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MAKING YOUR MONEY LAST

Boost Your Social Security Benefits

These strategies will help you make the most of your benefits.

By Susan B. Garland, Editor, *Kiplinger's Retirement Report*

October 22, 2009

Text Size **T T**

EDITOR'S NOTE: This article was originally published in the August 2009 issue of Kiplinger's Retirement Report. [To subscribe, click here.](#)

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There is no perfect time to apply for Social Security. You can claim early and take a smaller monthly payment for a longer period of time. Or you can claim later, collecting a larger benefit that is based on a shorter life expectancy. Your decision depends on many things beyond your need for the money: whether you're married, your spouse's earnings compared with yours, how much you have saved and your health.

Your goal is to maximize your Social Security benefits, but not all beneficiaries understand how to make the most of this guaranteed source of inflation-adjusted income. Over the years, *Kiplinger's Retirement Report* has written about little-known strategies to stretch government benefits. Those stories have been among our biggest source of reader inquiries, so we're returning to the topic.

Before we review the strategies, you need to know some Social Security basics. If you were born between 1943 and 1954, you can claim your full benefit, called the primary insurance amount, at age 66. The earliest you can claim Social Security is 62. But your benefit will be permanently reduced by a certain percentage for each month you claim before your 66th birthday. For instance, if

you claim at age 62, you'll get 75% of your full benefit. If you claim at 64 and 9 months, you'll receive 90%. For each year you delay claiming benefits between 66 and 70, your benefit will increase by 8%. Hold off all four years, and you earn a 32% bonus, plus all accumulated cost-of-living adjustments.

A lower-earning spouse can claim a benefit based on his or her work record at age 62. Or the spouse can claim a "spousal" benefit, as long as the higher-earning spouse has started collecting benefits. If the lower earner is at full retirement age, he or she can collect a benefit that's 50% of the higher earner's primary insurance amount.

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However, if the lower earner collects a spousal benefit before reaching full retirement age, the benefit will be reduced by a set percentage. For instance, if the spouse claims at 64 and 3 months, the spousal benefit will be 42.7% of the higher earner's benefit. And if the lower-earning spouse collects his or own benefit early and then "steps up" to the spousal benefit later, that spousal benefit will also be reduced.

Now let's turn to the strategies. At the risk of inviting accusations of sexism, we will refer to the lower-earning spouse as the wife. That's the way it usually is, and she tends to live longer than the husband, too.

First, if you're single. It usually makes sense to wait until full retirement age to start claiming benefits, unless you expect to die early or need the money sooner. This is especially true for women, who are more likely to reach the "break-even age," when the total value of full benefits equals what you would have received by claiming reduced benefits earlier.

Unless you have significant savings, it generally pays for singles to claim at 66, says Henry Hebel, creator of the Web site AnalyzeNow.com. Many singles will not have enough savings to support a delay until age 70, Hebel says. But a single person who collects at 62 is more likely to run out of money at an earlier age than someone with the same amount of savings who waits until 66, he says. "It usually works out that a single person should take benefits at full retirement age," he says.

You can use a free program on Hebel's site to make your own calculations. Plug in your savings, tax bracket, annual spending and assumptions on investment growth. You can see how long your money will last based on when you start taking your benefits.

Married men should delay. Married couples can maximize total benefits by coordinating their start dates. The top goal is to increase the benefit for the surviving spouse, who gets 100% of the higher-earning spouse's benefit when he dies. If the higher-earning husband delays until 70, his survivor will get an extra 32% plus cost-of-living adjustments.

There are two ways that the surviving spouse would get less than 100% of her husband's primary insurance amount. If he collects Social Security before age 66, his benefit -- and his wife's survivor benefit -- will be lower. Also, the survivor benefit will be reduced if the husband dies and the wife collects the survivor benefit before turning 66. If she waits until her full retirement age, she'll get 100% of the survivor benefit. The size of her survivor benefit, however, will not be affected if she collects her own benefit or a spousal benefit early.

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Posted by: Joni at 10/21/2009 10:45:09 PM
 This was VERY informative information in this article! I will pass this on to my friends, some who are getting ready to POSSIBLY retire. Thanks!

Posted by: nancy at 10/22/2009 10:33:45 PM
 What about those who have divorced and have not remarried? What about wife's ability to collect on ex-husband?

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Posted by: Susan at 10/26/2009 07:37:22 AM

Why do you assume the husband is the higher earning spouse?

Posted by: Joe at 10/26/2009 06:55:18 PM

Answer to Susan's comment/question: Because "That's the way it usually is". See page one.

Posted by: Tara at 10/28/2009 04:53:05 PM

I have been disabled since mid 30's , though able to work part time. My question is does any of my work points go toward my retirement age in social security? I dont think i've been permanently disabled because they review me every 6 years.

Posted by: Tara at 10/28/2009 04:54:46 PM

as for collection on ex husband if you were married...11 years and not remarried, you qualify for benefits from your ex? i was told that by a ssi specialist years ago in my first marriage

Posted by: Johnny wills at 10/28/2009 05:26:28 PM

I would like to know if I can start to receive my SS now that I'am unemployed at age 52.

Posted by: Hank Bezrucik at 10/28/2009 08:48:30 PM

went on soc security DISABILITY 5 yrs ago due to having no health ins, no income to support wife and family. Receiving est 1300. monthly now...had bad experience in past...Was convinced to stop soc sec input and go on private pension plan with 2 employees of past. BIG MISTAKE in that needed monies desperately due to unemployment and many mounting bills to pay. Took pittance amts and forfeited rest. OUCH ! Major cancer surgery-allowed to work but 2-3 hrs per day/get no commissions (salesman of past) and it's tough- Can I return after 5 yrs on soc sec-disability to work more hrs now??? would be careful due to tire easy and bad foot problem-yet need to increase monthly income to help w/mounting bills! Any ideas ??

