



FLIPPING BENEFITS USUALLY NOT POSSIBLE - SOCIAL SECURITY AND YOU

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Women who have a smaller Social Security benefit than their husbands have frequently asked me if they can take their own reduced retirement benefit at 62 and then at full retirement age, switch to a full spousal benefit from their husband.

The answer is almost always no. But that is assuming the husband is already getting his own Social Security at the time the wife reaches age 62. And in that scenario, Social Security's "deemed filing rule" says a wife must file for both her own benefits and any spousal benefits she might be due at the same time.

But there are situations where a wife can take reduced retirement benefits on her record and then later switch to higher benefits on her husband's account. This almost always happens when the husband files for benefits years after the wife files for her own.

Conversely, other women ask me if they can take reduced spousal benefits at 62 and at 67, switch to their full retirement age benefit. The answer to that question is always no. Here are some questions and answers that deal with those issues.

Q: I am 62 and retired. My full retirement age benefit will be \$2,100. But if I take benefits now, I'd get about \$1,500. My husband is already getting his Social Security that he started a few months ago when he was 67. He gets \$3,800. Can I take spousal benefits now and let mine grow until 67 or even 70? I think I'd be due about a third of his now, or around \$1,200.

A: No, you can't do that. The deemed filing rule mentioned above says when you sign up for one Social Security benefit, you must file for any and all benefits you are due at the same time. In other words, if you want to take benefits at 62, you must file for your own Social Security. You said at 62, you'd be due about \$1,500 on your own record. And that is more than the \$1,200 you'd be due in reduced spousal benefits. So, the only claim you would be filing now would be your own retirement claim. And FYI: If your husband dies before you do, you could, at that point, file for higher widow's benefits.

Q: My husband is 67 years old. He was going to wait until 70 to file for his Social Security, but he changed his mind and decided to file now. He's already submitted his application. I am 62. My husband's benefit is about three times higher than mine. Can I start my own reduced benefit now and then when I turn full retirement age, switch to 50% of his?

A: No. Again, that deemed filing rule says you must file for your own benefit and whatever spousal benefits you might be due at the same time.

Q: My wife is about to turn 62. I am 61. She is eligible for a small Social Security check on her own record. And she wants to file for those benefits now. But I think she is wrong. If she takes her reduced retirement check now, she won't be able to get half of mine later on. So I think she should wait six years until I turn 67, when I plan to sign up for my much higher Social Security benefit. Then she will get half of my benefit. So, am I right? Or is my wife right?



A: I think your wife is right. And before I explain why, I must point out that the deemed filing rule doesn't apply because at the time your wife would file, you wouldn't be getting benefits yet.

I'll explain why your wife might be right with examples. You didn't give me any benefit amounts, so I will make up some numbers. Let's say your wife's full retirement age benefit rate is \$1,000. Filing at age 62, she would get 70% of that, or \$700 per month. Furthermore, let's say your full retirement age benefit at 67 will be \$2,800.

We'll follow your advice first. That would mean your wife does nothing now. In six years, when you turn 67, you will start getting \$2,800 per month. Then your wife would file for spousal benefits, and she would get 50% of your benefit, or \$1,400 per month. (Actually, she would be paid her own \$1,000 retirement check, and then she would get \$400 in spousal benefits to take her up to the \$1,400 spousal rate.)

And now look at what your wife wants to do. She wants to file for her benefits now, meaning she would start getting \$700 per month right away. Then in six years, when you turn 67 and file for your benefits, she still could file for spousal benefits. The reduction she took in her own retirement checks would carry over to her spousal rate. Here is roughly how they would figure out what she would be due: They would take her FRA benefit rate of \$1,000 and subtract that from one-half of your FRA rate of \$2,800, or \$1,400. So, \$1,400 minus \$1,000 leaves \$400. And that would become her spousal benefit that would be added to her reduced retirement rate. She would start getting \$1,100 per month in total benefits after you turned 67. (\$700 plus \$400 equals \$1,100.)

Now let's compare the two scenarios. In your option, your wife would get an extra \$300 per month in benefits starting six years from now. (\$1,400 is \$300 more than \$1,100.)

But, if you go with your option, which again means your wife doesn't file for any Social Security benefits until you turn 67, she would be throwing away the \$700 per month retirement check she would have been due beginning now, when she is 62. Over the next six years, she would lose \$50,400 in Social Security benefits just to get that extra \$300 per month when you are 67. It would take her 168 months to make up that loss. In other words, your wife would be in her late 70s before she would come out ahead in your scenario.

Q: I am 62. My husband is 57. I was a homemaker most of my life and have no Social Security record. Is it true I won't get any of his Social Security until he starts drawing benefits himself?

A: You made the same mistake my wife did. You married a younger man! And yes, it is true that you can't collect on his Social Security account until he signs up for his own benefits.

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