

## SOCIAL SECURITY STRATEGIES

The Center for Retirement Research at Boston College has recently published an article on the following “unusual” strategies for drawing Social Security retirement benefits. These options may allow a particular claimant to increase lifetime retirement benefits for the claimant’s household:

1. **Defer and Elect Spousal Benefit.** Because the amount of monthly Social Security retirement benefits increases based on the recipient’s starting age (between age 62 and 70), a two-earner married couple may be able to maximize their retirement benefits by having one spouse delay the commencement of benefits past retirement age (currently age 66). Because retirement benefits increase by about eight percent per year from age 66 through age 70, the spouse who defers commencement of retirement until age 70 can receive monthly benefits that are 32 percent greater than those payable at age 66. Even better, the spouse who defers the commencement of benefits can claim a “spousal benefit” at retirement age and receive a pension equal to one-half of his/her spouse’s pension for the years between age 66 and 70.

2. **Do Over.** Any individual who has already elected and is receiving Social Security retirement benefits can apply on SSA Form 521 to have benefits “restarted” in an increased monthly amount as of a current date. This potential increase is conditioned on the repayment – without interest – of all prior retirement benefits. That is, in effect, converts the prior retirement benefits into an interest-free loan from the Government. If the recipient does not need the initial retirement benefits for living expenses, they can be invested and the recipient can keep any investment earnings.

3. **Benefit Suspension.** The Senior Citizens’ Freedom to Work Act of 2000 allows an individual to claim retirement benefits at retirement age and then suspend payment. This allows the individual’s spouse (perhaps a non-working spouse) to claim a spousal benefit at retirement age equal to one-half of the suspended benefit. In the meantime, suspended benefits will increase until the recipient elects a deferred commencement date. This approach can increase both the amount of monthly retirement benefits as well as available survivor benefits.

All of the above options have the *potential* to increase lifetime retirement benefits. They may also decrease lifetime benefits depending on how long the claimants live. Results in particular cases will also depend on specific work and retirement circumstances.

Recommendations: Recipients of Social Security retirement benefits who would like to increase the amount of their monthly benefits should carefully consider each of the above “unusual” Social Security options. Also be sure to coordinate any Social Security strategy with anticipated IRA distributions because such distributions in any significant amount can trigger income tax on Social Security retirement benefits.

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