

# **PLANNING FOR RETIREMENT: MAKING THE MOST OF YOUR SOCIAL SECURITY**

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# TELL US A LITTLE BIT ABOUT YOURSELF

- Please answer the poll questions on your screen:
  - Why are you primarily interested in this webinar?
  - When do you plan to take Social Security benefits?

# ***When Should I Take Social Security?***

October 29, 2015  
webinar

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[www.nasi.org](http://www.nasi.org)

# The Academy's Social Security public education initiative

<https://www.nasi.org/WhenToTakeSocialSecurity>

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## When To Take Social Security: It Pays to Wait

Welcome to NASI's toolkit on **When to Take Social Security: It Pays to Wait!** The materials in this toolkit are designed to educate workers approaching retirement about their options for taking Social Security benefits, and about why it can *pay* to wait.


Social Security benefits can be taken at any time between 62 and 70, but there are sound financial reasons to delay if you can. If you wait, your monthly benefits will be higher for the rest of your life.

- If you need Social Security to make ends meet, take it – you've earned it.
- But if you can wait, even a year or two, your monthly benefit will be higher – for the rest of your life.
- If you're married, you have two lives to plan for. If you are the higher earner, waiting to take Social Security means providing a higher survivor benefit for your spouse if she or he outlives you.

**Resources include:**



A 3-minute video:  
*Social Security: It Pays to Wait*



Also available in Spanish:  
*El Seguro Social: Vale la pena esperar*



A 1-page fact sheet:  
*When Should I Take Social Security?*



A 16-page brief:  
*When Should I Take Social Security? Questions to Consider*



A 2-page fact sheet:  
*Will Social Security Still Be There?*

**Additional resources:**

- Press Release: *Thinking about Retirement and When to Take Social Security? It Pays to Wait!*
- Brochure (available in hard copy only): *Thinking about Retirement? Here's an important question: When Should I Take Social Security?*

**Partner Resources**

### Medicare and Medicaid at 50

Throughout 2015, the Academy is commemorating the 50th anniversary of Medicare and Medicaid with a series of special activities, including a weekly live history blog, and by working with partners to provide a platform for educational dialogue around the history and future of these two vital programs. Learn more and join the celebration.

### COVERED

A week-by-week look at the 1965 politics that created MEDICARE & MEDICAID

Part of the Academy's Year-Long Dialogue of MEDICARE & MEDICAID at 50

COVERED: a week-by-week look at the political and legislative developments that led to the creation of Medicare and Medicaid 50 years ago. Bob Rosenblatt, NASI senior fellow and former Los Angeles Times Washington correspondent will report on the people and the maneuvers that led to this major expansion of social insurance.

### Social Security: It Pays to Wait

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**To calculate your benefit, Social Security  
uses your Full Retirement Age (FRA)**



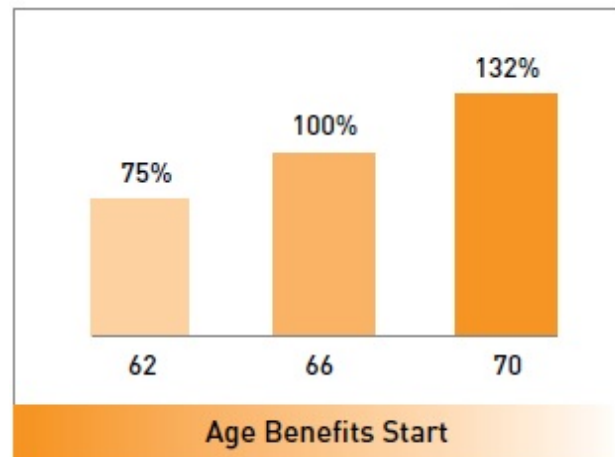
## **FULL RETIREMENT AGE**

<b>YEAR BORN</b>	<b>FULL RETIREMENT AGE</b>
<b>1943 - 54</b>	<b>66</b>
<b>1955</b>	<b>66 AND 2 MONTHS</b>
<b>1956</b>	<b>66 AND 4 MONTHS</b>
<b>1957</b>	<b>66 AND 6 MONTHS</b>
<b>1958</b>	<b>66 AND 8 MONTHS</b>
<b>1959</b>	<b>66 AND 10 MONTHS</b>
<b>1960+</b>	<b>67</b>

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# When can I take Social Security?

