

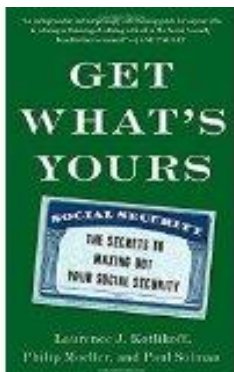
May 2015

Social Security benefits for surviving spouses

As published in the Racine Journal Times |
May 6, 2015 | by Justus Morgan, CFP[®]

I love helping people uncover benefits they didn't know they were eligible for from Social Security. Last week, I spoke to a woman who never worked outside the home. Since she didn't have any earnings she thought she wouldn't be eligible for any Social Security benefits either. Little did she know that the Social Security system has special provisions for people just like her.


Known as spousal benefits, this provision allows people to collect up to 50 percent of the worker's benefit regardless of whether the spouse themselves had any work history. The woman was ecstatic to learn she would receive over \$1,000 per month as a result of this provision. Furthermore, since she was close to her full retirement age of 66, there would be no increased benefits by waiting any longer past age 66. Most people have heard about the increased benefits by waiting until age 70 but don't realize the additional 8 percent increase does not apply to spousal benefits. Therefore, it doesn't make any sense to wait past full retirement age to collect a spousal benefit. If someone applies for the spousal benefit prior to full retirement age, there is a reduction based on the person's age with someone collecting at age 62 receiving a reduction of 30 percent.



Things get more interesting when the spouse has an earnings record of their own and is also entitled to a worker's benefit. Laurence Kotlikoff, a professor at Boston University recently published a book with two co-authors, Philip Moeller and Paul Solman explaining the various options available to couples. The book "Get What's Yours: The Secrets to Maxing Out Your Social Security" is helpful in explaining the many rules of Social Security through examples.

At the first spouse's death, the spousal benefit is typically replaced by survivor benefits which are significantly higher than the spousal benefit (which is no longer paid). The survivor benefit is based on the worker's benefit which is one of the main reasons for delaying benefits. Not only will the worker receive a higher benefit while they're alive but so will the surviving spouse. We've seen situations where this can

easily represent another \$50,000 to \$100,000 of additional benefits depending on the life expectancy of each spouse.

While the rules are complex, knowing which Social Security benefits you may be eligible for is the first step in developing a secure retirement income plan. 

Upcoming FSG events

June 16 – 6:30 to 8 p.m. Consider joining Financial Service Group at an upcoming panel discussion to be facilitated by Mike Haubrich. The panel will consist of several retirees who have taken different paths since retiring and they will share their experience including what has surprised them, what to expect, and other valuable insights. Seating is open to clients and guests but is limited. Please hold your spot by calling our office at 262-554-4500.



June 20 – 7:30 a.m. to 11 a.m. Stop by the FSG tent in Monument Square at the 2015 Racine Lighthouse Run and pick up a can koozie. Once again, FSG is the proud sponsor of the 4 mile competitive run.

June 24 – 6:30 to 8 p.m. Back by popular request, Justus Morgan and Justin Moilanen will lead a *Social Security and You* workshop at our office. Clients and guests are invited to attend this workshop which will reveal the basics of Social Security including how benefits are determined for workers, spouses, and surviving spouses, the interaction between claiming now versus delayed benefits, and how different claiming strategies can significantly impact your retirement income sustainability. Call 262-554-4500 to reserve your seats.

August 7 – 5:30 to 8 p.m. Open house at UnCorkt on Main Street, Racine. More details will follow. 

Congratulations, Justin and Justus!



Justin Moilanen has concluded his studies toward his Master in Business Administration (MBA) degree from UW-Milwaukee. Graduation ceremonies will be held on Sunday, May 17.

Justus Morgan has been named president of the Racine/Kenosha Estate Planning Council. His one-year term begins this month. 