

# **Social Security** **Inside**

*Social Security Workbook*

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Plus

**46 Retirement Pitfalls**

*Retirement Checklist*

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By

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# Preface

After working for the Social Security Administration (SSA) for 31 years, I have heard all of the questions, and I know the questions that should be asked but are not. Now that I have retired, I can answer those questions, and add insider tips so you will have the knowledge to get all that you are due.

The purpose of *Social Security Inside Out*, a Social Security workbook, is to help you become an active participant in your retirement. Numerous Social Security programs mean many options. Through my insider tips, you will learn little known and rarely used rules to get as much as possible. You need to know these rules and your options so **you** choose the plan that is most financially rewarding for you.

*Some people advise taking retirement early to get more checks while others advise waiting to get larger checks later. In my insider tips, I show you the little used rule that allows you to **do both**: take checks now and still get larger checks later.*

In this workbook, I warn you about the most common problem areas that cause underpayments. I show you how to make sure that Social Security processes your claim correctly so that you get all that you are due. After reading this material, you will have the knowledge and confidence to guarantee that the Social Security Administration does not shortchange you.

*Social Security has about 250 million W-2s not credited to any taxpayer. These earnings would increase Social Security benefits for those workers. Are some of those earnings yours? Learn any easy way to make sure you get credit for all of your earnings plus a bonus for military service and work in foreign countries.*

Ultimately, you are responsible for your retirement and your Social Security check. Use this workbook to acquire the knowledge to ask probing questions. Go into the SSA office with more than a birth certificate in your hand and a lost look on your face. Solve the Social Security puzzle to get the largest checks possible.

Included in this workbook is *46 Retirement Pitfalls*, a retirement checklist, to help you pick your retirement date. From my lifetime of working with retired people and my own retirement, I learned financial, work, health, housing and lifestyle questions that you need to answer before retiring. In addition, I have included worksheets at the end of this workbook to make the Social Security application process accurate, easy and financially rewarding.

# Instructions

Read *Social Security Inside Out* and *46 Retirement Pitfalls* to clear up the mystery of Social Security benefits. I recommend that you read the entire workbook. This material is short and easy to understand, and you never know which tip may get you a bigger check or prevent you from being shortchanged.

**Insider tips are listed after questions and answers and marked with a (\$).**

This is your workbook. Highlight key points and moneymaking insider tips: use a highlighter pen, underline or circle text, put comments in the margins, fold over key pages. List your questions for Social Security workers on page 37. Scribble notes on page 39. After reading about your options, write your tentative retirement plan on page 38, then have this workbook with you at your interview.

*At the end of interviews, claimants would say to me that they had some questions but they cannot remember them now. Be prepared. Write down your notes and questions at the end of this workbook and cover them with your SSA interviewers.*

**In this workbook, I have already marked in grey highlighter some things you should do if you are going to apply for benefits.**

Before your interview, complete **Worksheet #1 on page 35** with your personal information so you will not forget important information when talking with SSA.

When you are ready to apply for benefits, contact SSA through their toll free number: 800-772-1213. Ask the Service Representative any questions that you listed on page 37 of this workbook and write down the answers. Request an appointment to apply for benefits with a Claims Representative.

During your claims interview have this workbook with you. Ask your **questions from page 37** (for a second opinion) and cover your tentative **retirement plan from page 38**. Complete **Worksheet #2 on page 36** for future reference.

Make sure the answers from this workbook, the SSA web site and all SSA workers are the same. Get clarification if you are not satisfied.

Enjoy your retirement, confident that you did all that you could to get the most possible from Social Security.

## Abbreviations and Glossary

**Adjusted Reduction Factor (ARF):** When you reach **Full Retirement Age (FRA)**, Social Security removes the early retirement penalty for any month that you **did not** get a check because of the **Retirement Earnings Test**. *Warning: if you get early retirement checks and die before Full Retirement Age, Social Security does not remove the early retirement penalty for months from your death to your FRA. For example, if you start checks at 62 years old and then die, your surviving spouse will have the full 25% penalty on widow/widower benefits.*

**Delayed Retirement Credit (DRC):** A bonus on your retirement check of 2/3 of 1% for every month (8% a year) that you do not take retirement checks after your **Full Retirement Age (FRA)** up to 70 years old.

**Dependent Child:** Retired, disabled or deceased worker's child who is unmarried and is (1) under 18 years old, or (2) under 19 years old and still in high school, or (3) has a disability that started before age 22.

**Early Retirement Penalty:** The percentage reduction in your retirement, spouse or widow/widower benefit if you start checks before your **Full Retirement Age (FRA)**.

**Earnings Record (ER):** The record maintained by the Social Security Administration of all of your wages and self-employment earnings up to the yearly maximum.

**Earnings Limit, Earnings Test, or Retirement Earnings Test:** A limit on earnings for all beneficiaries (**retired workers, spouses, widows/widowers or children**) who are under their **Full Retirement Age**. (Disabled beneficiaries are exempt.) Social Security may withhold some of the Social Security checks of beneficiaries who exceed a certain amount of earnings from wages or self-employment. The limits change each year with the cost of living. (See page 17 for 2015 and 2016 amounts and rules.)

**Full Retirement Age (FRA):** The age that you will receive full retirement benefits without an early retirement penalty. The historical retirement age of 65 years old will be phased-in to 67 years old based on your year of birth (*See chart on next page.*). The Full Retirement Age is different for your own retirement benefit and for widow/widower benefits. (*See chart on next page.*)

<b>Year of Birth</b>	<b>Retirement FRA</b>	<b>Widow/Widower FRA</b>
1937 or earlier	65 years	65 years
1938	65 years and 2 months	65 years
1939	65 years and 4 months	65 years
1940	65 years and 6 months	65 years and 2 months
1941	65 years and 8 months	65 years and 4 months
1942	65 years and 10 months	65 years and 6 months
1943	66 years	65 years and 8 months
1944	66 years	65 years and 10 months
1945 through 1954	66 years	66 years
1955	66 years and 2 months	66 years
1956	66 years and 4 months	66 years
1957	66 years and 6 months	66 years and 2 months
1958	66 years and 8 months	66 years and 4 months
1959	66 years and 10 months	66 years and 6 months
1960	67 years	66 years and 8 months
1961	67 years	66 years and 10 months
1962 and later	67 years	67 years

**Indexed Earnings:** Self-employment income and wages over your lifetime are adjusted (**indexed**) to convert past earnings to current dollar values. For example, for someone born in 1950, actual yearly wages of \$7,800 in 1969 are considered to be \$55,146 in “indexed earnings” when the **Primary Insurance Amount (PIA)** is computed.

**Month of Election (MOE):** The month that you pick to start receiving Social Security checks.

**Primary Insurance Amount (PIA):** The amount that you will receive at **Full Retirement Age** or **Onset of Disability** or your dependents would receive if you **Die** and that is used to figure the payment amounts for you and your dependents.

**Social Security Administration (SSA):** The United States government agency that administers **Social Security** and **Supplemental Security Income (SSI)**. SSA also processes applications for Medicare coverage. Abbreviated as **SS**.

**Supplemental Security Income (SSI):** A program for low income aged, blind or disabled people administered by **SSA** but paid from general tax revenues, not from Social Security funds.

# Social Security Inside

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## General Information

**Question:** Will Social Security go broke?

**Answer:** Of course not. Currently, over fifty million Americans (nearly one out of every six) receive monthly Social Security checks and the rest of us want to eventually. Social Security is the major source of income for 2/3 of seniors, a group that no

Washington politician wants to upset. Furthermore, there will be enough Social Security money to pay full benefits until about 2034. Before that date (the sooner, the better), our political leaders will come up with relatively simple adjustments to make Social Security solvent (incoming taxes match outgoing benefits). In the early 1980's, Social Security was "going broke" but a bipartisan commission came up with some changes that fixed the program. Since America has changed since the 1980's, it is time again for a little fine-tuning to Social Security. *(Hey, what does not need a little updating every 30 years?)*

- Do not spend time worrying about the most honored government program in America going broke. Instead, read how to get your full share.

