

Making the Most of Your Retirement Income: Social Security

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As you approach retirement, the decisions you make can have a big impact on your – and your spouse's – future income. But don't panic: you don't have to do this alone. Here are some things to think about as you prepare for retirement.

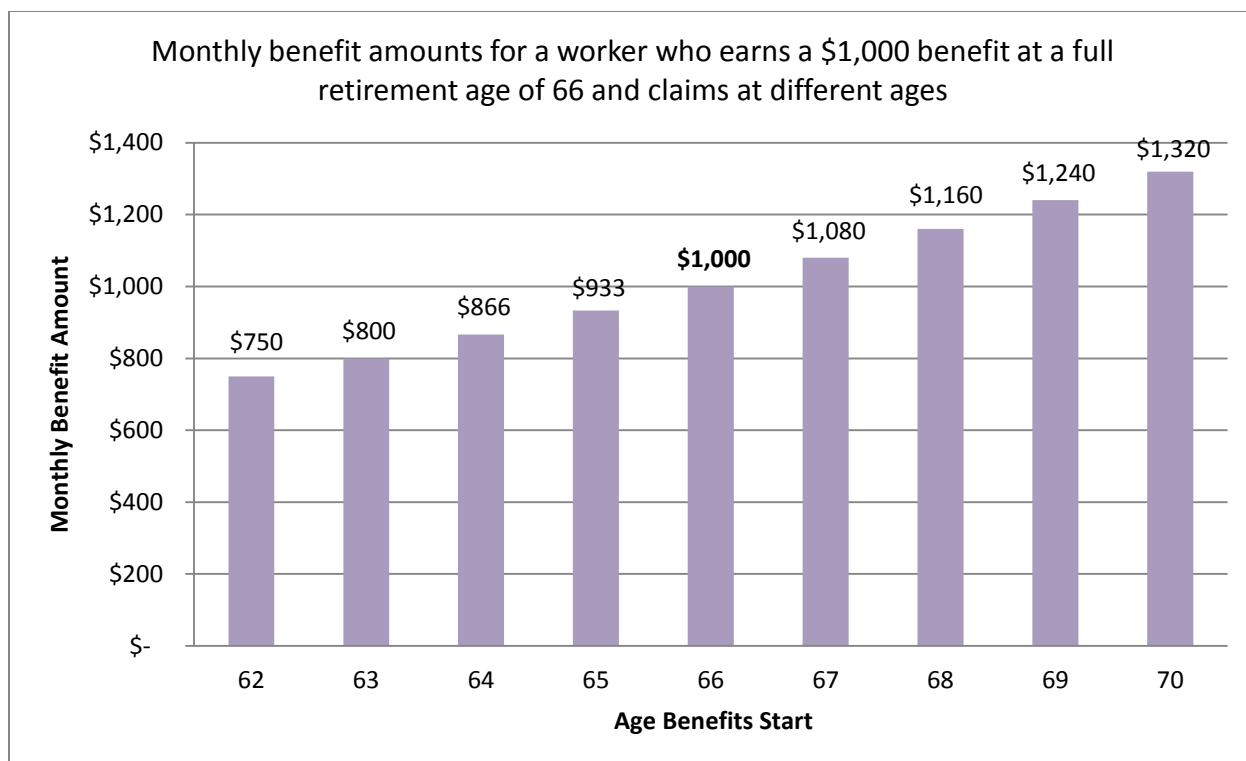
For most women, Social Security is the main source of income in retirement, with some [retirement savings as a supplement](#). Benefits last as long as you live and are adjusted for inflation. And, they're available to both workers and their spouses (and widows/widowers and divorced spouses and divorced widowed spouses who were married for 10 years). Here are some things to think about as you consider how and when you will claim Social Security benefits:

When will you claim your benefits?

You can claim retirement benefits as early as age 62. If you can't afford to wait, don't! You've earned it, and it's there for you when you need it. **But if you can wait, even a year or two, your monthly benefit will be higher for life.** And you may need that income even more when you get older, because other sources of income may decline and health care expenses may go up.

- **If you claim your benefits before your Full Retirement Age (FRA), they will be reduced—permanently.**
 - Your FRA depends on when you were born. If you were born in 1943-1954, your FRA is 66. Born in 1955-1959, your FRA increases by 2 months for each year (for example, if you were born in 1956, your FRA is 66 and 4 months). Born in 1960 or later, your FRA is 67.
 - If your FRA is 66 and you claim at 62, your benefit will be 25% less than if you waited until 66. If your FRA is 67 and you claim at 62, your benefit will be 30% less.
 - If you're still working and expect to earn more than \$15,500 in 2014, you really want to think hard about claiming benefits before your FRA. (And probably shouldn't do it!) For every dollar you make over that amount, part of your monthly benefit will be withheld. You'll get back the part they withhold later, but your lifetime benefit will still be reduced.