Posted by: LC at 10/29/2009 01:00:18 AM

What happens if the spouse (husband) has opted out of SS? Are there any benefits that go to the wife?

Posted by: retireewannabee at 10/29/2009 11:10:50 PM

To Unemployed at 52: I do not believe you can claim SS that early. sorry.

Posted by: sskait@verizon.net at 10/30/2009 05:42:14 PM

When i turned 65, 14 years ago my health insurance dropped me. I was earning enough from my self employment so I wanted to wait until I was 70. But because of being dropped I had to go to medicare. Once I applied for medicare they insisted I take social security. A that time there was a cap so I only received half of my benefits which came in the second half of the year. I could of used it better in the first half

Posted by: Jean at 10/31/2009 10:52:11 AM

I am eligible to draw from my ex-husbands social security. He has started drawing his at age 65. I am only 61 and don't plan to draw on my own social security until age 70. Can I draw from my ex-husbands SS at age 65 and then switch to my own at age 70?

Posted by: lynda at 11/02/2009 05:00:42 PM

Jean, I don't think you can collect on your husband's ss until you reach full retirement age which for you would be in 5 years (you are 61) at age 66. You can then collect 1/2 of his benefit and then apply for your own benefit 4 years later at age 70. If you apply and collect at 62 it will be on your own benefit and it will be 75% of your full (age 66) benefit. You would then be depending on the "rules" staying the same for the next 9 years if you plan to repay your benefits and apply at the higher amount when you are 70. I'd just apply on my husbands benefit at 66; then apply for my own at 70 if you are healthy and have longevity in your family.

Posted by: Dean at 11/05/2009 11:22:27 AM

In the example "Found Money", can a person age 66 "file and suspend" and delay collecting benefits until age 69 instead of 70? In this example my wife, who is 63 would file for the spousal benefit now.

Posted by: Dianne Kittinger at 11/16/2009 04:16:45 PM

What about those who have divorced and have not remarried? What about wife's ability to collect on ex-husband?

Posted by: Limoman at 11/20/2009 10:02:50 AM

Being Single age 62, take it Now and Just Invest it and if you ave say 7% apy? You're going to have about the same or More \$ vs waiting till age 66+ and You're going to have that \$ in your pocket.. Just take say \$10,000 yr At age 62 and Making 7% yr on it for the following 4 yrs How much do you have total by age 66? and now take that Tot. \$ x 7% apy there after.. \$47, 500 Tot x 7% = +\$3,325 yr from it...+ your \$10,000 yr comming in after age 66 fwd = \$13, 325 yr and you also have that \$47,500 in your Hands to use for emergencies and /or leave to heirs.. Compare that to Waiting till age 66 to get your \$? + 32%? = \$10,320 and you Don't have that \$47,500 in your hands ... Especially if you use the Ave Age of Lifespan.. for men = age 82 - 66 = 16 yrs 62-82 = 20 yrs...Your'e going to get the same or More back after those time frames doing it either way, but still have that \$47,500 to leave to Heirs/spouse...And if you really don't need it till age 66 or 70? Invest it into More Aggressive Bonds like Kips. Recommended Bond Funds Like LSBRX or a balanced Fund Like OAKBX and you shuold have as much a over

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\$60k or more by age 66.. Make sense? And I have to tell you, Me thinks since people are living longer? We should be paying MORE into SS, not less per Inflation.. The rate structure should be Per Inflation paid in, not this Fixed % they have.. 7.5% for Employees and 7.5% for Employers... I think the only reason we don't? Wall Street and The Gov't Doesn't want us Saving More and thus Have Less to Spend and invest into Wall Street and our Spending Economy attitude..and The Gov't would have LESS Taxes to spend out of our Payroll checks in the process Or have to either raise payroll taxes and other taxes in the process. Wall Street and all related to making their Living off it, Need Us to Invest as much as they can get their hands on, TO FUND THEIR LIVING AND THEIR RETIREMENT, NOT OURS..! As some of our Popular FA's have said.. It's Been the BIG HOAX of the 20th and starting to be for the 21st Century! What's wrong with Having Our Immigrants & Kids pay MORE Into SS to support the rest of us Retiree's who built this country for them? Or give them the opiton of Having to Go Serve 4 yrs in our Military!

Posted by: karyn at 11/24/2009 12:35:31 PM

i an age 56m I have allways worked, last 20 yrs worked with husband self employed. 2005 diagnosed terminal illness 2005 chemo therapy , did not work 05,06,went back to work, treatment did not work. I need to file for disability.Our cpa filed our taxes joint with me as office manager. My statement shows me with no points, I guess there was a form that should have been filed to distribute our income. Can i file on my husbands as part b ? or am i in a mess. I really need my disability, more for my medicare health ins. we had to raise our deductible on individual ins. to a high deductible to afford health care, but i am not recieving the care I need. Help what should I do.

Posted by: tom at 11/29/2009 08:25:24 AM

I am in the odd position of having a younger wife with a higher computed SS benefit. Even so, my SS benefit is greater than one half of my spouses full benefit. If I started to take it at 62, the article didn't mention taxes on SS and 85% of my SS would be taxed.

Posted by: Ben at 11/29/2009 10:49:02 AM

having retired and going back to work, thus paying back into SSI, how do i increase my benefits Ben

Posted by: Herbie at 12/15/2009 05:36:04 PM

If my ex husbands is collecting social security disability am I entitled to any after 23 year of marriage>?

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