

## Social Security Retirement Benefits for a Spouse or Surviving Spouse

For this paper, the two married people are called the “worker” and the “spouse.” A worker is a person whose Social Security benefits are based on their own work history. A spouse is a married person whose Social Security benefit is based on the work history of the person they are or was married to.

This paper limits its discussion to Social Security Retirement benefits – not disability benefits or spouse caring for a child under 16.

If the Worker is alive:

Spousal retirement benefits start at 50% of the worker’s PIA if the spouse is at Full Retirement Age or higher when the spouse applied for spousal retirement benefits. Since the maximum spouse retirement benefit is 50% of the worker’s PIA, there is no advantage to waiting past the spouse reaching FRA to start receiving spousal retirement benefits while the worker is alive. However, **the current spouse cannot start getting spousal retirement benefits until the worker applies for Social Security retirement benefits.** For example, Julia is one year older than her husband Craig. They both have a FRA of 67. If Craig waits until he is 67 to file for Social Security, Julia cannot file for spousal retirement benefits until she is 68 (when Craig actually files for his Social Security retirement benefit). She will get 50% of Craig’s PIA as her spouse retirement benefit while Craig is alive.

On the other hand, if Craig had been married to someone else for at least 10 years, his ex-spouse would not be restricted to filing for spousal retirement benefits until Craig filed for his own benefits. For example, Barbara Ann was married to Craig for at least ten years and she did not remarry. She could receive spouse retirement benefits off of Craig’s earnings record as early as her turning 62 whether or not Craig filed for his own benefits. Thus, an ex-spouse whose marriage to the worker lasted at least ten years has a right to spousal retirement benefits that the current spouse does not have. There is still one catch, however. The worker must be at least age 62 for the ex-spouse to receive Social Security spousal retirement benefits. This age 62 restriction for the worker has caused many a bitter tear to be shed by ex-spouses who were accused of “robbing the cradle” at their wedding reception. Now they must wait until their ex-spouse turns 62 before they can file for spousal retirement benefits.

Note that for spousal retirement benefits we care about the spouse’s age, not the worker’s age, when calculating a reduction in benefits for starting spousal retirement benefits prior to the spouse’s FRA.

1. The reduction for the first 36 months is 25%. On a monthly basis this is 25/36 of 1% per month.
2. If the spouse starts receiving spousal retirement benefits more than 36 months in advance of his or her own FRA, then the reduction for months over 36 months is 5/12 of 1% per month.

Example 1: Spouse A files for Social Security spouse retirement benefits 18 months prior to Spouse A’s FRA, the spouse retirement benefits will be reduced from 50% of Worker’s PIA to 87.5% of 50%. If Worker A’s PIA were \$2,000/month, then Spouse A’s 50% benefit would be \$1,000/month at Spouse A’s FRA. Filing for benefits 18 months early results in the benefit being cut 12.5% ( $25/36 \times 18 \div 100 = 12.5\%$ ). Since Spouse A is getting a 12.5% reduction, the final spousal benefit will be \$875 ( $0.875 \times 1,000$ )

Example 2: Spouse B files for Social Security spouse retirement benefits 44 months prior to Spouse B's FRA, the spouse retirement benefits will be reduced from 50% of Worker's PIA to 71.67% of 50%. If Worker B's PIA were \$2,400/month, then Spouse B's 50% benefit would be \$1,200/month at Spouse B's FRA. Filing for benefits 44 months early results in the benefit being cut 28.33% ( $25/36 \times 36 \div 100 = 25\%$  for the first 36 months and  $5/12 \times (44 - 36) =$  and additional cut of 3.33%). This results in a total cut of 28.33%. A cut of 28.33% leaves 71.67%. Thus, since Spouse B will get \$860. ( $0.7167 \times \$1,200$ ).