- **If you can wait to claim benefits until after your FRA, your monthly benefits will be increased--permanently.**
 - Benefits go up 8% plus inflation every year you wait between your FRA and age 70. Many financial advisers agree: waiting to claim Social Security is the best annuity deal around.



- **If you can continue to work, you may be able to increase your benefits even more.**
 - Social Security benefits are based on your highest 35 years of earnings. So if you were out of the workforce for a while, or had several years of low earnings, you can increase your benefit by continuing to work.
 - You can keep track of your estimated Social Security retirement benefits at <http://ssa.gov/myaccount/> or use their benefit calculators to see how earning more or waiting to claim Social Security would affect your benefits.
- **If you have to stop working before your FRA because of a disability, you can apply for disability benefits.**
 - Your disability benefits are not reduced because of your age, and you will get your full retirement benefit when you reach your FRA.

What benefits can you receive as a spouse, widow(er), or former spouse?

- **As a spouse of a worker covered by Social Security, you can get up to 50% of your spouse's benefit or your own worker benefit, whichever is higher.**
 - To claim retirement benefits as a spouse, you must wait until your spouse retires, and you must be at least 62.
 - If you claim before your FRA, your benefits as a spouse and worker will be reduced.
 - If you wait to claim until your FRA and claim only your spousal retirement benefits, your own worker benefits can continue to grow.

- **As a surviving spouse, you can get up to 100% of your deceased spouse's benefit or your own worker benefit, whichever is higher.**
 - You can claim survivor benefits as early as age 60 (50 if you are disabled), but claiming before your FRA will reduce benefits.
 - If your spouse claimed benefits before his or her FRA, your survivor benefits will also be reduced.
 - If your spouse was the higher earner, and he or she waited until after FRA to claim benefits, your survivor benefits will also increase. **A higher earning spouse who waits to claim Social Security benefits provides more lifetime income protection for a surviving spouse.**
 - If you are eligible for a benefit both as a surviving spouse and a worker yourself, you have a choice of which benefit to claim first, even before your FRA.
 - For the most income protection later in life, find out which benefit will ultimately be larger: your own worker benefit if you wait until at age 70 to claim it? Or your survivor benefit if you claim it your FRA (your benefit as a surviving spouse doesn't increase by waiting beyond your FRA). You can claim the smaller benefit first.

- **If you're divorced and your marriage lasted for 10 years or more, you are eligible for the same benefits as a current spouse or widow/widower.**
 - To claim retirement benefits as a divorced spouse, you must wait until you and your former spouse are at least age 62, but you don't have to wait for him to claim benefits.
 - The benefits you receive as a divorced spouse will not affect your former spouse's benefits.

- **Same-sex couples are eligible for spousal benefits if:**
 - Married in a state that recognizes same-sex marriage and living in a state that recognizes their marriage when they apply.
 - The eligibility of other same-sex couples is unresolved. But you can go ahead and apply, and get benefits from the date of application if you are later determined to be eligible.
 - *Takeaway:* You and your spouse should think carefully about when you will claim Social Security benefits. This decision can make a huge difference for your retirement income, and for the surviving spouse's income for the rest of his or her life.

What if you have a pension from work not covered by Social Security?

- **Your Social Security benefits may be reduced if you also receive a pension from employment that was not covered by Social Security.**
 - The Windfall Elimination Provision (WEP) reduces the Social Security benefit of a worker who also receives a pension from a job where they did not pay into Social Security, such as some public employment. It also reduces Social Security benefits for that worker's spouse and surviving spouse.

- The Government Pension Offset (GPO) reduces the Social Security spouse and widow's benefit of an individual who also receives a pension from a job where they did not pay into Social Security. The reduction equals 2/3 of the government pension.
- The rules are complicated! Go to www.ssa.gov and use Social Security's WEP and GPO calculators to find out how these special rules may affect you.

More information and resources:

- National Women's Law Center: www.nwlc.org/retirement
- Social Security Administration for women: www.ssa.gov/women
- AARP's Social Security Calculator: <http://www.aarp.org/work/social-security/social-security-benefits-calculator.html>
- National Academy of Social Insurance: <http://www.nasi.org/research/social-security>
<http://www.nasi.org/discuss/2012/04/world%E2%80%99s-best-investment-delaying-social-security>
- National Committee to Preserve Social Security and Medicare: www.ncpssm.org (Ask Mary Jane)