**Q:** When it is time to talk with Social Security (SSA), should I call or go into an office?

**A:** Do both. First, call 1-800-772-1213 from 7 a.m. to 7 p.m. Monday through Friday to get basic information from the Service Representative. Then have that worker make an appointment for you to apply for benefits either over the phone or in person with a Claims Representative.

*You can apply for benefits online at the SSA website, [WWW.SSA.GOV](http://WWW.SSA.GOV) without talking with anyone from Social Security. However, I believe it is important to first talk with an SSA interviewer to learn about your options before signing up for a particular benefit.*

- SSA is busiest at the first of the month and on Mondays and Fridays. **Be prepared. Continue to read this valuable workbook. Check out the Social Security web site: [www.ssa.gov](http://www.ssa.gov) . Record facts about your family and work on Worksheet #1 on page 35. Write down any questions for SSA on page 37. When talking with different SSA workers, record their answers to your questions to make sure they match. If the answers from this workbook, the SSA website and SSA workers do not match or you are still unsure, have your worker show you the written rules or talk with a supervisor.**

*When checking an insider tip, I called Social Security with a simple question. The employee's answer did not seem right so I called a second time. The next employee, after checking with a supervisor, gave me the correct answer. Of course, this does not mean that half of Social Security workers are wrong and that the other half always need to check with supervisors. However, you deserve to have the Social Security Administration process your case correctly. Read this workbook and check with more than one employee if you have any concerns.*

**Q:** What do I need before my interview with Social Security?

**A:** You need information about your family and work. **On Worksheet #1 on page 35, write down information on spouses (current and former), children, recent work history, military service and work in foreign countries.** When you call for the appointment, the Service Representative will tell you what documents are needed.

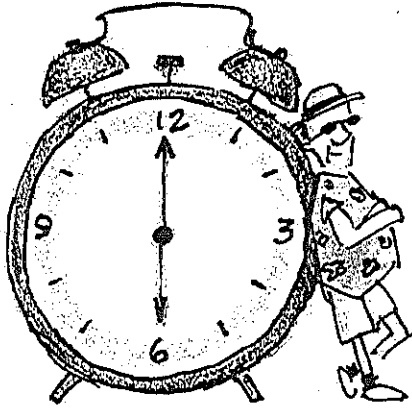
**§:** SSA can tell you where to get some documents and even help you get them in some cases.

**§:** Some benefits are paid only from the month you first contact SSA. If you wait to talk with SSA until after you get all of your documents, you could lose out on some money.

*A claimant told me that she did not know whether I would need to see her birth certificate. Before she left the house, she had it in her purse but removed it just before she left because she thought I would not need it. I did. Save yourself a second trip, find out what proofs are needed and go to the interview prepared.*

**To protect yourself from identity theft, do not write your name or Social Security number in this workbook. Since you will enter personal information and add personal notes to this workbook, do not share it with anyone other than your Social Security interviewer.**





# Retirement Benefits

**Q:** What are the requirements for retirement benefits?

**A:** To be eligible for retirement, you need to have worked for 40 quarters (ten years), be at least 62 years old and be a U.S. citizen or legal alien. Sometimes, you need proof of your age, last year's taxes and proof of military service if before 1968. If you were not born in the U.S., you will need proof of citizenship or legal alien status.

**S:** **Do not wait until you have all of your documents before contacting SSA, you could lose out on some benefits.**

*Sometimes people would ask me the retirement rules for a woman or for a man, suggesting that they are different. Not according to the Social Security Administration. Social Security laws are the same for men and women, husbands and wives, widows and widowers, or girls and boys.*

**Q:** Do I need to apply for Social Security six months before I retire?

**A:** Actually, SSA will not let you apply until you are within three months of retirement.

- **Even if you do not plan to start checks at 62 years old, you should contact SSA at that age to find out your basic retirement amount and benefit options. You need to learn about your options regardless of your immediate plans. Enter the benefit amounts you get from SSA on Worksheet #2 on page 36 for future reference.**

**S:** You may be eligible for Social Security checks even if you keep working. *(Explained on page 16 and 17)*

**S:** You may be eligible for checks as a spouse or widow/widower while your own retirement account grows. *(Read the spouse and widow/widower sections)*

**S:** Social Security will not pay checks to you for any months before you apply unless you are already Full Retirement Age. If you snooze, you lose.

*Besides checking with SSA at 62, also talk with them at the other key birthdays and life events listed on page 20. Do not depend on the "expertise" of Uncle Know-it-all, an authority because he has been getting checks for years. I have owned a car since I was sixteen but that does not make me an automotive engineer. Unfortunately, I interviewed too many people who lost out on money because they followed the advice of someone they wouldn't trust to recommend a good restaurant. Listen to the experts at Social Security, not the "experts" at your neighborhood bar.*

**Q:** How does Social Security figure out how much I am going to get?

**A:** SSA computes a **Primary Insurance Amount (PIA)**: the amount that you receive at your **Full Retirement Age (FRA)**. Your retirement PIA is also used to determine the extra amount that dependents receive from your record. SSA figures your PIA by averaging your highest 35 years of earnings and giving you a percent of that amount. Before averaging your earnings, they index (adjust) those yearly amounts to today's value. For example, for someone born in 1950, actual yearly wages of \$7,800 in 1969 are considered to be \$55,146 when the PIA is computed.

- Your actual check will be less than your **PIA** if you retire before your **FRA**.
- It will be more than your **PIA** if you retire after your **FRA**. (*I will explain these adjustments to your benefits in later questions.*)

**When you find out the amount of your PIA from SSA, enter it on Worksheet #2 on page 36 at the end of this workbook.**

*You can get your PIA (full retirement age amount) by going to the benefit estimator calculation on the Social Security website: [www.socialsecurity.gov/estimator/](http://www.socialsecurity.gov/estimator/)*

**Q:** I have heard that 65 is no longer retirement age. How old do I have to be now?

**A:** One of the changes to the Social Security laws in 1983 was a gradually increase in the **Full Retirement Age (FRA)** from 65 to 67 years old. (See chart below.)

- For legal stuff, you reach your legal age on the day before your birthday. For example, on your first birthday, you are actually 366 days old. You lived 365 days (one year) on the day before your birthday. Social Security follows this rule which is why the chart below seems to have weird dates.

<b>Actual Birthday</b>	<b>Full Retirement Age</b>
January 1, 1938 or earlier	65 years
January 2, 1938 thru January 1, 1939	65 years and 2 months
January 2, 1939 thru January 1, 1940	65 years and 4 months
January 2, 1940 thru January 1, 1941	65 years and 6 months
January 2, 1941 thru January 1, 1942	65 years and 8 months
January 2, 1942 thru January 1, 1943	65 years and 10 months
January 2, 1943 thru January 1, 1955	66 years
January 2, 1955 thru January 1, 1956	66 years and 2 months
January 2, 1956 thru January 1, 1957	66 years and 4 months
January 2, 1957 thru January 1, 1958	66 years and 6 months
January 2, 1958 thru January 1, 1959	66 years and 8 months
January 2, 1959 thru January 1, 1960	66 years and 10 months
January 2, 1960 and later	67 years

**Enter your Full Retirement Age on Worksheet #2 on page 36.**

**Q:** Can I still retire at 62 years old?

**A:** Absolutely. You can receive checks at 62 years old regardless of your **Full Retirement Age (FRA)**. However, you will have a permanent early retirement penalty of about 1/2% a month times the number of months under your FRA. Raising the Full Retirement Age caused an increase in the penalty for retiring early because now future retired people have more penalty months before FRA. The following chart shows examples of people with the same \$1,000 PIA but with different **Full Retirement Ages**. At 62 years old, an “oldster” born before 1938 got \$800 (80%), a “boomer” gets \$750 (75%), and a “youngster” born in 1960 or later will get only \$700 (70%). As you can see, the increase in the full retirement age from 65 to 67 increased the penalty before FRA.