You can take it as early as age 62, but your monthly benefit will be higher – for the rest of your life – if you wait.

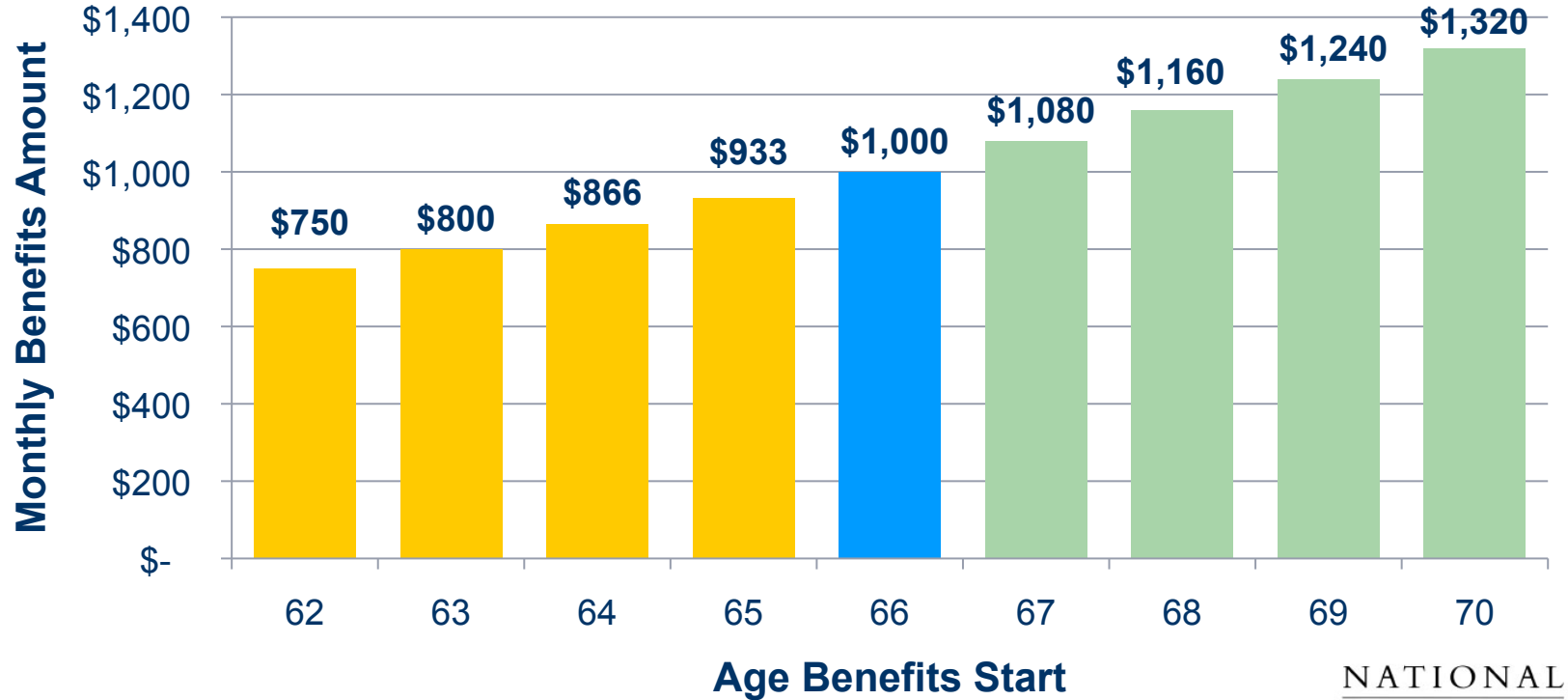


Source: *When Should I Take Social Security?* (NASI Fact Sheet)

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# How much higher are benefits if I wait?

If a worker earns \$1,000 monthly benefit at full retirement age of 66:



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# How does working affect my benefits?

