Retirement Education

Income Planning Strategies for Widows and Widowers and Social Security Benefits

- **When to retire and when to claim?**
- **Do I claim Social Security benefits?**
- **What if I am working, can I claim Social Security benefits?**
- **When is the best age or time to file for benefits?**
- **What if I am a widow or widower, what do I do?**

These are some of the questions we answer every day when it comes to Social Security benefits and claiming strategies.

Widows and Widowers

Understanding that these are some specific and personal questions, widows and widowers have a strategy worth knowing about. Furthermore, because women have a longer life expectancy this strategy may make a stronger case for them.

Being "dually entitled" – widows and widowers have a unique option to claim benefits: their own retirement benefit or the deceased spousal benefit.

Beneficiaries may limit the scope of the application to exclude their own retirement benefits and delay claiming those to age 70. This will maximize the dollar value of future benefits, including the magic of delayed retirement credits (DRCs).

When Congress passed the Bipartisan Budget Act in 2015, a "restricted application" was grandfathered for widows and widowers. Applying for retirement and widow(er)'s benefits will encompass the combination of the two unless – the application is filed as a "restricted application." That option is still available to both a widow or a widower.

Depending on the amounts of each benefit, utilizing the "restricted application" strategy, will most likely produce a higher combined lifetime benefit a widow or a widower will receive.

If there are other financial resources available, patience may be on the beneficiaries' side, knowing – that the best claiming strategy is the one that maximizes the family's lifetime Social Security benefits.

Add your contact information here

How Does it Work?

Considering claiming ages and dollar amounts between both benefits: retirement and the deceased spousal benefit, the beneficiary might consider filing for the deceased spousal benefit first, while delaying to age 70 filing for their own retirement benefit. This will increase the benefit and will include the delayed retirement credits (DRC). A fact to know[1]: DRCs grow at 8% per year from full retirement age (FRA) to age 70.

Example 1

Del and Dela Ware

- Dela's deceased spousal benefit $2,000
- Dela's own retirement benefit $2,000
- Dela's FRA 66

Monthly Benefit	Claiming Age	Life Expectancy	Number of Months	Total Benefit Received
$2,000	66	89	276	**$552,000**

Example 2

By using the *"restricted application"* strategy, she will receive $697,920 in total combined benefits, an increase of $145,920.

First filing phase: Deceased spousal benefit

1st Monthly Benefit	Claiming Age	Claim To Age	Number of Months	Total Benefit Received
$2,000	66	70	48	**$96,000**

Second filing phase: Switch to own retirement benefit

2nd Monthly Benefit	Claiming Age	Claim To Age	Number of Months	Total Benefit Received
$2,640	70	89	228	**$601,920**

- **Add both benefits: $601,920 + $96,000 = $697,920**
- **Subtract the benefit from Example 1: $697,920 – $552,000 = $145,920 increase**

Because of the myriad of filing options between ages 60 and 70 and their complexity, a consultation with Social Security offices and a knowledgeable financial professional can act as important resources. Employ all resources to help you avoid pitfalls and develop a retirement income plan that includes a solid strategy for Social Security claiming. It is usually impossible to know what claiming strategy is most advantageous without the help of Social Security benefit-specific software.

To Keep It Mind

Deceased spousal benefits can be claimed as early as age 60. You will receive 71.5% of the monthly benefit because of early claiming. These benefits, claimed before your full retirement age, will be permanently reduced. If you claim benefits at your full retirement age, you will receive 100% of your deceased spouse's benefit. Fact: if your spouse died before collecting benefits, you are entitled to receive 100% of what your spousal benefit would have been at their full retirement age. Delaying deceased spousal benefits longer than your full retirement age will not increase the benefit.

Eligibility Criteria and What about Remarriage?

In general, the marriage must have lasted for at least 9 months. The rules require that the widow be unmarried to claim widow benefits unless the marriage took place after age 60 (50 if disabled). That is, a widow who remarries before age 60 has no claim to the widow benefits (so long as the remarriage remains intact). However, a widow who remarries after reaching age 60 retains full claim to widow benefits.

What about divorced Widows and Widowers?

Divorced spouses are also entitled to deceased survivor's benefits if they were married for at least 10 years. If you remarry before age 60, you are not entitled to survivor's benefits. Remarriage after age 60 (50 if disabled) does not affect benefits. In the case of remarriage, you may want to consider the current spouse's benefit when figuring out the best way to maximize benefits.

How to Apply?[2]

You can apply for benefits by calling Social Security national toll-free service at 1-800-772-1213 (TTY 1-800-325-0778) or visiting your local Social Security office. An appointment is recommended to reduce the time you spend waiting to apply.

Documents you may need to provide:

Social Security Administration may ask you to provide documents to show that you are eligible, such as:

- Proof of the worker's death
- Birth certificate or other proof of birth
- Proof of U.S. citizenship or lawful alien status if you were not born in the United States
- W-2 forms(s) and/or self-employment tax returns for last year
- Final divorce decree, if applying as a surviving divorced spouse
- Marriage certificate and other documents

The Administration will accept photocopies of W-2 forms, self-employment tax returns or medical documents, but it must see the original of most other documents, such as your birth certificate.

Since 1935, Social Security benefits have worked like an annuity and they provide a guaranteed income for the worker, the spouse, widows(ers), divorced, and other beneficiaries. In the overall retirement investment portfolio, creating a portfolio of guaranteed lifetime income, from Social Security and private annuities, could be an appealing option for many retirees. In the above example for widows and widowers, *"restricted application"* option creates the benefit of continuing to receive the largest retirement paycheck, can assuage the fear of running out of money, and at the very least can cover the essential expenses that we, at Delaware Life, call "M.U.S.T Haves" expenses in retirement:

M.U.S.T. Haves:

- **Mortgage/ Medical**
- **Utilities**
- **Shopping**
- **Transportation**

Proper income planning and additional knowledge of Social Security claiming strategies can come in handy. That additional income for widows or widowers can enhance their retirement lifestyle, or at the very least help cover some of the ever increasing medical costs.

Annuities are long-term investments vehicles designed for retirement purposes. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your financial professional can provide you with complete details.

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Sources: SSA: Office of the Inspector General; https://oig.ssa.gov/; SSA: Various Sites; https://www.ssa.gov/; [1]https://www.ssa.gov/oact/ProgData/ar_drc.html; [2]https://www.ssa.gov/forms/ssa-1.html

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