<b>Birth Date</b>	<b>FRA</b>	<b>Check at <u>65</u> yrs old &amp; percent (%) penalty</b>	<b><u>64</u> yrs old</b>	<b><u>63</u> yrs old</b>	<b><u>62</u> yrs old</b>
1/01/38 or earlier	65 yrs	\$1000 monthly check (No penalty)	\$933 (6.6%)	\$867 (13.2%)	\$800 (20%)
1/02/43 - 1/01/55	66 yrs	\$933 monthly check (6.6% penalty)	\$867 (13.2%)	\$800 (20%)	\$750 (25%)
1/02/60 and later	67 yrs	\$867 monthly check (13.2% penalty)	\$800 (20%)	\$750 (25%)	\$700 (30%)

**S: Caution: the early retirement penalty may lower potential benefits to your spouse as a widow/widower.** (If married, read the section on widow’s benefits.)

**Q:** Should I start my checks at 62 years old or wait until I reach my Full Retirement Age?

**A:** That depends on how long you are going to live. If you live to 78 years old, the total money you would get from Social Security would be the same either way. Let me show you a comparison of James and Mary (*according to Social Security, the most popular names for babies born in 1946*) who are eligible for retirement on their own records with each due \$1000 at 66 years old (their Full Retirement Age).

<b>Antsy Jim</b> starts checks at <u>62</u> years old but gets only \$750 per month because of the 25% early retirement penalty. From age <u>62</u> to <u>78</u> , he will get \$750 a month for <u>16 years</u> for a total of <b>\$144,000</b> - smaller checks (\$750) but more of them (192).
<b>Patient Mary</b> waits until she is <u>66</u> years old so checks are the full \$1000 per month. From age <u>66</u> to <u>78</u> , she will get \$1000 a month for <u>12 years</u> for a total of <b>\$144,000</b> - larger checks (\$1000) but fewer of them (144).
<b>James and Mary will not know who made the correct decision until they die.</b>
If <b>James</b> dies before he is <u>78 years old</u> , he was money ahead by taking checks early. If he <u>lives past his 78<sup>th</sup> birthday</u> , James will get \$250 per month less than Mary will for the rest of his life.

If **Mary** dies before she is 78 years old, she lost out in total benefits. She did not live long enough getting larger checks to make up for missing out on checks from 62 to 66 years old. However, if Mary lives past her 78<sup>th</sup> birthday, she will continue to get \$1000 per month for the rest of her life while poor James gets only \$750. Of course, that puts her money ahead in the long run.

- Since you lose about 6.6% a year by taking checks early, putting your early retirement checks in an investment that pays about that amount could offset the reduction.
- Usually, your dependent spouse and children can get checks only if you do. This extra money for your family may offset any reduction from the early retirement penalty. For example, James would lose \$250 for early retirement but gain \$500 in extra benefits for a spouse and/or children for a total of \$1250. His family ends up gaining \$250 by him retiring at 62. (See Glossary on page seven for definition of dependent children.)
- If you die before you apply for Social Security retirement, SSA does not pay the money you passed up to your estate.
- If you receive early retirement checks, your spouse may end up getting lower benefits as a widow/widower. The impact on future survivor benefits depends on the percent of your early retirement penalty and when the surviving spouse starts checks. For example, if you start checks at 62 and then die, your surviving spouse will have the full 25% penalty on widow/widower benefits even if you received only one check before dying. *(Have the SSA worker explain how important this would be to you as a couple based on your ages and PIAs.)*
- Social Security can be taxed. When is the best tax time to get this income?
- **Medicare starts at 65 years old** regardless of when you retire or your FRA (65 to 67). You need to make sure you have health insurance until then.

**S: You may be able to get checks as a widow/widower and not start your own retirement checks until you are FRA (to avoid an early retirement penalty) or are age 70 (to get the Delayed Retirement Credit bonus). (See widow section)**

**S: You can get spouse benefits from Full Retirement Age until you are 70 years old to get the Delayed Retirement Credit bonus on your own retirement. (In 2015, this option is eliminated for people born after 1953.)**

**S: If you have health problems, you may be eligible for disability checks. Your Disability checks will be larger than your Retirement checks since you will not have an early retirement penalty. Apply for retirement and disability if you have health problems.**

*Read 46 Retirement Pitfalls starting on page 28 of this workbook for more financial, work, health, housing and lifestyle tips.*

**Q:** Should I wait until I am 70 years old to get the extra bonus?

**A:** You receive **Delayed Retirement Credits (DRCs)** if you do not start your checks until after you reach your Full Retirement Age (FRA). Your retirement payment increases by 2/3 of 1% for each month (8% a year) that you do not receive checks after your FRA.

Let us say, **Mary** waits to start her own retirement checks at 70 years old. Instead of getting \$1000 at 66 (her FRA), she will get \$1320 when she is 70. However, she will have passed up \$48,000 (\$1000 X 48 months) from 66 to 70 years old. She will have to live past about 82-1/2 years old to be money ahead if she waits until age 70.

- Putting your Social Security checks from 66 to 70 into an investment that pays about 8% a year would correspond to the gain you get from DRCs.

**S:** You can sign up at age 66 but **suspend** checks. You still earn the DRCs after age 66 but you can request the suspended checks later. For example, you find out that you have a short time to live or have a financial emergency. *(This option to file and suspend ends at the end of April 2016.)*

**S:** You don't earn any additional DRCs after you are 70 years old so there is no reason to wait past age 70 to start receiving your checks.

**S:** You need to consider starting Medicare at 65 even if you don't start checks.

**S:** If you are at your FRA, you can get spouse's benefits while letting your own retirement grow by DRCs. *(Rule is eliminated for people born after 1953.)*

If James and Mary are married, either one could defer her or his own retirement at 66 years old and instead take just spouse benefits. For example, Mary can get \$500 a month as a spouse from 66 to 70 years old. When she is 70, she can switch to \$1320 on her own retirement. **By using this plan, she will be money ahead once she is 76 years old rather than 82 years old as in the above example.**

In another example, Adam has a PIA of \$1000 and his wife Eve has a PIA of \$500. At her Full Retirement Age of 66 years old, Eve can get either \$500 on her own retirement or \$500 as a spouse. If she takes the spouse benefit, her own retirement will grow to \$660 by 70 years old because of DRCs. At that time, she can switch from the wife benefit to her own retirement of \$660 a month for the rest of her life. Eve still gets \$500 a month from 66 to 70 and then switches to \$660 a month at 70 and for the rest of her life. **By using this procedure, Eve loses nothing and, starting when she is 70, gains \$160 a month for the rest of her life. (However, this rule is eliminated for people born after 1953.)**

***How long can you expect to collect checks if born in 1952?***

***Male, at 62 years old, average life expectancy is 21.7 years to 83.7 years old.***

***At 66 years old, average life expectancy is 18.8 years to 84.8 years old.***

***At 70 years old, average life expectancy is 15.9 years to 85.9 years old.***

***Female, at 62 years old, average life expectancy is 24.2 years to 86.2 years old.***

***At 66 years old, average life expectancy is 21 years to 87 years old.***

***At 70 years old, average life expectancy is 17.8 years to 87.8 years old.***

***To learn your average life expectancy, go to the Social Security website:***

***<http://WWW.socialsecurity.gov/OACT/population/longevity.html>***

**Q:** I plan to stop working when I am 58 years old. Will it lower my retirement?

**A:** Not exactly. Your payment amount is based on your highest 35 years of indexed earnings regardless of when you worked - at 58 years old or 8 years old (*Jerry Mathers would have paid Social Security taxes as "The Beaver"*). If future earnings are higher than previous indexed earnings, the additional work would increase your PIA. Not working will not lower your Social Security check; however, additional years of earnings could increase it.

