
Social Security Retirement Claiming Strategies for Married Couples

For many Americans, Social Security benefits are an important source of retirement income. How *much* a retiree receives each month from Social Security is affected by a number of factors, including the retiree’s lifetime earnings history, the age at which he or she applies for benefits, and whether more than one type of benefit may be available.

Carefully choosing when and how to claim Social Security retirement benefits can significantly increase the total dollar amount of benefits received. For an unmarried individual, deciding when to claim Social Security retirement benefits is relatively straightforward. For married couples, however, it is a more involved decision.

Basic Ground Rules for Claiming Retirement Benefits

Birth Year	Full Retirement Age
1943-1954	66
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 and Later	67

- **Primary Insurance Amount:** All Social Security benefits are based on a worker’s lifetime earnings record. Higher lifetime earnings generally result in higher benefits. Based on the earnings record, the Social Security Administration calculates an amount, called the “Primary Insurance Amount,” (PIA). The PIA is the basic value upon which all of the worker’s (and dependent’s) benefits are based.
- **Full retirement age:** For many years, the “full” retirement age (FRA), the age at which “full” benefits -100% of an individual’s PIA - are available, was age 65. However, for those born in 1938 or later, FRA has gradually been increasing. It is scheduled to reach age 67 for those born in 1960 or later.

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- **Early retirement = *reduced* benefits:** Age 62 is generally the earliest age that someone can begin to receive Social Security retirement benefits. However, if retirement benefits begin before an individual's FRA is reached, the benefit paid is reduced to reflect the fact that income will be paid over a longer period of time. An individual's PIA is reduced by 5/9 of 1% for each month, up to 36 months, that the individual applies before FRA. If the individual applies for benefits more than 36 months before FRA, an additional reduction of 5/12 of 1% is applied for each month in excess of 36.
- **Delayed retirement = a *larger* benefit:** If an individual delays applying for retirement to FRA or beyond, the benefit is increased. For those born in 1943 or later, delaying retirement increases the benefit by 8% of the full PIA for each full year they wait beyond FRA. The maximum delayed credit is reached at age 70.
- **Working and receiving benefits simultaneously:** Individuals under FRA, who are both working and receiving Social Security benefits, are subject to certain earnings limitations. Once these limitations are exceeded, a recipient's Social Security benefits are reduced. In 2022 for those under FRA, benefits are reduced by one dollar for every two dollars in excess of \$19,560 (\$1,630 monthly). If the worker reaches FRA in 2022, benefits are reduced by one dollar for every three dollars in excess of \$51,960(\$4,330 monthly).¹ At FRA, these "lost" benefits are partially restored through a benefit re-computation.

Unmarried Individuals

For single individuals, deciding when to apply for retirement benefits is relatively easy; they have only the retirement benefit itself to consider. Apply early, get a reduced benefit; apply later, get a larger benefit.

Married Couples – A More Complex World

For married couples, the situation is more complex, primarily because there are three types of benefits that may be claimed by spouses:

¹ A special rule applies to the first year of retirement, to benefit an individual who, just before retiring, earns more than the annual limit. Under this rule, unreduced benefits are paid for any month *after* benefits begin that an individual does not earn more than the exempt wage amount.

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1. *Retirement benefit*: The benefit an individual receives based on his or her own earnings record. If both spouses have worked, each may independently qualify for a retirement benefit. As with unmarried individuals, claiming retirement benefits before FRA will provide a reduced benefit; claiming at or after FRA will provide a larger benefit.
2. *Spousal benefit*: A benefit payable to the spouse of a retired worker. If the spouse has reached FRA, the benefit is generally 50% of the worker's PIA. A spouse has the option of claiming the larger of the spousal benefit, or any benefit he or she has earned in his or her own right.
3. *Survivor's benefit*: A benefit payable to a deceased worker's surviving spouse. If the survivor has reached FRA, the benefit is usually 100% of the worker's PIA.

Bi-Partisan Budget Act of 2015

The Bi-Partisan Budget Act of 2015 phased-out two additional spousal-benefit-claiming strategies that had been available in previous years. The first of these, the “Restricted Application” strategy, was generally used by the higher-earning spouse. The option to file a restricted application is still available for individuals who were at least age 62 in 2015.

1. A low-earning spouse must have claimed his or her own retirement benefit.
 2. The high-earning spouse would then file a “restricted application” where he or she would choose to receive only the spousal benefit, while allowing his or her own retirement benefit to grow (via delayed retirement credits), up to age 70.
 3. At 70, the high-earning spouse would then switch from spousal benefits to his or her own retirement benefit.
- **File-and-Suspend**: In the “File-and-Suspend” approach, a worker, upon reaching FRA, filed for retirement benefits and then immediately *suspended* their receipt.¹
 1. The spouse then qualified for “spousal” benefits. Social Security would compute both the spousal benefit (generally 50% of the worker's PIA) and any retirement

¹ Under both old and new law, the ability to file and suspend is not available until the work reaches FRA. The new law still allows a worker to file-and-suspend, but doing so also suspends all other benefits based on the worker's earnings record. The *worker* must actually receive a benefit in order for a spouse or other qualifying dependents to receive benefits.

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benefit the spouse may have earned in his or her own right, and, in effect, awarded the *larger* of the two. Except for cost-of-living adjustments, this benefit would continue unchanged until either the spouse or the worker died.

2. The worker, by suspending receipt of benefits, would also have received an increased retirement benefit for each month of delay, up to age 70. This would also have provided a larger widow(er)'s benefit (generally 100% of the deceased worker's PIA) to the spouse, assuming that: (a) the worker pre-deceased the spouse, and (b) the worker's retirement benefit was larger than the benefit the spouse was receiving at the time the worker died.
3. The "File and Suspend" approach was last available to those who reached age 66, and filed-and-suspended, on or before April 29, 2016.

Choosing Which Benefit to Claim

In order to maximize Social Security retirement benefits, and with multiple possibilities, how does a married couple decide when and which benefit to apply for? One approach involves using a specialized software program. This type of analysis takes into account factors such as the relative ages of each spouse, their individual earnings history, and an anticipated mortality age for each. The end result is a theoretical "optimal" claiming strategy.

This optimal strategy, however, is often affected by real-world complications such as poor health (i.e. a shorter life expectancy), a need for income now, a "down" stock market, or other unexpected problems. However, clearly understanding the benefits that are available, and how to best utilize them, can help a married couple integrate the theoretical with the real-world and maximize the retirement and widow(er)'s benefits received from Social Security.

Seek Professional Guidance

The right claiming strategy for Social Security retirement benefits can make an enormous contribution to a retirement that is both secure and comfortable. Because of the complexities involved, the advice and guidance of experienced, trained financial professionals in making these decisions is strongly recommended. Social Security questions can also be answered by directly contacting the Social Security Administration.