## Working longer can increase benefits

### *Younger than your FRA?*

- Subject to an earnings test
- Earnings above limit will cause SSA to withhold some benefits

### *Older than your FRA?*

- Work without forgoing any retirement benefits
- If you can make ends meet, delay benefits or ask SSA to suspend benefits to take advantage of 8% increase

***Unable to work?*** You may be eligible for disability insurance (DI) benefits. See: [www.socialsecurity.gov/dibplan](http://www.socialsecurity.gov/dibplan)

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## Why forego Social Security now to get more later?

- The longer you live, the more important Social Security is likely to be.
  - It lasts as long as you live.
  - It keeps up with inflation.
- Other sources often decline with age.

## Most 65-year olds are expected to live past 80

On average, at 65 today:

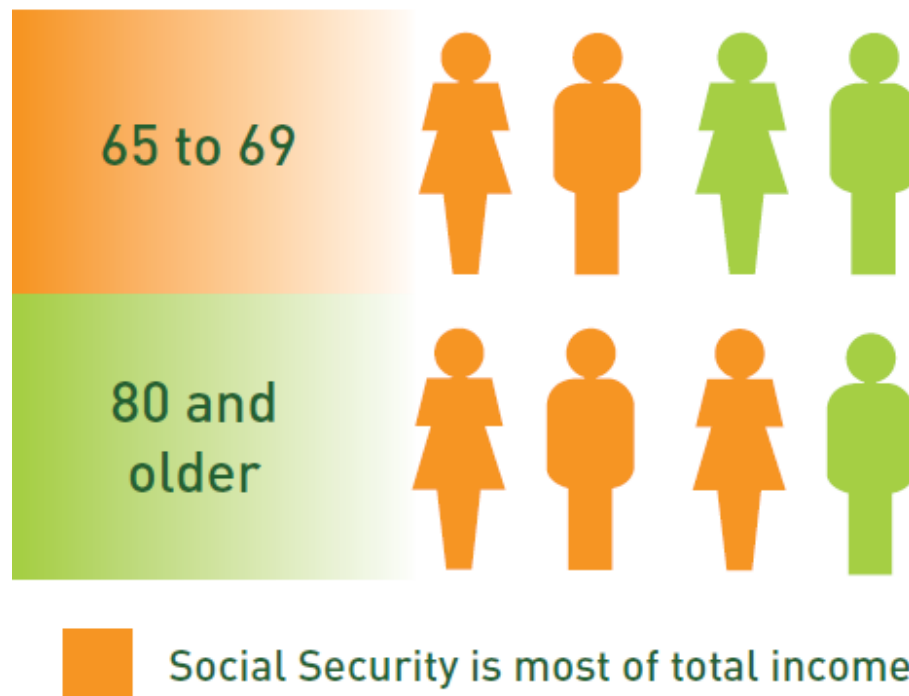
- Women can expect to reach 86
- Men can expect to reach 84

About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95!

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# Social Security becomes more important at older ages

At older ages more beneficiaries get most of their income from Social Security



# Couples have two lives to plan for

- As of 2013, more than half (57%) of couples age 65 will have one spouse live beyond 90.
- If you are the higher earner, delaying Social Security means a higher benefit for your spouse if she or he outlives you.

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# Is there a risk in waiting? Will Social Security be there?

- Social Security will be there if you wait. In fact, it is far stronger than many people think.
- While Congress has not yet scheduled enough funds to pay all future benefits, it has done most of the job.
- Social Security is fully financed until 2034 and  $\frac{3}{4}$  of the way to full financing after that. Lawmakers have many options to fix the shortfall.
- Americans say they value Social Security, they want to preserve it and will pay more, if needed.