**Q:** I want to keep working even after I start getting Social Security. Will additional earnings increase my checks?

**A:** Each year in the spring, Social Security refigures your PIA if the past year's earnings are higher than indexed earnings from one of your previous years (for example, 2013 is higher than **indexed** 1968). If you are due an increase from those earnings (2013), SSA will pay you the extra amount back to January of the current year (2014). **When you apply for benefits, enter the amount of your lowest indexed earnings on Worksheet #2 on page 36. Then you will know how much you need to make to increase your benefit.**

- If you think you are due an increase from additional earnings, check with SSA if you do not hear anything by late spring.
- You still pay the FICA tax on your wages or self-employment income even if you are already receiving Social Security checks and even if the additional earnings will not increase future checks. (*Taxes start early and never end.*)

*If you are due a raise, do not be surprised over the small amount. Most increases were only a few dollars a month. You should get a letter from SSA explaining the amounts.*

**Q:** Do I have to quit work to get Social Security checks?

**A:** No. However, according to your age, you may be subject to a **Retirement Earnings Limit** to get all of your checks. This limit applies to all benefits (except disability): retirement, spouse, widow and children. (*See chart on next page.*)

**Years before Full Retirement Age:** You have a yearly earnings limit of \$15,720 in 2015 and 2016. SSA will withhold one dollar from one monthly check for every two dollars you make over the limit. If James makes \$21,720 (\$6000 over the limit), SSA will withhold \$3000 from his checks. He will not get his first four checks (4 checks at \$750 each = \$3000). He will get his remaining eight checks.

**Year of Full Retirement Age:** In 2015 and 2016, the limit is \$41,880 for the period from January through the month before your birthday month. For the limit, SSA counts the earnings only in the months before your FRA month. SSA will withhold one dollar from one check for every three dollars you make over that limit. If James makes \$50,880 (\$9000 over the limit) before his 66<sup>th</sup> birthday, SSA will withhold \$3000 worth of checks. He will not get four checks (4 checks at \$750 each = \$3000) but he will get the next eight checks.

**Years after your FRA:** There is no limit. James can make millions of dollars after his 66<sup>th</sup> birthday and still get all of his checks.

You can have a **monthly earnings limit** during your first year of retirement. You can receive your Social Security checks for any months that you are under the monthly limit \$1310 (1/12 the yearly limit). As an example, when James is 62 years old, he can make a million dollars through June, then stop working, and still receive all of his Social Security checks from July through December.

**Put your yearly Retirement Earnings Test on Worksheet #2 on page 36.**

**S:** If you do not receive some of your Social Security checks because of the Earnings Limit, SSA will refigure your early retirement penalty when you reach your Full Retirement Age. You will be penalized for only the number of months that you actually received a Social Security check.

**S:** Only current self-employment income or wages are included in your earnings limit. You can exclude any money earned in prior years but paid in the year of retirement such as vacation payments, bonuses and commissions.

**Do not get penalized for prior year's earnings.**

**S:** Pensions, unemployment and interest do not count in the limit. Make sure SSA does not penalize you for non-work income.

**Q:** If I retire early, can I get Medicare before I am 65?

**A:** No. Medicare starts when you are 65 years old regardless of when you start checks or the date of your FRA (65 to 67 years old).

**S:** You need to apply for Medicare in the three months before your birth month to have Medicare start in your birth month.

- You can get Medicare at 65 even if you do not get checks at that time.

- Medicare can start before you are 65 if you receive Social Security Disability benefits for 24 months. In addition, you can get Medicare early if you are on kidney dialysis or have Amyotrophic Lateral Sclerosis (Lou Gehrig's) disease. There are some other requirements so check with SSA.

*A claimant turned down Medicare Part B to save the cost of premiums because he could go to the local VA hospital. He had a heart attack when on vacation and not near a VA facility. His few dollars of saving on premiums ended up costing him thousands of dollars in doctor's bills.*

**Q:** Am I paid for the month that I turn 62?

**A:** You have to be 62 years old for every day of the month so normally you will not be paid for your birthday month. However, remember the legal stuff I covered when explaining Full Retirement Age. If your birthday is on the 1<sup>st</sup> or 2<sup>nd</sup> of a month, you will be paid for that month; otherwise, you have to wait until the next month. Checks are paid in the month following the month that they are due. For example, if you are 62 years old on January 3<sup>rd</sup> through 31<sup>st</sup>, you are not eligible until February and that check is paid in March. Checks are issued on the 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> Wednesday of the month based on your day of birth. (See below) See the actual check date for 2016 at SSA link:

<https://www.socialsecurity.gov/pubs/EN-05-10031-2016.pdf>

Actual Birthday	Check will be paid on ...
1 <sup>st</sup> through 10 <sup>th</sup>	2 <sup>nd</sup> Wednesday of the Month
11 <sup>th</sup> through 20 <sup>th</sup>	3 <sup>rd</sup> Wednesday of the Month
21 <sup>st</sup> through 31 <sup>st</sup>	4 <sup>th</sup> Wednesday of the Month

**\$: Sign up for direct deposit for your checks so your payments are secure.**

**Q:** What can I do to make sure I get all that I am due?

**A:** After years of reviewing cases as a supervisor, I learned that people need to pay close attention to five error prone areas:

1. Earnings Record
2. Month of Election
3. Various Benefits
4. Disability
5. Significant Birthdays and Life Events

**(1): Earnings Record:** Thoroughly review your entire earnings record maintained by Social Security. Make sure all of your wages and self-employment earnings are recorded. In the Social Security Suspense File, there are millions of w-2s not credited to any taxpayer. In addition, some earnings are credited to the wrong taxpayer. Sometimes earnings were never reported to the government because of mistakes or fraud. Since SSA uses your highest 35 years of earnings, even those



small earnings from your teen years can be valuable because of their value after indexing. Make sure you get credit for all of your hard work and taxes.

Thoroughly review the earnings record that your SSA interviewer shows you.

**S: Your SSA interviewer will show you a Summary Earnings Query (SEQY) with just total yearly earnings. You can request a Detailed Earnings Query (DEQY) with a breakdown of earnings and names of each employer from 1978 to the present if you have concerns about particular years or employers.**

**S: If you are missing earnings, SSA will correct your record by using tax forms, w-2s, pay stubs, employer records or your own records. Sometimes they can fix your earnings record with just a statement from you.**

**S: You get extra Social Security earnings credit for active duty military service (\$300 per quarter from 1957 through 2001). Make sure SSA knows about your military service even when you were in the reserves on active duty.**

*When I interviewed claimants, they rarely took any time to look at the summary earnings record (SEQY) that I showed them. The normal response was "I guess it is right." Guess! When they could be shortchanged for the rest of their lives. Guess! When inaccurate earnings records account for about 25% of Social Security underpayments. Do not guess! Review a DEQY!*

**(2): Month of Election:** Month of Election is Social Security talk for the month that you start checks. Have your Social Security worker cover the advantages of starting checks at different times based on your age, family and work. Then you decide which **Month of Election** will pay you the most money over the long run.

**S: If you worked a short time in a foreign country, SSA may use those earnings to increase your U.S. Social Security benefits.**

**S: If you had substantial earnings in foreign countries, SSA can help you apply for retirement checks from those countries.**

**(3): Various Benefits:** Be sure that SSA discusses all the different types of benefits and the advantages of each type for you and your family.

- **Spouse:** Your spouse can receive benefits on your record or you can on his or her record. Read the section on spouse benefits. Check out the insider tip of getting spouse benefits at Full Retirement Age while your own retirement benefits increase by Delayed Retirement Credits. (*Great option for many couples.*) Tell your SSA worker about all of your marriages. You never know which one could mean extra money.
- **Children:** You can receive extra money if you have children under age 20 or children who were disabled before they were 22 years old. SSA pays benefits to many types of children: your biological, adopted, step and some grandchildren. Tell SSA about any children that are dependent on you.

- **Survivor:** Read the section on survivor benefits. You may be eligible on a deceased spouse's record. You would have the option to take survivor benefits **until your FRA** without an early retirement penalty on your own retirement. You can even take survivor benefits **until you are 70 years old** while your own retirement grows by **Delayed Retirement Credits** of 8% a year. Have the SSA worker check out benefits for all of your marriages. You never know which one will pay the highest benefit.
- **Supplemental Security Income (SSI):** If you are at least 65 years old or blind or disabled, you may qualify for this extra check. SSI checks are based on need: you have to have limited income and resources. Ask your SSA worker about SSI if you do not have much income and little savings.

