



## FREQUENTLY ASKED QUESTIONS ABOUT SOCIAL SECURITY RETIREMENT BENEFITS

The following information addresses common concerns regarding collecting social security retirement benefits, including the effects of part-time work and other earnings on benefits, the age at which you may begin collecting, and spousal benefits.

### **Q: How will working part-time prior to claiming social security decrease or increase my benefit?**

**A:** Your social security retirement benefit is based on an average of your highest 35 years of earned income, adjusted for inflation. This may include years with zero earnings, such as when a parent takes time off to raise children. So working part-time in retirement will usually help increase one's benefit—even if the retiree is already drawing benefits. Working additional years while contributing to social security will never reduce your benefits.

### **Q: But doesn't working during retirement reduce benefits?**

**A:** Yes, earned income over a threshold (\$14,160 in 2009 or \$37,680 in the full retirement age year) can result in a reduction of benefits for retirees who are under their full retirement age (FRA). This is only a temporary reduction, however. The Social Security Administration (SSA) will recalculate the worker's benefit at FRA to take into account any months that the social security benefit was completely offset (i.e., in nonpay status). Also, since the earnings will be credited to the worker's history, they may result in an increased benefit at FRA.

### **Q: What age do you have to be to get full benefits?**

**A:** It depends on when you were born.

<b>Year of Birth</b>	<b>Full Retirement Age</b>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

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## Frequently Asked Questions About Social Security Retirement Benefits *continued*

### **Q: If I start receiving social security, do I automatically qualify for Medicare?**

**A:** No. You are eligible for Medicare only when you, or your spouse, reach age 65.

### **Q: Does a spouse's earnings from work reduce the other spouse's benefits—if both spouses are receiving social security retirement payments?**

**A:** No, only the working spouse's benefits are reduced by earned income before FRA.

### **Q: What if I apply for social security benefits mid-year?**

**A:** Your earnings prior to retirement do not cause an offset of your benefits.

### **Q: What is considered earned income?**

**A:** Earned income includes wages or net earnings from employment. Pensions, 401(k) distributions, severance and other post-employment pay, dividends, interest, and IRA distributions are not treated as earned income. The exceptions are pensions based on work where you did not pay social security taxes, such as teacher or government pensions.

### **Q: Can I start to receive reduced benefits at age 62, or prior to FRA, and then reapply for a higher benefit in the future?**

**A:** Yes. You can apply for reduced benefits prior to FRA and then withdraw the application. Provided the SSA approves the withdrawal, you can elect to pay back all benefits received and then reapply for a higher benefit going forward. If you pass away prior to reaching FRA, however, your spouse's widow or widower benefit will be permanently reduced.

### **Q: What are spousal benefits?**

**A:** If your spouse is living, you can receive up to 50 percent of your spouse's benefits, assuming you both have reached your FRA. If you are eligible for your own retirement benefits, you will be paid your own benefit first. If your spousal benefit is higher, you will get a combination of benefits equaling the higher spousal benefit. If you retire prior to your own FRA, your benefits will be permanently reduced.

### **Q: Can I apply for spousal benefits if my spouse hasn't yet filed for social security?**

**A:** No. You cannot get spousal benefits until your spouse has applied for social security retirement benefits. You can apply for a benefit based on your work record and, when your spouse retires, qualify for a spousal benefit, if higher, at that time. Or, your spouse can apply for benefits and then withdraw the application. This will allow you to receive a spousal benefit.

### **Q: Can a retiree choose which benefit to receive—his or her own benefit or his or her spouse's?**

**A:** No, the Social Security Administration automatically calculates and pays out the higher benefit. You cannot apply for a reduced spousal benefit at age 62 and then step up to an increased benefit based on your own record at FRA. There is a limited exception, however. If you haven't received any benefits before reaching your FRA, you can then apply for spousal benefits and delay applying for benefits under your own record up to age 70. This will allow you to take advantage of the delayed retirement credit, which increases your benefit by a certain percentage if you delay your retirement beyond your FRA.

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## Frequently Asked Questions About Social Security Retirement Benefits *continued*

### **Q: How can a couple maximize their social security benefits?**

**A:** If current cash flow is not an issue, the spouse with the lower earning history could apply for benefits as early as possible while the higher-earning spouse would delay benefits as long as possible. Let's say Sally and Jim are age 62 and 65, respectively. Sally retires at 62 and applies for reduced social security benefits. Her husband, Jim, also retires but does not apply for benefits. At his FRA of 66, Jim applies for spousal benefits based on Sally's work record. At this time, he would qualify for 50 percent of Sally's benefit. He will continue to accrue delayed retirement benefits of his own until age 70. At age 70, Jim will need to apply for social security under his own work record.

### **Q: How does a divorce affect benefits?**

**A:** A divorced spouse can get benefits based on a former husband's or wife's social security record, provided the marriage lasted for at least 10 years and the divorced spouse is 62 years old or older and unmarried.

### **Q: What happens when my spouse, or divorced spouse, dies?**

**A:** You can receive widow or widower benefits at age 60 (age 50, if disabled). You will get a survivor's benefit equal to 100 percent of your spouse's benefits—if it's higher than your own benefit. You will not receive both your spouse's and your own benefit, however.

The amount you receive will depend on your age at application for widow(er) benefits and whether your deceased spouse was receiving reduced benefits. If your spouse was receiving reduced benefits, your widow(er) benefits will be reduced even if you delay collecting benefits until you reach your FRA. On the other hand, if you retire early but your spouse did not, your early retirement does not affect your survivor benefits as long as you apply at FRA or later.

**Please note:** A widow or widower has the option of taking a survivor benefit now and then switching to an unreduced benefit based on his or her own work record anytime after FRA.

### **Q: What happens if I remarry?**

**A:** If you are a widow(er) or divorced widow(er) and you remarry before age 60 (age 50, if disabled), you are not eligible for your deceased spouse's benefits. You can apply for spousal benefits under your new spouse, however. If you remarry after age 60 (age 50, if disabled), you can choose between your deceased spouse's or your new spouse's spousal benefit.

### **Q: What does *government pension offset* mean?**

**A:** This relates to a job during which one spouse did not contribute to social security—usually because he or she was employed in a federal, state, or local government job. The offset reduces the spousal or survivor benefits by an amount equal to two-thirds of the spouse's public pension.

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## Frequently Asked Questions About Social Security Retirement Benefits *continued*

### **Q: What does *windfall elimination provision* mean?**

**A:** This relates to a job from which you receive a pension, such as a public school teacher or government worker. During your time at this job, you did not contribute to social security, but you have also worked at other jobs where you did contribute to social security and worked long enough to qualify for benefits. The pension you receive from the job for which you did not contribute to social security will reduce your benefits by as much as 50 percent of your government pension.

### **Q: How reliable is the estimate on my social security statement?**

**A:** The social security statement assumes you will continue to work at the same level of earnings. If you stop working but decide to delay benefits, your benefits may be less. Use the Retirement Estimator on the SSA website ([www.ssa.gov](http://www.ssa.gov)) to see how not working could affect your monthly benefit.