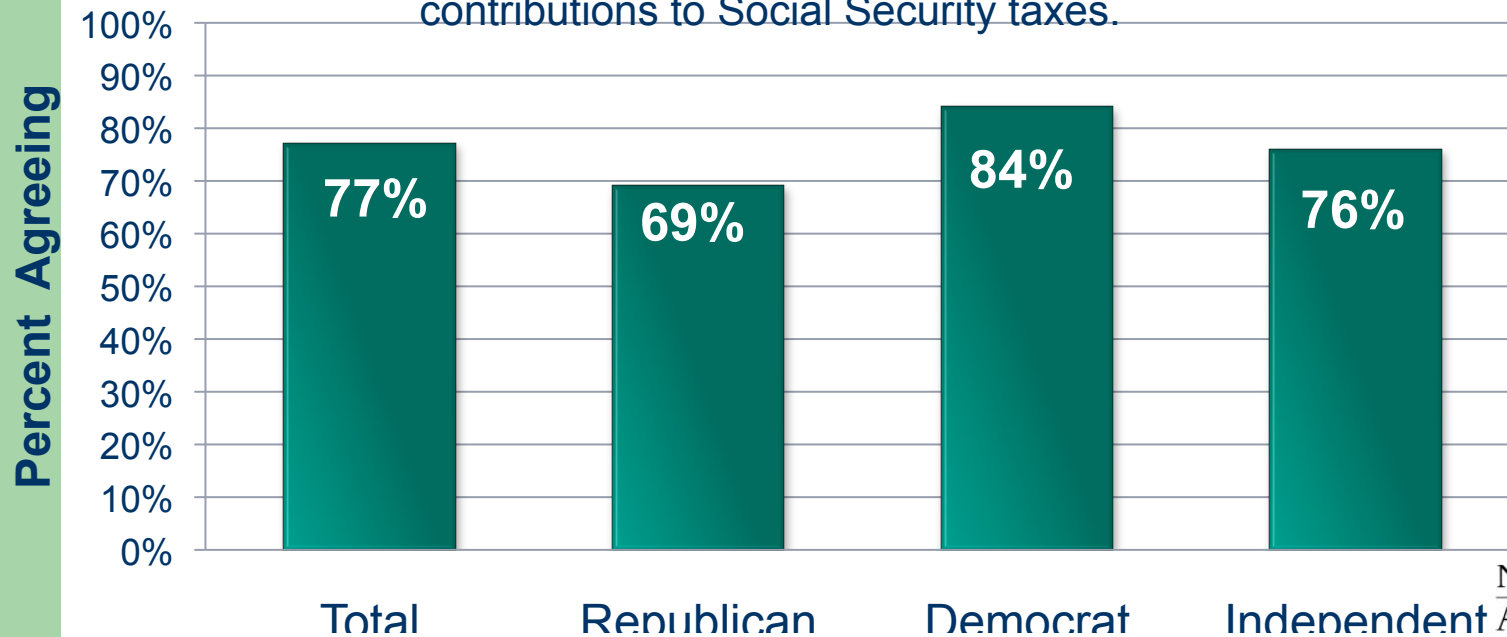
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# How much do we pay for Social Security?

- Workers and employers each pay 6.2% of earnings up to a cap, now \$118,500.
- 6% of workers make more than the cap. They stop paying each year when they reach the cap.

# Americans say they are willing to pay more for Social Security, if needed

Percent agreeing: It is critical that we preserve Social Security for future generations, even if it means increasing working Americans' contributions to Social Security taxes.



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# What would it take to close Social Security's funding gap?

- 2014 NASI survey found strong support for increasing Social Security income by:
  - Gradually phasing out the cap, so that high earners and their employers pay throughout the year.
  - Over the next 20 years, gradually increasing the rate from 6.2% to 7.2%.
- These changes would close the 75-year funding gap and cover improvements. There are more options.

