



## How to Maximize Your Social Security Benefits

Social Security retirement benefits provide eligible workers, as well as their spouses, survivors and dependent children with monthly income. While this monthly benefit was never meant to replace all of your earnings, it serves as the base of retirement income for many older retired workers. In order to enjoy financial security and make the most of your retirement, it's important to think hard about when to claim your benefit. There are many strategies that can help you maximize your benefits—for you, your family and your survivors. Most of these strategies benefit couples who are currently married or are divorced, and many of them are designed to maximize lifetime benefits—or the amount you receive from the time you start claiming until your death. Most strategies are not intended solely to increase your monthly benefit. You should contact the Social Security Administration to go over which strategy is best suited for your particular circumstance and preferences.

### Wait to Collect

**Who can use it?** Those who are eligible for Social Security retirement benefits can delay claiming and receive a larger monthly benefit for life. Those who are the higher, or sole, earners in their family and those with a higher life expectancy should strongly consider this strategy.

**At what age can you take advantage?** In order to take advantage of the higher benefit that comes from delaying past the earliest age of eligibility, or 62, you must wait to collect your benefits and not collect at 62 (60 if you are a widow, widower).

**How does it work?** For every year you put off collecting between age 62 and 70, you'll increase your benefit between 5 percent and

8 percent. If you can, consider tapping other retirement sources during those years.

**How do I benefit if I'm married?** If you're married and/or you have dependent children, waiting to claim your Social Security benefit will mean a larger monthly benefit for your survivors.

**Example:** John is turning 68 next month and hasn't claimed his Social Security benefits yet. John's wife Beth is 58 and made substantially less than John over the course of her career, so her monthly Social Security benefit will be much lower. John plans to wait until age 70 to claim his Social Security so that not only will his own benefits be higher, but the benefits for his wife will also be higher upon his death. Since he's very healthy, he feels confident waiting until age 70 in order to provide a higher monthly benefit for his wife when he passes away.

### File and Suspend

**Who can use it?** If you are married and/or have dependent minor children, you might be able to boost household income immediately and provide for a larger survivor benefit later by using the "File and Suspend" strategy. This strategy works best for one-earner couples where one spouse worked full-time and the other spouse did not work outside the home or did not work long enough to qualify for Social Security retirement benefits.

**At what age can you take advantage?** You must be at least full retirement age to use this strategy. It is not available to workers who claim benefits earlier.

**How does it work?** Social Security was designed at a time when most men worked full-time jobs and their wives stayed home and raised the children. Though that is not the norm today, the benefit structure has not changed. Therefore, when one spouse has made significantly less, Social Security ensures that the lower-earning spouse will not be left without income if the earning spouse dies earlier.

To use the “File and Suspend” strategy, file for your retirement benefits at the full retirement age so your spouse or dependent children can collect their benefits based on your earnings record. Then, immediately suspend your own benefits and delay claiming them until they are worth more at an older age. Your benefits will increase by an additional 8 percent for each year you delay collecting beyond your normal retirement age, up until you turn age 70.

**How do I benefit if I’m married?** Once you file for benefits, your spouse can then claim spouse benefits. Then, at age 70, you can begin getting benefits but at a higher rate than if you had never suspended them.

**Example:** Tom, 64, works full-time. His wife Sandra, 60, is a homemaker. His Social Security benefit at age 66 will be \$2,000 a month. He’d like to wait until 68 to apply, which will bump the benefit to \$2,320. But he’s not sure he and Sandra can manage that long without some income from Social Security. If Tom waits until he reaches full retirement age to apply, he can voluntarily suspend his benefit, allowing it to grow until age 68, or even 70. Sandra can then apply as his spouse and receive a spousal benefit. Sandra’s spouse benefit will be reduced, however, because she filed for benefits at age 62, which is prior to her full retirement age. No matter whose earnings record the Social Security benefit is based on, the amount you receive depends on your age when you apply for it.

## Claim Now, Claim More Later

**Who can use it?** Couples in which each spouse worked and qualifies for Social Security benefits on their own record.

**At what age can you take advantage?** One or both of the spouses must be full retirement age or older. To make the most of this strategy, the older spouse should be the higher earner.

**How does it work?** If you are currently married, once you reach full retirement age, you can elect to apply *only* for a spouse benefit and delay taking your own benefit until age 70 at the latest. Thus, you can claim a spousal benefit now (at the full retirement age), and then claim a larger retirement benefit later. In order to claim the spouse benefit, your spouse must have filed for his/her own retirement benefit. Make sure it is clear when you complete the form that you are restricting the application to the spouse benefit and are not collecting your own retirement benefit. This strategy maximizes lifetime benefits, not necessarily your monthly benefits.

**Example:** Bob will reach his full retirement age of 66 in March. His wife Kathy will be 62 in January. Both spouses have worked and are eligible for Social Security. Kathy plans to take her benefit at 62, reducing it from the \$1,000 per month it would be at full retirement age to \$750 because she is claiming early. By waiting to claim Social Security until his full retirement age, Bob has options. He can claim on his own record or claim as Kathy’s spouse and receive 50 percent of her full-retirement benefit (remember, Bob’s spouse benefit and his own benefit depend on the age he claims benefits, not the age Kathy claims). Because Bob waits to take his own benefit after the full retirement age, he will receive delayed retirement credits and his benefit—which would have been \$2,000 per month at full retirement age—will grow to \$2,640 per month at age 70.

