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## The Secrets to Maximizing Your Social Security Benefits

*Best options depend on individual circumstances*

The greatest fear of older Americans today is running out of money during retirement. An important part of most retirees' income is social security benefits. Unfortunately, most retirees fail to maximize their benefits to which they are entitled.

According to the Employee Benefit Research Institute (<http://www.ebri.org/>), social security benefits make up an average of 40 percent of older people's income. Two-thirds of those receiving benefits began taking them at age 62. Nine out of ten people 65 and older receive social security benefits, and for 32 percent of those, it makes up 90 percent of their income.

### Patience is rewarded

Social security provides lifelong, inflation-adjusted, government-guaranteed income. If you have worked for 40 quarters (10 years) you could be eligible to begin receiving benefits at age 62. However, if you begin taking benefits before your full retirement age (FRA), your benefits are reduced. For example, if you were born between 1943 and 1954, you have an FRA age of 66. You would receive only 75 percent of your FRA benefits if you begin taking them at 62. On the other hand, each year you delay your benefits beyond FRA, up to age 70, increases your benefit amount by 8 percent. See chart below.

#### Monthly benefit amount

*Based on a hypothetical \$2000 monthly benefit at FRA of 66*

Age starting benefits	Benefit amount
62	\$1500
66	\$2000
68	\$2320
70 or older	\$2640

Delaying payouts is an easy way to significantly increase your benefits if you can afford to wait. When you decide to start your benefits should depend on your need for income and your expected longevity.

### Other ways to increase benefits

There are other, more sophisticated methods for maximizing your benefits. One technique for a married couple is to "file and suspend." The higher-earning spouse, upon reaching FRA, would file for retirement benefits and immediately suspend them. Filing and suspending payments allows the lower earner to claim a higher spousal benefit and the higher earner to continue working (if he/she so chooses) and claim a greater benefit later. This not only helps maximize the couples' lifetime benefits, but also maximizes the surviving spouse's benefits.

Another technique for maximizing spousal benefits is known as "double dipping." Spouses in dual-earner marriages who have reached their FRA can claim social security benefits twice. Each spouse files a claim for spousal benefits while delaying his/her own benefits until later. Each spouse can later file for benefits based on his or her own record and receive higher monthly benefits. This strategy works best for couples with comparable incomes.



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A fourth method to increase social security payments is to utilize the higher earner's benefits. Spouses are entitled to the higher of their benefits or 50% of the higher earner's benefits. However, the lower earning spouse must wait until he/she reaches FRA to take advantage of this approach. Retired couples in which one spouse did not work or who had low earnings have the most to gain from this technique.

A former spouse could be eligible to claim a spousal benefit under his/her ex-spouse's record. The marriage must have lasted at least 10 years, the former spouse must be at least 62 years old and unmarried, and the former spouse's benefits must be less than the ex-spouse's benefits. The amount of benefits that an ex-spouse claims has no effect on the benefits the worker and his/her current spouse can receive.

**If you were born between 1943 and 1954, you have an FRA age of 66. You would receive only 75 percent of your FRA benefits if you begin taking them at 62.**

### **Special rules for widows and widowers**

Widows and widowers are entitled to the higher earner's retirement benefits. Eligibility begins at age 60 or at age 50 if disabled. If the widow(er) is at FRA, the survivor benefits will be 100% of the higher earner's benefits. If the widow(er) takes the benefits before FRA, the amount will be reduced. The surviving member of a dual-earning couple can also claim reduced benefits on one working record and then switch to the other at FRA.

Given the complexity of these options, it is crucial for retirees to carefully consider the best way to maximize their social security benefits before initiating benefits. If you would like more information on your own options, talk with your wealth manager or visit the Social Security Administration's website at [www.socialsecurity.gov](http://www.socialsecurity.gov).

*By Stephen High, CPA, JD, PFS of Kraft Asset Management, an independent founding member of Bright Sky Group.*

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