**\$: Even after checks start, immediately contact SSA when there are any changes to your family: marriages or divorces, births or deaths.**

**(4): Disability:** If you have health problems, apply for Social Security Disability at the same time you apply for Retirement if you are under your Full Retirement Age. If approved for disability, your disability checks will be larger than your retirement checks because you will not have an early retirement penalty. In addition, you may get Medicare sooner.

**\$: Even if denied before for disability, you can apply again. The requirements for disability are not as demanding for people near retirement age.**

**\$: Even after you start receiving Social Security retirement benefits, you should apply for disability if a health problem develops and you have not reached your Full Retirement Age. Checks will be larger because your early retirement penalty will be removed or readjusted. In addition, you could get Medicare before you are 65 years old.**

**(5): Significant Birthdays or Life Events:** Talk with an SSA representative three months before these significant birthdays or at the time of these life events:

- 50 years old if you are a disabled widow or widower
- 60 years old if you are a widow or widower (or surviving divorced spouse)
- 62 years old concerning early retirement
- 65 years old for Medicare
- Full Retirement Age (65 to 67) for unreduced retirement
- 70 years old for retirement with the DRC bonus
- Marriage or divorce if you are at any of the key ages above
- Retire from work if at least 62 year old (or 60 if widow or widower)
- Have a disabling condition before your Full Retirement Age (*see #4 above*)



# Husband or Wife Benefits

**Q:** What are the requirements for wife's benefits?

**A:** SSA rules for wife or husband benefits are the same. The worker must be eligible for retirement or disability benefits and you must be at least 62 years old. In addition, you must either (1) be married for one year or (2) be the parent of the worker's

biological child. You must be a U.S. citizen or a legal alien.

- If you are under your Full Retirement Age (66), your spouse benefits may be withheld if you are still working. (See earnings limits on page 17.)
- You can qualify as a **Divorced Spouse** if you are at least 62, unmarried and you were married for at least ten years to someone eligible to receive retirement or disability benefits.
- If you are not yet 62 years old, you can qualify if you have a child in your care who is under age 16 years old or who was disabled before 22 years old.

**Q:** Since my wife made more than I did, will I get retirement from her record or from my own work?

**A:** First, you receive your own retirement if you worked 10 years. Then you may get an extra amount from your wife's record. To figure if you get anything from her record, first you need to divide her **Primary Insurance Amount (PIA)** by two. Subtract your **PIA** from this amount to find the amount of spouse benefit.

For example, let us say Jane's PIA is \$1200 and Dick's PIA is \$500. Divided her \$1200 PIA by two for \$600 and then subtract Dick's \$500. The resulting \$100 is the spouse benefit for Dick. Dick's own retirement of \$500 plus the \$100 from Jane's record will be paid in one check for \$600. (Jane will still get her \$1200.)

- If Dick has not reached his Full Retirement Age, he will have an early retirement penalty on his retirement and the spouse portion of his check.

**Enter your spouse's PIA on Worksheet #2 on page 36.**

**S:** If you are at Full Retirement Age (FRA), you can decline to apply for your own retirement and instead receive only the spouse's benefit. You will get checks as a spouse while your own retirement amount increases by **Delayed Retirement Credits**: an 8% increase for each year that you do not get checks after your FRA up to age 70. (However, in 2015, this option is eliminated for people born after 1953.)

At **Full Retirement Age**, Dick could get \$600 as a spouse and decline to take his own retirement at that time. His own retirement of \$500 will grow to \$660 by the time he is 70 years old. At that age, Dick would stop the spouse benefit and start his own larger retirement amount. By using this little known rule, he loses nothing and gets a larger check when he is 70 years old. Dick and Jane will have more money to buy stuff for their dog ... *(If you do not know their dog's name, you are not old enough to retire.) This option is eliminated for people born after 1953.*

*You can figure the potential spouse benefits by using the yearly statements that you each get from Social Security. The second amount on the top of page two (your full retirement age ...) is your PIA. Divide the PIA's by two to see the potential spouse amounts.*

**Q:** My wife has not worked long enough to get Social Security because she stayed home to raise our two sons. Will her check be one-half of my check?

**A:** Her Full Retirement Amount will be half of your PIA. For example, if Adam is due \$1000 at FRA, Eve will get \$500. However, the actual check amounts will depend on the ages of each spouse when checks start. As you can see in the following example, Eve will get exactly 1/2 of Adam's amount only if she is the same age as Adam and both start checks at Full Retirement Age.

Ages	Both 66 years old	He is 66 -- She is 62	He is 62 -- She is 66
Adam's check	\$1000 (full amount)	\$1000 (full amount)	\$750 (25% penalty)
Eve's check	\$500 (full amount)	\$350 (30% penalty*)	\$500 (full amount)

*(\*The early retirement penalty is larger for the spouse than for the worker.)*

**S:** As a spouse, do not wait past FRA to start checks. A worker's **Delayed Retirement Credits** do not increase the spouse's checks. A spouse's check amount will never be over 1/2 of the worker's PIA even if the worker's check is increased because of **Delayed Retirement Credits (DRC)**. *(See below)*

Ages	Both 66 years old	Both 70 years old
Adam's check	\$1000 (full amount)	\$1320 (with DRC bonus)
Eve's check	\$500 (full amount)	\$500 (no DRC bonus allowed)

**S:** Adam can apply for benefits at FRA but voluntarily suspend checks until age 70 to pick up the DRC bonus. This plan allows Eve at her FRA to get \$500 a month spouse checks even though Adam will not be getting retirement checks. There is no reason for Eve to wait past Full Retirement Age because her spouse benefit will not increase due to Adam's DRCs. *(This "file and suspend option" ends at the end of April 2016.)*

**S:** A spouse has the same "Earnings Limit" to receive Social Security spouse checks as a retired beneficiary. *(See top of page 17.)*

**Q:** My husband is still working but I want to start my Social Security now that I am 62. Can I get my retirement now and then get extra when he finally retires?

**A:** Absolutely. You can receive your own retirement now. When your husband finally retires, you will receive an extra amount if half of his Primary Insurance Amount (PIA) is more than your full PIA. Your spouse amount will be reduced for early retirement by only the number of months you are under your Full Retirement Age when your husband finally retires. For example, if you are FRA when he finally retires, you will not have a reduction on the spouse portion of your check.

**§: Always check with SSA when a spouse or former spouse (if married 10 years) applies for retirement or disability benefits or dies. Have Social Security workers cover your options. Whenever you are eligible for more money on another record or type of benefit, you can switch.**

**§: Be sure to read the tip at the end of the last question, if your husband plans to wait until 70 years old to retire. He can apply for Social Security retirement but suspend benefits so you can get spouse checks. (This rule is eliminated for anyone born after 1953.)**

**Q:** I am going to marry someone who is on Social Security. Can I get checks as his wife?

**A:** Definitely, if you are 62 years old or have a child in your care, you can get checks. You must be married for one year before checks start.

**§: Check with SSA about your case even before you get married because in some situations you can get checks without the one-year wait.**

- Marriages and divorces often change Social Security eligibility. There are different rules for each type of dependent benefits. Check with SSA concerning the effect on benefits even before contacting a preacher or divorce lawyer. *(This area has the potential for lost benefits or overpayments.)*

**§: As a divorced spouse, sometimes you can get checks even if your ex-spouse does not sign up for checks and is still working. Your ex-spouse must be at least 62 years old or disabled; you were married for ten years; and, in some cases, the divorce must be for at least two years before you start checks.**

**Q:** I do not want my check reduced when my ex-wife starts getting checks from my record. Is there anything I can do?

**A:** Your retirement check is not reduced because of benefits to an ex-wife, current wife or children. They share extra money as dependents. Furthermore, ex-wives do not share in the dependent pot for your current wife and children. Ex's do not reduce your benefit or benefits for your current wife and children.