## File and Suspend + Claim Now, Claim More Later Strategy

**Who Can Use it?** Working couples who are close in age and who each qualify for Social Security benefits on their own record.

**At what age can you take advantage?** Both members of the couple must be at least full retirement age to use this strategy. It is not available to workers who claim benefits earlier.

**How does it work?** This strategy combines both the “File and Suspend” and “Claim Now, Claim More Later” strategies.

To use this strategy, the older spouse claims retirement benefits and immediately suspends them, at the full retirement age, allowing his/her own retirement benefit to grow (“File and Suspend” strategy). When the younger spouse turns full retirement age, he/she can then file for a spousal benefit only and allow his/her own retirement benefit to grow also (“Claim Now, Claim More Later” strategy). When both spouses turn 70, they can then file for their own retirement benefits, which have been maximized. Combining the two strategies maximizes the monthly benefit for the couple.

**Example:** George and Jane are both age 66 and are both professors. George enjoys teaching and would like to continue doing it for a few more years. On the other hand, Jane is ready to retire. If they each filed for benefits at 66, George would receive a benefit of \$2,000 per month while Jane would receive a benefit of \$2,200 per month. They both know, however, that they can maximize their benefits by combining the “File and Suspend” and “Claim Now, Claim More Later” strategies.

Since George is at full retirement age, he files for benefits and then immediately suspends them allowing his own retirement benefits to accrue delayed retirement credits. This allows Jane, who is also at full retirement age, to file for a spouse-

only benefit allowing her own retirement benefit to grow also. Since she is at the full retirement age, Jane receives an un-reduced spousal benefit of \$1,000 per month.

When each turn age 70, they then will file for their own retirement benefits, which have grown because they waited. At age 70, George receives a retirement benefit of \$2,640 per month and Jane switches from receiving a spouse benefit to the higher retirement benefit of \$2,904 per month.

## Divorced Singles

**Who can use it?** People who were married to a former spouse for 10 years or longer, making them eligible to receive benefits on the work record of their former spouse, but who have NOT remarried.

**At what age can you take advantage?** If you are at least 62, you can take advantage of this strategy, but ideally you would be at full retirement age.

**How Does it Work?** If you were married to a former spouse for at least 10 years, you are eligible to receive benefits on their work record, regardless of your ex-spouse’s claiming status (whether or not he/she is receiving benefits) or marital status (whether he/she has remarried and is still married or divorced from that spouse). Although you can still file for benefits if your ex-spouse hasn’t applied for benefits, you must wait 2 years after the divorce before you can claim as an ex-spouse. If your ex-spouse is already receiving benefits, on the other hand, the 2-year wait does not apply.

The difference between this strategy and the strategies available for married couples is that divorced singles *do not need to wait* for their former spouse to claim; however, the former spouse must be eligible for benefits even if they have not claimed yet.

**Example:** David and Susan, who are both 62, divorced after 15 years of marriage, at

age 58. David always earned much more than Susan. He remarried, she didn't. Susan needs income now. She thought she was stuck with her monthly benefit, reduced for life because she must take it early. However, Susan has a choice. She can apply as an ex-spouse of David's because their marriage lasted longer than 10 years and because she is not currently married. She can file for half of his benefit—again reduced because she is taking the benefit earlier than full retirement age—even if he has not yet claimed his own benefit. Susan will get whichever amount is larger—her own reduced benefit or the reduced spouse benefit based on David's earnings. Since David always made much more than she did, the reduced spouse benefit might be larger.

It's important to note that if she was able to wait until age 66 to claim, she could claim half of David's benefit and allow her own benefit to grow until age 70 (this is the "Claim Now, Claim More Later" strategy discussed earlier).

### Your To-Do List:

- ❑ Gather documents, including your Social Security card, marriage certificate and divorce decree (if applicable).
- ❑ Contact the Social Security Administration at **1-800-772-1213** to determine how much in benefits you are eligible for on your own record and on your spouse's (or ex-spouse's) record.
- ❑ Calculate how much you'll get by claiming based on your ex-spouse's work record and delaying collecting your own. AARP's Social Security Benefits Calculator can help you look at the numbers: [www.aarp.org/socialsecuritybenefits](http://www.aarp.org/socialsecuritybenefits). Learn about reverse mortgages. AARP has extensive information about these loans, at [www.aarp.org/revmort](http://www.aarp.org/revmort).
- ❑ Create a plan to reach your retirement goals, whether it means learning new skills to stay employed longer, saving more money for retirement or possibly downsizing. AARP's *Ready for Retirement? Tools to Achieve Peace of Mind*<sup>SM</sup> can help you get started: [www.aarp.org/readyforretirement](http://www.aarp.org/readyforretirement).
- ❑ Once you to decide to claim, contact the Social Security Administration at **1-800-772-1213** or [www.ssa.gov](http://www.ssa.gov).



Financial Security  
601 E Street NW  
Washington, DC 20049

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

D 19650 (1212)

© AARP 2012. This and other financial publications provide general financial information; it is not meant to substitute for, or to supersede, professional or legal advice.