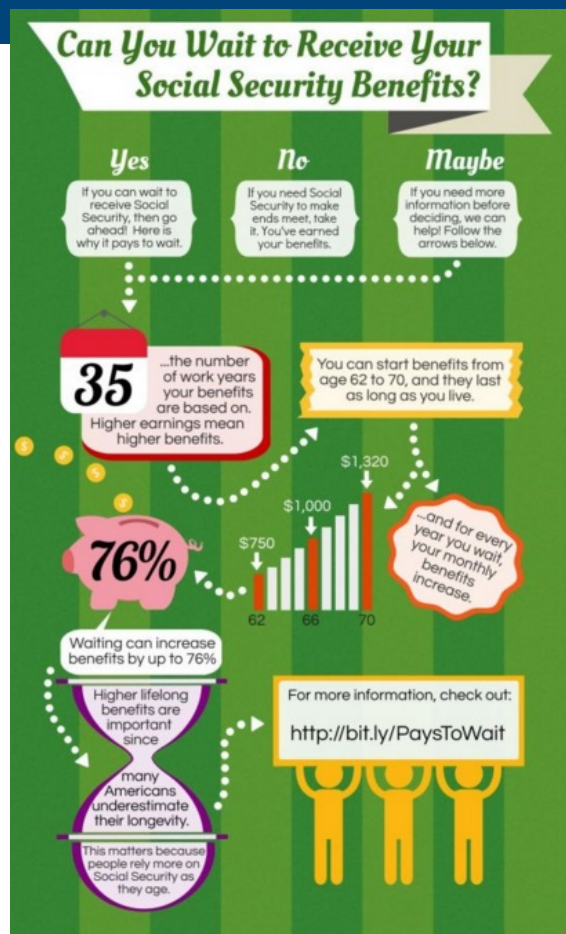
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## Recap

- If you need Social Security early, take it. You earned it!
- But if you can wait, your monthly benefit will be higher for the rest of your life.
- If you earn more than your spouse, delaying Social Security means a higher survivor benefit for your spouse if she or he outlives you.
- Social Security will be there if you wait to take your retirement benefits

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# Additional Resources from the National Academy of Social Insurance



- toolkit:  
*When to Take Social Security: It Pays to Wait*
- video:  
*Social Security: Americans Agree*
- video:  
*Social Security: Just the Facts*
- report:  
*Americans Make Hard Choices on Social Security*

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# **MAKING THE MOST OF YOUR SOCIAL SECURITY**

**How and when to claim benefits as a  
spouse, widowed spouse, or divorced  
spouse**

**October 29, 2015**

**Joan Entmacher**

**National Women's Law Center**

# SOCIAL SECURITY IS A FAMILY INSURANCE PLAN

- **Spousal benefits at retirement:**
  - As a spouse—up to 50% of your spouse's benefit or your own worker benefit, whichever is higher.
  - As a surviving spouse—up to 100% of your deceased spouse's benefit or your own worker benefit, whichever is higher.
- **Spousal benefits at any age:**
  - If your spouse became disabled or died, and you are caring for his or child (under age 16 or living with a disability) who is eligible for benefits.
- **Benefits for children**
  - Children (including stepchildren and dependent grandchildren) of workers who have retired, become disabled, or died, may be eligible. Must be under age 18, or 18-19 and in secondary school, or living with a disability.

# WHICH SPOUSES ARE ELIGIBLE FOR SPOUSAL RETIREMENT BENEFITS?

- **Divorced spouses and divorced widowed spouses**
  - Eligible if marriage lasted for 10 years. Does not affect ex-spouse's benefit.
- **Same-sex couples**
  - Eligible whatever state they live in.
- **Rules are gender neutral**
  - But spousal benefits are more important to women because their earnings are typically lower than men's and they tend to live longer.
  - Life expectancy at 65 is higher for Black and Hispanic women than for white, non-Hispanic men.

# WHEN CAN YOU CLAIM A BENEFIT AS A SPOUSE?

- **As early as 62, but your benefit will be reduced**
  - If you are married, your spouse must have filed a claim for benefits.
  - If you are divorced, you do not need to wait for your ex-spouse to claim benefits. But your ex-spouse must be at least 62, and you must have been divorced for two years (and married for 10).
- **Don't wait to claim a spousal benefit beyond your Full Retirement Age (FRA)**
  - Unlike your worker benefit, you can't increase your benefit as a spouse by waiting past your FRA to claim it.

# WHAT IF YOU CLAIM YOUR SPOUSE BENEFIT BEFORE YOUR FRA?

- Filing before your FRA reduces your benefit as a spouse—and as a worker.
  - If you are eligible for both a worker and spouse benefit and file before your FRA, you will be deemed to have filed for both.
  - You'll get the higher benefit, but both benefits will be reduced permanently for filing early.



# IF YOU CAN WAIT UNTIL YOUR FRA, YOU HAVE A CHOICE

- At your FRA, you can claim just your spouse benefit and let your worker benefit grow.
  - If your worker benefit is, or will grow to be, larger than your benefit as a spouse, this can increase your lifetime income protection.
  - Note: Congress may change this rule for people who turn 62 after 2015.