## Options for couples with various Primary Insurance Amounts (PIA)

### Max with a PIA of \$2400 and Minnie with a PIA of \$400.

When Max and Minnie turn 66, Max can sign up for benefits but suspend his checks. He will get nothing while Minnie will get \$400 from her record plus \$800 as a spouse from Max's record for a total of \$1200. Max's check amount will increase to \$3168 a month when he is 70 and starts checks. He loses a total of \$115,200 from age 66 to 70 but gains \$768 per month from age 70 for the rest of his life. When he is 82 ½ years old, he breaks even. Max must decide if he wants \$115,200 from age 66 to 70 or whether he wants an extra \$768 a month once he is 70 years old. Plus, Max waiting until age 70 increases the future widow benefit for Minnie to \$3168 rather than the \$2400 if Max had started checks at 66. *(This option ends at the end of April 2016.)*

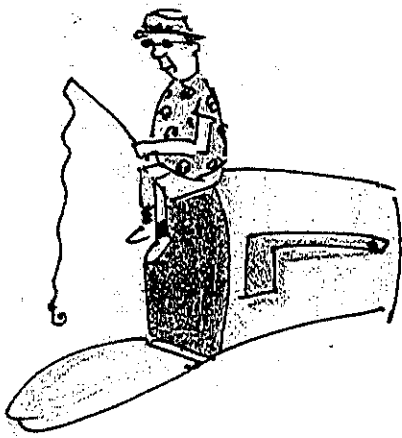
### Debbie Double with a PIA of \$2000 and Howard Half with a PIA of \$1000.

When this married couple turns 66, Debbie can sign up for retirement and Howard can sign up as a "spouse" rather than getting his own retirement. Debbie would get her \$2000 and Howard would get \$1000 as a spouse. When Howard turns 70 years old, he can sign up for his own retirement that is now \$1320 because of Delayed Retirement Credits. He loses nothing and gains \$320 a month from the time he is 70 for the rest of his life.

PIAs do not have to be exactly double to use this option: If Howard's PIA (\$900) was less than half of Debbie's, he would get more as just a spouse (\$1000); AND, his own retirement would grow from Delayed Retirement Credits to \$1188. If Howard's PIA (\$1100) is more than half of Debbie's, he would only get \$1000 if he took the spouse only benefit rather than his own \$1100, but the payment amount on his own retirement would grow to \$1452 at age 70. Howard needs to decide if it is worth losing \$100 a month receiving spouse benefits until he is 70 to gain \$352 a month once he is 70 years old. *(This rule is eliminated for people born after 1953.)*

### Erv and Evelyn Even-Stephens with identical PIAs of \$1200 each.

At 66 years old, one member of the couple can sign-up for full benefits of \$1200 and the other can get spouse benefits of \$600. When the "spouse" is 70 years old, he or she switches to own retirement that has now increased to \$1584 a month because of Delayed Retirement Credits. The "spouse" will lose \$600 a month from 66 to 70 years old, but beginning at age 70, the "spouse" will gain \$384 a month. He or she will be money ahead when 76 years old. In addition, the potential widow(er) amount will increase to \$1584. The spouse that may die first (male, unhealthy, family history) should sign up for spouse benefits so his or her own retirement benefit will increase by Delayed Retirement Credits and the healthier spouse may end up with a larger widow benefit of \$1584. **They both cannot collect from each other as spouses.** One must sign up for retirement benefits but then he can suspend checks and earn DRCs. *(This option ends at the end of April 2016.)*



# Widow or Widower

## Benefits

**Q:** What are the requirements for widow's checks?

**A:** The surviving spouse (husband or wife) must have been married to a deceased worker for at least nine months and be at least 60 years old or at least 50 years old and disabled. A surviving spouse is eligible at any age if taking care of a child under 16 years old or a child disabled before 22 years old who needs assistance.

- If the widow/widower is under Full Retirement Age (66), Social Security checks may be withheld if still working. (See earnings limits on page 17.)
- If your divorced spouse dies, you can get benefits as a **Surviving Divorced Spouse** if you were married for 10 years and you are currently unmarried.
- More than one spouse or divorced spouse can get checks from a worker.
- Parents of a deceased worker can get benefits if they were dependent on their adult child. Check with SSA.

**Q:** If I die, how much will my wife get?

**A:** Basically, she is eligible for your Primary Insurance Amount and any extra bonus from Delayed Retirement Credits that you earned. The actual amount of the check depends on her age and whether you took early Social Security retirement.

If she is **over her widow Full Retirement Age (FRA)** and you are not receiving checks yet, she will get your PIA amount plus any DRCs. If you are receiving disability or retirement checks, she will get the amount of your current check.

If she is **over 60 but not at her widow FRA**, she will get a percent of your PIA from 71.5 to 99.5%, (about .4% reduction for each month under FRA). Closer to her widow FRA; larger the percent of your PIA. *However, if you have an early retirement penalty, she may end up with that penalty in her widow's check. For example, if your early retirement payment is 85% of your PIA, she will not get more than 85% of your PIA regardless of when she starts checks.*

If she is from **50 to 60 and disabled**, she will be eligible for 71.5% of your PIA.

If she is **under 50 and takes care of your child** who is under 16 years old or who was disabled before 22 years old, she will get up to 75% of your PIA.

If she is **under 50 without a child in her care**, she will not get monthly checks until she meets one of the above requirements. She will get \$255 for your funeral.

**\$: From age 60 to 62 (or younger if disabled), she can receive widow's checks and then switch to her own retirement amount at 62 years old. The widow checks will not cause an extra penalty on her retirement checks.**

**\$: Between 62 years old and her Full Retirement Age (FRA):**

- She can get her own reduced retirement and then switch at her widow FRA to widow's benefits (which will not have a penalty).
- She can take reduced widow's benefits and then switch at her retirement FRA to her own retirement (which will not have a penalty).

**\$: She can receive widow's benefits until she is 70 while her own retirement grows by 8% a year from 66 to 70 because of Delayed Retirement Credits. Then she can switch to her own larger Retirement check when she is age 70.**

**\$: Widow Benefits are not increased by DRCs if a widow does not take checks at FRA; widows do not earn DRCs by waiting to draw widow checks at 70.**

**\$: She may be eligible on the record of a former spouse who died. She can get benefits from whichever record pays the higher benefit. Alternatively, she can take one benefit before she reaches her widow FRA (with a penalty) and switch to the other record when she is FRA (without a penalty).**

**\$: If she was married ten years, she may be eligible as a divorced spouse if an ex-husband is now retired or disabled or has died.**

**\$: Widow's Full Retirement Age is different from a worker's own retirement FRA. Take this into account when switching from one benefit to another.**

Year of Birth	Retirement FRA	Widow FRA
1937 or earlier	65 years	65 years
1938	65 years and 2 months	65 years
1939	65 years and 4 months	65 years
1940	65 years and 6 months	65 years and 2 months
1941	65 years and 8 months	65 years and 4 months
1942	65 years and 10 months	65 years and 6 months
1943	66 years	65 years and 8 months
1944	66 years	65 years and 10 months
1945 through 1954	66 years	66 years
1955	66 years and 2 months	66 years
1956	66 years and 4 months	66 years
1957	66 years and 6 months	66 years and 2 months
1958	66 years and 8 months	66 years and 4 months
1959	66 years and 10 months	66 years and 6 months
1960	67 years	66 years and 8 months
1961	67 years	66 years and 10 months
1962 and later	67 years	67 years



**Q:** I am a 58-year-old widow and thinking of getting married. Will I still be able to get checks from my deceased husband's record when I turn 60 years old?

**A:** Not if you remarry before you are 60 years old, unless you are already getting checks as a disabled widow. If you wait to get married until after you are 60, marriage would not stop your payments. *(See below. You definitely need to contact SSA to find out the potential widow amount that you will pass up if you get married before 60 years old.)*

**S:** You have to be **unmarried to get widow benefits unless that subsequent marriage was after you are age 60 or after age 50 if disabled.**

**S:** If you marry before you are 60, you still can get widow's benefits once that subsequent marriage ends in death, divorce or annulment.

**S:** If you marry before you are 60, you still will be eligible for your own retirement or, potentially, wife's benefits from your new husband when you are 62. However, you will miss out on the widow checks.

**Q:** As a widow, when can I get Medicare?

**A:** Medicare will not start until you are 65 years old unless you have received disabled widow's benefits for 24 months. However, you can get Medicare earlier than 65 years old if you are on kidney dialysis or have Amyotrophic Lateral Sclerosis (Lou Gehrig's) disease.

