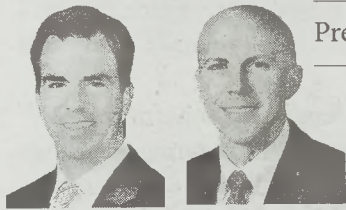


# Frequently Asked Questions About Social Security Retirement Benefits



Presented by Greg Patterson and James Allen Canady

April is National Social Security month, and the following information addresses common concerns about collecting social security retirement benefits, including the effects of part-time

work and other earnings on benefits, the age at which you may begin collecting, and spousal benefits.

## **Q: How reliable is the estimate on my social security statement?**

**A:** The social security statement assumes you will continue to work at the same level of earnings until retirement. If you stop working but decide to delay benefits, your benefits may be less. Use the retirement estimator on the Social Security Administration (SSA) website ([ssa.gov](http://ssa.gov)) to see how not working could affect your monthly benefit.

## **Q: Can a retiree choose which benefit to receive—their own benefit or their 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 full retirement age (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.

## **Q: How can a couple maximize social security benefits?**

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

## **Q: How will working part time prior to claiming social security decrease or increase my benefit?**

**A:** Your social security retirement benefit is based on an average of your highest 35 years of earned income, adjusted for inflation. This may include years with zero earnings, such as when a parent takes time off to raise children. Working additional years will never reduce your benefits because low-wage years never replace higher-wage years. In fact, working part time in retirement will usually help increase your primary insurance amount (PIA)—the basis for determining benefits—even if you are already drawing benefits. You may not realize the increase immediately if your benefits are temporarily reduced because you earn too much.

## **Q: But I always thought that working during retirement reduced benefits. Isn't that so?**

**A:** Although earned income over a threshold of \$19,560 in 2022 (or \$51,960 in the FRA year) can result in a reduction of benefits for retirees who are under their FRA, it is only a temporary reduction. The Social Security Administration (SSA) will recalculate the worker's benefit at FRA to account for any months in which the social security benefit was completely offset (i.e., any months in nonpay status). Also, because the earnings will be credited to the worker's history, they may result in an increased benefit at FRA.

## **Q: If both spouses are receiving social security retirement payments based on their own work record, do a spouse's earnings from work reduce the other spouse's benefits?**

**A:** No. Only the working spouse's benefits, including dependent benefits, are reduced by excess earned income before FRA. If you receive a combination of your own benefits and a spousal benefit, only the spousal portion is affected by your spouse's excess earnings.

## **Q: What if I apply for social security benefits midyear?**

**A:** Only your earnings from work after you apply for social security are factored into the excess earnings test. Your earnings prior to retirement do not cause an offset of your benefits.

## **Q: May I begin receiving reduced benefits at age 62, or before my FRA, and then change my mind?**

**A:** Yes. You can apply for reduced benefits prior to FRA and then, within 12 months, withdraw the application and reapply later. You must, however, pay back all the benefits you received, including dependent benefits.

## **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, though the maximum you will receive is the higher of the two.

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

**A:** If you retire prior to your own FRA, your benefits will be permanently reduced based on your age at application. Your early retirement does not affect a spouse's benefit. If your spouse applies for a dependent spouse benefit before their FRA, any reduction will be based on their 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.

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