The last major reform of Social Security retirement was in 1984. It increased worker FRAs from 65 to 67 according to when the worker was born. Under this reform, people born in 1960 and later have a FRA of 67. It is important to note that while the worker is alive, the spouse's FRA is determined the same way as the worker's FRA. Thus, a spouse born in 1960 or later also has a FRA of 67 for spousal retirement benefits. That is not true for survivor retirement benefits (discussed next). For survivor retirement benefits, the survivor FRA is determined by a different FRA schedule. The survivor FRA increase is based on a two year lag from the worker FRA increase. Thus, the survivor FRA will reach age 67 for spouses born in 1962 or later. The survivor FRA will be given if needed on the test.

After the Worker Dies:

The initial survivor retirement benefit is equal to 100% of whatever the worker was receiving or was entitled to receive at death. Essentially the spouse steps into the worker's place. There is one exception to this rule for the first step of determining the survivor benefit. There is an upward adjustment if the worker was receiving less than 82.5% of the worker's PIA due to starting retirement benefits early.

The figure 82.5% seems to be an arbitrary number, but it helps widows when their worker spouses filed for Social Security early. Initially, this was mostly a favorable treatment for women. As the earnings history of the sexes converge, this rule becomes more sex neutral. A worker who starts retirement benefits 31.5 months early would have a reduction of 17.5%. However, since Social Security does not count portions of a month in the reduction, this floor of 82.5% essentially helps surviving spouses whose partner filed for retirement benefits more than 31 months early. The earlier the worker filed for Social Security benefits, the more the surviving spouse is helped. So, when the worker was receiving at least 82.5% of his PIA, the survivor begins by taking the same check as the worker was getting.

Next there is an adjustment for a spouse who has not yet reached their own survivor FRA. As discussed above, the survivor FRA is determined by the year of birth. Like the worker FRA, the survivor FRA is increasing from the original age of 65 to 67. However, the survivor FRA table is two years behind the worker FRA table. Thus, spouses born in 1962 and later must be at least 67 to have reached the survivor FRA. The actual schedule for survivor FRAs is at the end of this paper for your reference in the real world. For some reason, the reduction for starting survivor benefits is based on the number of months between age 60 and the survivor FRA. At age 60 (not 62), a surviving spouse will receive 71.5% of the result from step 1 above (the greater of 71.5% of what the worker spouse was actually receiving or 82.5% of the worker spouse's PIA).

To calculate the reduction for a surviving spouse starting to receive survivor retirement benefits before their survivor FRA, 28.5% divided the number of months from the survivor FRA to age 60. Then this

fraction is multiplied time the number of months the survivor benefit is starting earlier than the survivor FRA.

For example, if the survivor FRA is 66, then age 60 is 72 months earlier than FRA ( $6 \times 12 = 72$ ).  $28.5\% \div 72 = 0.396\%/month$ . Thus, if the survivor benefits were started 20 months early, the reduction would be 7.92% ( $0.396\% \times 20 = 7.92\%$ ).

If the survivor FRA is 67, then age 60 is 84 months ( $7 \times 12 = 84$ ).  $28.5\% \div 84 = 0.339\%/month$ . Thus, if the survivor benefits were started 20 months early, the reduction would be 6.78% ( $20 \times 0.339\% = 6.78\%$ ).

### Disabled Widow(er) Rules

There is a special rule for disabled widows and widowers. A disabled widow(er) may start receiving survivor retirement benefits as early as age 50. Disabled surviving spouses who are younger than 60 are treated as if they are 60. In other words, there is no reduction for a young disabled widow(er) beyond the reduction to age 60. Thus, disabled widows who start receiving Social Security retirement survivor benefits at 50, 53, 56, and 60 all receive a reduction of 28.5%. This means each widow would receive a benefit of 71.5% of what the deceased spouse was getting at the time (or 82.5% of the deceased worker's PIA if the deceased worker started getting Social Security retirement benefits really early (more than 31 months early)).

### How to Apply These Rules in Real Life

Retirement benefits and survivor benefits come from two different pots of money and thus have two different sets of rules. Therefore, a surviving spouse may choose to start with one benefit and later switch to the other benefit.

To be eligible for a survivor benefit, the marriage must have lasted at least 9 months unless the death was accidental or occurred in the line of duty for someone in the U.S. military.