**S:** When you sign up for widow's benefits, tell your SSA worker about any health problems that prevent you from working. As a disabled widow/widower, you may be eligible for Medicare earlier than 65 years old.

**S:** If you are under 65 years old and already receiving widow's benefits, contact SSA if you become disabled so you can switch to disabled widow's benefits and get earlier entitlement to Medicare.

**Q:** I have continued to work even while getting widow's benefits. Will I ever get my own retirement?

**A:** You definitely need to check with SSA to find out when your own retirement will be larger than your widow's amount.

**S:** You may want to keep getting widow's checks and refrain from taking your own retirement until you are at your Full Retirement Age so you don't have the early retirement penalty on your retirement record.

**S:** Even at your Full Retirement Age, you may want to continue with the widow's benefit and wait until you are 70 years old to switch to your own retirement record to get the DRC bonus.

**S:** You have an "Earnings Limit" to work and get checks. (See page 17.)

**On Worksheet #2 on page 36 enter your own PIA and full widow amount so you can compare benefits.**

# 46 Retirement Pitfalls

## *Retirement Guide*

*Picking a date to retire involves more than trying to get the most Social Security benefits. The following guide covers many of the financial, work, health, housing and lifestyle questions that you need to address before you retire.*

### **FINANCIAL: *How Can You Have A Rich Retirement Without Being Rich?***

**Should you start Social Security retirement checks at 62 years old or at Full Retirement Age (65 to 67)?** If you live an average lifetime, you will get about the same amount of money whether you take checks at 62 or Full Retirement Age (65 to 67). If you start at 62 years old, checks are smaller but you get more of them. If you start at your Full Retirement Age, checks are larger but you will get fewer of them over your lifetime. The breakeven age is about 78 years old. If you die before then, you should have taken checks early. If you live past that age, you should have waited until Full Retirement Age. ***Warning: Widow or widower checks may be smaller to your surviving spouse if you take checks early.***

**Should you wait to start Social Security checks at 70 years old to get the bonus from Delayed Retirement Credits?** You get an 8% per year bonus from Full Retirement Age (FRA) to 70 years old; however, you have to live past about 82 years old to offset the loss of Social Security checks from FRA to 70 years old.

*If married, apply for spouse benefits at FRA if you are waiting until age 70 for your retirement. You can get spouse checks while your own retirement grows by DRCs and then switch to your own retirement at 70 years old. This option is eliminated for people born after 1953.*

**Do you want to get the largest check possible?** Keep working all of your life and do not start Social Security checks until you are 70 years old. Of course, getting the largest check does not necessarily mean you will get the most money over your lifetime. The number of checks you receive is as important as the amount of the checks.

**Have you ever been married?** You may be eligible as a spouse (ex-spouse) or widow/widower (surviving divorced spouse).

**Will you get a retirement pension from work not covered by Social Security (some government pensions)?** You need to be aware of Windfall Elimination Provision (WEP), which could lower retirement benefits, and Government Pension Offset (GPO), which may affect potential spouse benefits. Check with SSA.

**Will family members qualify for benefits?** Usually, they cannot get checks unless you do. Extra money to family members may offset any loss due to early retirement or any advantage from the DRC bonus.

*In Social Security Inside Out, read the tips that show you how family members can get checks even if the worker has not retired. Do not pass up that free extra money for the family.*

**Do you need Social Security checks now?** For about 2/3 of retired beneficiaries, Social Security is their main source of income. Obviously, take checks now if you need the money to buy groceries.

**Do you want the checks now?** Most people take their checks early unless they are still working full time. *(I guess they believe that a bird in the hand is worth two in the bush.)*

*Late on a Friday afternoon, I took a retirement claim from a man who finally decided to start checks. His wife called Monday morning to inform me that he had died over the weekend.*

**Do you have something profitable to do with the checks?** Do you have an investment that will make about 6.6% a year, which is what you would lose by taking checks early? On the other hand, are you paying interest on bills at about 6.6% that you could pay off with the Social Security checks?

*According to legend, Colonel Sanders took his first Social Security check of \$105 and hit the road selling his Kentucky Fried Chicken franchises.*

**Do you have something enjoyable to do with the money?** Do you want the money for a motorcycle now or a motorized scooter later?

**Since Social Security benefits can be taxed, will there be tax advantages at different times?** Talk with a tax specialist.

**When will your other retirement income start?** You may have to coordinate Social Security retirement with other pensions, annuities, investments, etc.

**Can you switch to part time and use your retirement income to offset your loss in wages from full time?** You could end up with the same amount of income with less work.

**What will be your living expenses when you retire?** Work related expenses will drop but recreation expenses may rise.

*Even though green fees are cheaper on weekdays, you will have the opportunity to golf more often which will be more expensive in the long run. In my retirement community, I know people who work part time at golf courses for free green fees.*

**Does your company or union early retirement pension include a Social Security supplement which is an extra amount that stops when you turn 62?** If you do not start Social Security then, your total retirement income will drop.

**Do you receive worker's compensation, unemployment, private disability or other income that will stop if Social Security starts?** You may want to start your Social Security after the other income ends if there is an offset.

**If you are going to use savings for income, will the interest be enough or will you have to dip into principal?** After all, even a million dollars in the bank at 3% interest will give you only \$30,000 a year before taxes.

## ***WORK: Do You Live To Work Or Work To Live?***

**Are you still working?** Your Primary Insurance Amount should increase if you continue to work unless you will be making a lot less than you did before. If you have not reached your Full Retirement Age (65 to 67), some or all of your Social Security checks may be withheld because of the retirement earnings limit. After you are Full Retirement Age, you can work all that you want and still get all of your Social Security checks.

**Does work define who you are?** Is there more to you than being Social Security District Manager (*my last job*)? When you meet people, the first thing they ask is what you do for a living. After retiring, will you be comfortable saying, "nothing"?

*When I retired, I spent an entire year recharging. I was perfectly happy being retired. However, I felt I could share my knowledge of Social Security by writing a workbook to help people solve the Social Security puzzle. I hope you feel my endeavor was worthwhile.*

**Do you love to work?** If work is enjoyable and satisfying, do not quit just because you can collect Social Security checks at a certain age. However, there is no advantage to wait for checks past 70 years old.

*George Burns worked until he was nearly 100 years old.*

**Are your co-workers also your best friends?** Will you be leaving your job and your friends? You will not be seeing these people daily. Even when you do see them, will you still be one of the gang?

**Do you want to start a new business or career?** Will you have more energy to start a new business at 62 years old than at 70?

*At a weekend art show, every artist I talked with had started his or her art career after retiring from a regular job. Is there a Grandma Moses in you?*

**Can you use your experience to work as a consultant?** You may be able to use your experience to make money while collecting Social Security checks and having more independence.

*Some former politicians and athletes make more money giving speeches than they ever did running the country or running the bases.*

**Is your employer or union retirement changing for the better or worse?** You may want to keep working until your company offers those rumored buyouts.

*I saw an increase in early retirements when looming changes to state government rules would have decreased retirement benefits.*

**Would you rather volunteer than work?** You can use your expertise to help the world or at least your little corner of it.

*At baseball spring training in Arizona, it seems as if all of the ushers and ticket takers are "snow birds".*

**Are you having health problems when trying to work?** Apply for Social Security disability benefits at the same time as retirement.

## **HEALTH: *Are You Dying To Retire Or Retiring To Die?***

### **Is work adding to or subtracting from your physical and mental health?**

Work can take years off your life or add life to your years.

*Since I retired, I wake up when I wake up. I feel more rested and rejuvenated with nine hours of sleep than with my old seven. (I come from a family of good sleepers.) Now I get the amount of sleep that my body needs (or at least wants) rather than my alarm clock allowed.*

### **When taking into account genetics and lifestyle, what is your life expectancy?**

If nobody in your family lives past 62, take your checks as soon as possible. If your grandparents are still alive, maybe you should wait to start checks at 70 years old to get more money over your expected long lifetime.

