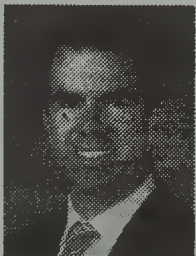


Marriage, Divorce and Social Security Retirement Benefits



Presented by Greg Patterson

This is the second of two articles designed to address frequently asked questions about social security benefits. The first article appeared in the May issue of The Shoreline and can be found on the town website at townofpks.com (click on The Shoreline/Past Issues).

In 2018, about 63 million Americans will receive approximately one trillion dollars in social security benefits (Social Security Administration, 2018 Fact Sheet). To help you understand this important piece of the post-retirement income puzzle, the following information addresses frequently asked questions about social security benefits as they relate to being married or divorced. Many people are not aware of options available for spousal benefits and widow/widower benefits, as well as options available after a divorce.

Q: What are spousal benefits?

A: While you are living, your spouse can receive a dependent benefit of up to 50 percent of your full retirement amount. Benefits paid to your spouse will not decrease your retirement benefit. In fact, it is possible to receive a combination of benefits as a worker and as a spouse, although the maximum you will receive is the higher of the two.

Q: Does my early retirement reduce my spouse's or widow(er)'s benefit?

A: If you retire prior to your own FRA (full retirement age), your benefits will be permanently reduced based on your age at application. Your early retirement does not affect a spouse's benefit. If he or she applies for a dependent spouse benefit before his or her FRA, any reduction will be based on his or her age at application. A widow or widower, on the other hand, steps into your shoes and receives an amount equal to the benefit you would have received if you were living. So, if your retirement benefit was reduced because of early retirement, your widow(er)'s benefit would also be reduced, and it may be further reduced based on the widow(er)'s age at application.

Q: May I apply for spousal benefits if my spouse hasn't filed for social security?

A: No. You cannot get spousal benefits until your spouse has applied for social security retirement benefits. You can apply for a benefit based on your work record and, when your spouse retires, qualify for a spousal benefit, if higher, at that time.

Q: Can a retiree choose which benefit to receive—his or her own benefit or his or her spouse's?

A: If your spouse has already applied for retirement benefits, you cannot apply for a reduced spousal benefit at age 62 and then step up to an increased benefit based on your own record at FRA. There are, however, two limited exceptions. If you were born in 1953 or earlier and haven't received any benefits before reaching your FRA, you can apply for spousal benefits and delay applying for benefits under your own record up to age 70. This will allow you to take advantage of the delayed retirement credit, which increases your benefit by a certain percentage if you delay your retirement beyond your FRA.

Another exception applies if you claim benefits before your spouse does. In that case, you can start to receive benefits based on your work and elect to add a spousal benefit when eligible. Remember that your combined benefit will be reduced based on your age at application.

Example: Jane qualifies for her own benefit at age 62, when her PIA (primary

insurance amount) is \$800. Because she is 48 months under her FRA, her benefit is reduced to \$640. Two years later, when her husband, Jack, retires, Jane qualifies for a spousal benefit of \$900 at her FRA, based on Jack's PIA of \$1,800. She has the option to wait to apply for a spousal benefit at her FRA, but she decides to apply for her increased benefit at age 64. The Social Security Administration will first subtract her PIA from one-half of Jack's PIA (\$900 - \$800). It will then reduce her spousal benefit of \$100 to \$91 based on her current age of 64. Her new combined benefit is \$731 (\$640 + \$91).

Q: How can a couple maximize their social security benefits?

A: If current cash flow is not an issue, the spouse with the lower earning history could apply for benefits as early as possible while the higher-earning spouse would delay benefits as long as possible.

Example: Let's say Sally and Jim are age 62 and 65, respectively. Sally retires at 62 and applies for reduced social security benefits. Her husband, Jim, also retires but does not apply for benefits. He will continue to accrue delayed retirement credits on his record—equivalent to an 8 percent increase per year—until age 70, when he applies for his own maximized worker benefit.

Q: How does a divorce affect benefits?

A: A divorced spouse can get benefits based on a former husband's or wife's social security record, provided that the marriage lasted for at least 10 years and the divorced spouse is 62 years old or older and unmarried. You do not have to wait until your former spouse retires to receive benefits, and you can receive benefits even if your former spouse remarries.

Q: What happens when my spouse, or divorced spouse, dies?

A: You can receive widow or widower benefits at age 60 (age 50, if you have a disability). You will get a survivor's benefit equal to 100 percent of your spouse's benefits. You will not, however, receive both your spouse's and your own benefits. The amount you receive will depend on your age at application for widow(er) benefits and whether your deceased spouse was receiving reduced benefits.

Please note: A widow or widower has the option of taking a survivor benefit now and then switching to an unreduced benefit based on his or her own work record any time after FRA, or vice versa.

Q: What happens if I remarry?

A: If you are a widow(er) or divorced widow(er) and you remarry before age 60 (age 50, if you have a disability), you are not eligible for your deceased spouse's benefits. You can, however, apply for spousal benefits under your new spouse. If you remarry after age 60 (age 50, if you have a disability), you can choose between your deceased spouse's survivor benefits or your new spouse's spousal benefits.

Q: What does "government pension offset" mean?

A: This term relates to a job during which one spouse did not contribute to social security—usually because he or she was employed in a federal, state, or local government job. If you receive a public pension, you may also be eligible to receive spousal or widow(er) benefits from your spouse who worked in private industry. Your spousal or survivor benefits may be reduced by an amount equal to two-thirds of your public pension.

To ensure your plan will maximize your social security benefit, we recommend that you speak with your financial advisor.

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