced spouse if you have been divorced for at least two years. For you to be eligible as

a surviving divorced spouse, you must be at least age 60 (50 if disabled) and not currently married—unless your remarriage occurred after you reached age 60 and your benefit based on your own earnings is smaller than that based on your ex-spouse's record. Waiting past your FRA to take benefits as a divorced spouse or surviving divorced spouse will not increase those benefits. If you are eligible for benefits as a divorced spouse, remarried, and your later marriage ended, you are eligible for benefits on the work record of any of your former spouses, as long as the marriage lasted at least 10 years. It does not matter if your ex-spouse remarried. Your claims for benefits as a divorced spouse will not affect the benefits of your ex-spouse or his/her subsequent spouses.

### **Maurice and Agnes**

Maurice and Agnes were married for 30 years. During their early working lives, Maurice stayed home to provide full-time care for their children while Agnes continued working, and he was employed as a journalist after the children reached school age. Maurice and Agnes divorced when Maurice was 55. Even though the divorce papers said nothing about Social Security, Maurice knew that he was eligible for Social



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**Social Security provides benefits to dependent children when a parent – or in some circumstances, a grandparent – retires, becomes disabled, or dies. The child must be under 18; age 18 or 19 and a full-time elementary or secondary school student; or over 18 with a severe disability that began before age 22.**

Security benefits based on Agnes' work record because he was the lower earner, was married for more than 10 years, and was not remarried. At his FRA of 66, when Agnes was 64, Maurice claimed a benefit as Agnes' divorced spouse, which was higher than his own worker benefit. He did not have to wait for Agnes to claim her worker benefit because they had been divorced for more than two years. Eight years later, Agnes passed away and Maurice began receiving a higher benefit (100% of Agnes' benefit, rather than 50%) as a surviving divorced spouse. Agnes' second husband, Richard, would also be eligible to receive benefits as Agnes' surviving spouse, if her Social Security benefit as a worker was greater than his. Maurice's claim for benefits based on Agnes' work record would not affect benefits for Richard, nor would Richard's claims affect Maurice.

### **Retired parents or grandparents raising children**

Social Security provides benefits to dependent children when a parent – or in some circumstances, a grandparent – retires, becomes disabled, or dies. The child must be under 18; age 18 or 19 and a full-time elementary or secondary school student; or over 18 with a severe disability that began before age 22. Grandparents may receive benefits for a child if the biological parents of the grandchild have died or are disabled, or the grandchild has been legally adopted by the grandparent. The grandchild must have lived with the grandparent before he/she turned 18 and be dependent on the grandparent for half or more of the

total financial support he/she received for one year before the month the grandparent becomes eligible for benefits. There are additional considerations for grandchildren born during the one-year period and for step-grandchildren. The benefit for a child can be worth up to 50% of the parent or grandparent's benefit; however, there is a limit on the total amount that a family can receive based on a worker's record.

### ***Martina and Sofia***

Martina, age 62, works as a home health aide. She is raising her adopted granddaughter Sofia, age 7. Martina decides to claim her retirement benefit at age 62.

Although she knows her own benefit as a worker will be reduced, this enables her to claim a child benefit for Sofia. She'll have additional income to support her family until Sofia turns 18 (or 19 and still in high school).

If Sofia had been 16 instead of 7, Martina might have made a different decision. By claiming at 62, she would have received the additional child benefit for only about two years, while her own benefits would be 25% lower for the rest of her life.



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## CONCLUSION

For the individuals in these scenarios, considering when to take Social Security involved weighing personal circumstances, health, financial need, and marital and family status. If you need Social Security to make ends meet, take it – you’ve earned the benefits. But when waiting is possible, doing so can increase your monthly income for the rest of your life. Couples approaching retirement have two lives

to plan for. Divorced and widowed spouses have additional factors to consider.

Social Security is the safest and most secure income that many retirees have, and benefits last for life and keep up with inflation. Taking Social Security at the appropriate time can help you and your family members to achieve a more financially secure retirement.

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*At the National Academy of Social Insurance, Joan Entmacher is Senior Fellow, Benjamin Veghte is Vice President for Policy, and Kristen Arnold was Income Security Policy Analyst until April 2016.*

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*For more resources, visit <https://www.nasi.org/WhenToTakeSocialSecurity>*

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