*Examine your lifestyle. Determine how to improve it to extend it. The smartest way to get more Social Security checks is by living longer.*

**At 60 years old, average life expectancy is 24.6 more years to 84.6 years old.**

**At 62 years old, average life expectancy is 22.9 more years to 84.9 years old.**

**At 66 years old, average life expectancy is 19.8 more years to 85.8 years old.**

**At 70 years old, average life expectancy is 16.8 more years to 86.8 years old.**

**Can you get health insurance until Medicare starts at 65?** Retiring without health insurance will make you sick.

**Do you have good or bad health habits that will flourish after you retire?** Will you finally have time for a nutritious breakfast and morning run? Or will happy hour shift from after work to before breakfast without the constraints of a job?

*Since I retired fairly young, I finally had the time to train and still had the knees to run my first marathon race.*

### **Will you have the ability to live your retirement dreams if you wait too long?**

Will you have the health and time to accomplish all of your goals?

*A co-worker retired even younger than I did so he could climb mountains around the world.*

## **HOUSING: *Do You Really Want To Live Next Door To Other Old People?***

**Where do you want to live?** Make your housing decision on what is more important: family, weather, taxes, housing costs, security, recreation, medical care, cultural opportunities, educational possibilities, healthy environment, etc.

*When I was a teenager growing up in North Dakota, I was “California Dreamin” long before The Mamas and Papas song. When I retired, I moved to southern California to hang with the Beach Boys. (However, I still have not heard from Brian Wilson.)*

**Where do you need to live?** The cute little town in the mountains may not have the medical facilities, airport or other services you need at this time in your life.

**Do you want to remain in your home?** Even if you do not move to Surf City, maybe you want to stay in the same town but move from your large two-story house to a small ground-level condo. Be careful, high HOA fees may cover items that are not important to you. Do you want to pay for a pool you never use?

**Since housing costs vary throughout the country, can you afford that dream home in paradise?** In 2014, the median price of a home in Honolulu, Hawaii is \$678,500 versus Toledo, Ohio at \$95,900.

**Will part of your retirement income be the equity in your home?** Can you trade your home for a cheaper one? Move from Hawaii to Ohio (see above)?

**Do you want to live with other old people?** Retirement communities are usually safer, quieter and less work. However, an “active” senior community may mean residents are still breathing on their own. Check to see if your future neighbors actually use the tennis court if that is important to you.

*Making sure neighbors follow the rules can be the main source of entertainment in some senior communities. Read the rules to make sure your grandchildren can use the community pool for more than ten minutes every fourth Saturday.*

**Can you handle the weather in all seasons?** Do you want the variety of all four seasons? Warm weather in the winter can turn into unbearable heat in the summer.

*When a real estate agent says that fall is beautiful, beware. Autumn is beautiful everywhere. Check the weather in the coldest part of winter and hottest part of summer.*

## **LIFESTYLE: *How Much Fishing Can You Do?***

**Will you still have a purpose in life?** Work often dictates your purpose. With work ending, will you have a reason to get out of bed in the morning?

**To achieve your goals and plans, will you need to retire to have the time?** Or do you now get enough free time so you don't need to retire to pursue your dreams?

*A small café owner closes his business for two months every winter to visit another part of the world. He still works but travels more than most retirees.*

**Will you need to move to a location that fits your future plans for activities?** Daily golfing does require a location free of snow drifts in the winter.

**Do you have activities planned after retirement?** If your retirement plan is simply to get an extra hour of sleep, you will have lots of extra time to be bored. Practice retirement by spending a long vacation around the house.

**Are your friends still working?** Golfing on weekdays is less crowded but it can be lonely if all of your friends are still working.

*Life is much easier since you can shop, see doctors and get a haircut when everyone else is working. From nine in the morning to two in the afternoon, retired people rule.*

**If you live with someone, is your cohort also going to retire?** One person playing full time and the other person working full time can strain a relationship. On the other hand, two people together 24/7 can be even tougher. Practice being together, a lot.

**Do you have family members (parents, children, grandchildren) that depend on you?** You need to make sure dependents can handle your decision.

**Will you finally have time to get to those projects that you put off for too long?** Maybe you can finally finish your kid's baby book.

*These are just some of the questions that you should address before picking a retirement date. As you can see, retirement is more than picking which date (you think) will give you the most Social Security money.*



# Worksheet #1

## Complete Before Your Claim Interview

### Spouses (*Current and former spouses*)

Name Start with most recent spouse	Date of Marriage	Date It Ended	Reason It Ended Divorce, Death, Annulment

### Children (*Under 20 years old or disabled before 22*)

Name	Date of Birth

### Earnings from Work

Last Year's Earnings	This Year's Expected Earnings
\$	\$

### U.S. Military Service

Date of Enlistment	Date of Discharge

### Work in Foreign Countries

Country	Start Work	End Work

*For security, do not write your name, date of birth or Social Security number on this worksheet. For privacy, do not share your workbook with anyone other than your Social Security interviewer.*

# Worksheet #2

## Complete During Your Claim Interview

<b>Retirement Benefits</b>	<b>Husband</b>	<b>Wife</b>
Full Retirement Age (FRA) 65 - 67 years old		
Own Primary Insurance Amount (PIA)		
Retirement Check Amount at 62 (reduced)		
Retirement Check Amount at FRA (PIA)		
Retirement Check Amount at 70 (bonus)		
Retirement Month of Election (checks start)		
Amount of Lowest Year of Indexed Earnings		
Yearly Retirement Earnings Limit		
Check Cycle (2 <sup>nd</sup> , 3 <sup>rd</sup> , or 4 <sup>th</sup> Wednesday)		

<b>Spouse Benefits</b>	<b>Husband</b>	<b>Wife</b>
1/2 of Worker's PIA for Spouse Benefits		
Spouse Check Amount at 62 (reduced)		
Spouse Check Amount at FRA		
Spouse Month of Election (checks start)		
Check Cycle (2 <sup>nd</sup> , 3 <sup>rd</sup> , or 4 <sup>th</sup> Wednesday)		

<b>Widow/Widower Benefits</b>	<b>Husband</b>	<b>Wife</b>
Deceased Worker's PIA		
Widow/widower Full Retirement Age		
Widow Check Amount at 60		
Widow Check Amount at 62		
Widow Check Amount at FRA		
Widow Month of Election (checks start)		
Check Cycle (2 <sup>nd</sup> , 3 <sup>rd</sup> , or 4 <sup>th</sup> Wednesday)		

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# Your Questions

Before you contact Social Security, write down any questions or you may forget them when you talk with SSA. *(It seemed that every person that I interviewed would say, "I had a question but I can't remember it now.")* Ask the same questions to both the Service Representative (the worker at 800-772-1213 or at the SSA office) and the Claims Representative (the worker who takes your claim).

<b>Question:</b>
<b>Service Rep Answer:</b>
<b>Claims Rep Answer:</b>

<b>Question:</b>
<b>Service Rep Answer:</b>
<b>Claims Rep Answer:</b>

**If answers do not match from (1) this workbook, (2) the SSA website and (3) different Social Security Administration employees, ask for a supervisor or for written verification. You deserve a correct answer.**

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# Your Retirement Plans

After reading this workbook and retirement checklist, you have learned the many options concerning your retirement. Write down your tentative retirement plans so you can cover it with your Social Security Claims Representative. *(Following are a few examples.)*

*I want the money as soon as possible: My own retirement at 62 years old and any extra for my spouse.*

*I want to wait until I am 70 to get Delayed Retirement Credits since everyone in my family lives to be 100. However, I want to get spouse benefits from 66 to 70 years old since it will not affect my retirement bonus. **This option ends for people born after 1953.***

*I want widow benefits from 60 to my Full Retirement Age and then I will switch to my own Retirement, which is a lot more. I will not have a penalty on my own retirement while I pick up some checks as a widow.*

## **Now jot down your tentative retirement plans:**

I want .....

.....

.....

.....

.....

.....

By coming up with at least a tentative plan, you will know the direction you want for your retirement when working with your Social Security interviewer. Even if you change your plans when talking with the SSA worker, you will be taking an educated and active part in this important phase of your life.

Good luck and enjoy your retirement, knowing you did all that you could.

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