Principle #1. The fact that an eventually surviving spouse started to receive Social Security retirement benefits early is irrelevant when the worker dies. This is due to the rules and funding for survivor benefits being different from the rules and funding for retirement benefits while both spouses are alive. Thus, the death of the worker resets the age of the now surviving spouse for survivor benefits. For example, Nancy took retirement benefits at age 62 while her husband Tom was alive. For her eventual survivor benefits, it does not matter if her Social Security retirement benefits were based on her work history or her husband's work history. Later, when Tom dies, Nancy's age will be reset for purposes of her survivor benefits. If Nancy is at least her survivor FRA when she starts getting survivor benefits, then her survivor benefits in retirement will not be reduced. However, if Tom dies 18 months after Nancy started her early retirement benefits but before reaching her survivor FRA and she started survivor benefits right away, then her survivor reduction is based on 18 fewer months than her original retirement benefits were reduced. For example, if Nancy was born in 1962 or later, then both her working FRA and her survivor FRA would be age 67. If she started receiving Social Security benefits on her birthday when she was 62, she would have her original retirement benefits reduced based on her

starting 60 months early (67 – 62 X 12). If Tom died exactly three years later and Nancy started receiving survivor benefits right away. Her survivor benefits would be reduced based on her starting her survivor benefits 24 months early (67 – 65 X 12). This is better for her than the 60 months early she was reduced while Tom was alive.

Principle Two: The survivor benefits will never grow larger than the amount available when the surviving spouse is at the full surviving spouse FRA, but the surviving spouse's own retirement benefits based on their own working history will grow until these benefits are started. Prior to the survivor reaching their FRA, the reduction from 100% of PIA based on his or her own work history for starting early is decreased month by month during the wait. After the survivor reaches FRA, the survivor's individual benefits due their own earnings history starts getting delayed retirement credits up to age 70. Thus, it might be advantageous to start survivor benefits immediately upon death and let the widow's own retirement benefit grow. Later, the surviving spouse can switch to their own benefit based on their own earnings history. This strategy is still available.

Principle Three: The initial survivor benefit is frozen at the time of death. If the worker started receiving retirement benefits prior to death, then what the worker was receiving at death is the maximum survivor maximum benefit (unless the worker was receiving less than 82.5% of their PIA). Thus, if the worker's PIA was \$2,000 and he started early and was receiving \$1,900, then \$1,900 would be the maximum survivor benefit no matter when the surviving spouse started receiving survivor benefits. If he started later than his FRA and his benefit was \$2,200, then the maximum survivor benefit would be \$2,200. On the other hand, if the worker had not started receiving Social Security retirement benefits, then the maximum survivor benefit would appear to be 100% of PIA, but that is very hard to verify, especially if the worker was between 62-FRA at death.

#### Classic Applications:

1. The lower earning spouse starting to receive Social Security retirement benefits will not lower the survivor benefit at all if the worker lives until the spouse reaches their survivor FRA. Also, even if the worker dies prior to the spouse reaching her survivor FRA, the reduction for starting survivor benefits earlier than the survivor's FRA is based on the survivor's age when survivor benefits are started and not the age when Social Security retirement benefits were started. Thus, if there is a dramatic difference in the work histories of the couple, it might be advantageous for the lower earning spouse to start benefits based on their work history early, especially if the lower earner is already retired.
2. If the worker and the spouse had essentially equal work histories, it might be advantageous for the survivor to take survivor benefits first and let their own work history benefit grow towards age 70.

Here are the two tables for FRAs (Full Retirement Benefits).

For Everything Except Survivor Benefits:

Year of Birth	FRA
1937 & Before	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943-1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 and later	67

For survivor benefits:

Year of Birth	FRA
1939 & Before	65
1940	65 & 2 months
1941	65 & 4 months
1942	65 & 6 months
1943	65 & 8 months
1944	65 & 10 months
1944-1956	66
1957	66 & 2 months
1958	66 & 4 months
1959	66 & 6 months
1960	66 & 8 months
1961	66 & 10 months
1962 and later	67