

Social Security Changes – November 2015

The Bipartisan Budget Bill of 2015 contained some major changes to Social Security claiming strategies, who do they affect?

Social Security may be one of your largest assets and what and when you collect could make a difference in your lifetime benefits. The point to these new Social Security rules just past was the elimination of the spouse's ability to take spousal benefits before the married partner takes their benefit. The changes mostly affect the claiming strategies for married couples, and fall into three age groups:

- Full retirement age (FRA) before May 1, 2016
- Age 62 or older by the end of 2015
- Younger than 62 at the end of 2015

FRA before April 30, 2016

By April 30, 2016 the popular “file and suspend” strategy will no longer be available for married couples. The strategy worked like this, the higher wage earner would “file and suspend” at full retirement age (FRA) which would enable the other spouse to file a “restricted claim” on their benefits and collect spousal benefits while both spouses allowed their benefit to grow 8% each year till age 70. After April 30, 2016 this claiming strategy will no longer be available. *There is only a 6 month window of opportunity, and then it is gone!*

The spouse who wants to take spousal benefit first and let their own benefit grow must be born no later than Jan. 1, 1954, and therefore will be age 62 before the end of 2015.

If you have already used “file and suspend”, there will be no changes as you are grandfathered.

Age 62 or older by the end of the year, but not FRA by April 30, 2016

If you are 62 or older by the end of the year, but not FRA by April 30, 2016 one spouse can still file a “restricted claim” and collect spousal benefits while they allow their benefits to grow to age 70.

Also, if you are married and you and your spouse are more than 4 years apart in age, and the younger of the two will reach 62 before the end of 2015, the younger spouse is still free to file for spousal benefit when he or she reaches FRA and let their benefits grow. The reason this is possible is that the older spouse will be receiving benefits by then.

Younger than 62 at the end of 2015

If you are younger than 62 at the end of 2015, you will no longer have the option of collecting spousal benefits first and switching to your own benefit at age 70. When couples file for benefits they will either collect their own or spousal benefits whichever is higher.

Widow Benefits

There were no changes made to widow benefits.

Divorced Spousal Benefits

If you are single and divorced, after having been married for 10 years or more, and turn 62 no later than January 1, 2016 you can still file for your divorce spousal benefits at FRA and wait until 70 to claim your own retirement benefits.

Before you decide to collect your Social Security Benefits, make sure you know all the rules so that you can maximize your payments. We are here to help, and provide guidance for you in dealing with these complex strategies.

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