# WHY CONSIDER CLAIMING JUST A SPOUSAL BENEFIT AT YOUR FRA?

**Example:** Angela waited until her FRA to claim Social Security. She is eligible for a spouse benefit of \$800/month (50% of her husband's \$1,600/month benefit) and a worker benefit of \$1,000/month.

- She claims just her spouse benefit and receives \$800/month instead of \$1,000. At 69, she claims her worker benefit, which has grown to \$1,240.
- For 3 years, her benefit was about \$200/month less than if she had claimed her worker benefit—but she is now eligible to receive a benefit that is about \$240/month higher for life.

## **WHEN CAN YOU CLAIM A RETIREMENT BENEFIT AS A SURVIVING SPOUSE?**

- **As early as 60 (50 if disabled)—but claiming before your FRA reduces it permanently.**
- **Unlike your worker benefit (but like your spouse benefit), you can't increase your benefit as a surviving spouse by waiting past your FRA to claim that benefit.**

# **BENEFITS FOR A SURVIVING SPOUSE DEPEND ON WHEN THE HIGHER-EARNING SPOUSE TAKES BENEFITS!**

- **If the higher earner takes benefits before FRA, the survivor's benefit also will be reduced.**
- **If the higher earner waits until after FRA, the survivor's benefit also will be increased.**
- **TIP: A higher-earning spouse can provide more lifetime income protection for a surviving spouse by waiting to claim benefits!**

# WHAT IF YOU'RE ELIGIBLE FOR A BENEFIT AS A SURVIVING SPOUSE AND A WORKER?

- You can choose which to claim first, even before your FRA. For the highest benefit later in life, find out which benefit will eventually be larger and consider claiming the other one first.
  - Will your full survivor benefit at your FRA be larger than your worker benefit at age 70? You could take your worker benefit early and wait until your FRA to maximize your survivor benefit for life.
  - Will your worker benefit at age 70 be larger than your survivor benefit at your FRA? You could take your survivor benefit first and let your worker benefit earn delayed retirement credits.
- If you are widowed after your FRA, claim your benefit as a surviving spouse. Waiting will not increase it.

# WHAT IF YOU'RE ENTITLED TO SOCIAL SECURITY AND ALSO GET A PENSION FROM WORK 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 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](http://www.ssa.gov) and use Social Security's WEP and GPO calculators to find out how these special rules may affect you.

# RECAP: CLAIMING SPOUSAL BENEFITS

- If you are eligible for a benefit as a worker and spouse or surviving spouse, you can get the higher benefit but not both.
- The higher earning spouse can provide a higher benefit for the surviving spouse by waiting.
- Spousal benefits are reduced if claimed before your FRA. Unlike worker benefits, they do not increase if you wait to claim them after your FRA.
- If you file before your FRA, you will be deemed to have applied for both benefits and both will be permanently reduced.
- A widowed spouse has the option before FRA to choose which benefit to take first—and let the benefit which will eventually be higher grow, for the most income protection later in life.
- Making the most of your Social Security benefits is especially important to women because women tend to live longer—and Social Security provides secure income for life.

# RESOURCES FOR YOU

- Check out resources on our Social Security and retirement webpage: [www.nwlc.org/retirement](http://www.nwlc.org/retirement)
- Sign up for alerts on Social Security and retirement at [www.nwlc.org](http://www.nwlc.org) and become a fan of NWLC on Facebook or follow us on Twitter (@nwlc) for graphics and links.
- Social Security Administration, information for women: [www.ssa.gov/women](http://www.ssa.gov/women). Benefit calculators:  
[www.socialsecurity.gov/retire/estimator.html](http://www.socialsecurity.gov/retire/estimator.html)
- Tune in for the webinar on Nov. 5, Social Security and Communities of Color



# QUESTIONS?

- Please enter your questions into your webinar toolbar and hit Send.
- You will receive an email with a link to the slides and webinar recording within the next few days.
- After the webinar is over, you will receive an invitation to participate in a survey. We appreciate your feedback!