

Does it matter to my spouse when I start my Social Security?

Historically, approximately 50% of people eligible to collect Social Security at 62 do so¹. If you do, you will receive approximately 25% less in benefits (i.e. income) than waiting until your full retirement age (FRA) – between 65 and 67 depending on your birthday. What implication does your early retirement have on your spouse?

Everyone whose work earnings make them eligible for Social Security benefits receives their full Social Security benefit when they reach their FRA. You can retire as early as 62, but your benefits will be permanently reduced by approximately 25% from the full benefits you would get at your FRA. Waiting longer than your FRA to begin receiving Social Security benefits increases your benefits. Waiting to age 70 will increase them by approximately 32%.

A spouse always has the option of taking the larger of their own working benefit or a marriage entitlement benefit that is based on the benefit their spouse collects.

A spouse's benefits while their spouse is alive

Since men have traditionally worked and earned more than women, it is their wives that are usually in the position of collecting the larger of their own working Social Security benefits or their spouse's benefit. A wife's spousal benefit can be as high as 50% of her husband's full retirement benefit. To receive this, she must wait for her own FRA and he must do the same.

If he retires early, but she waits for her FRA, she will still get 50% of her husband's benefit – but hers will be less because his benefit is reduced due to his early retirement. If he retired at 62, his benefit would be reduced by approximately 25% from his FRA benefit. If she retires early at 62, and he waits for his FRA, her spousal benefit will be reduced approximately 30% below whatever her 50% spousal benefit would have been.

A surviving spouse's benefit

A surviving spouse is entitled to the greater of 100% of the deceased spouse's Social Security benefits or their own working benefit. As stated previously, this option is traditionally a surviving wife's to make. Here, the wife's 100% of her husband's benefit is affected by what he actually received when he was alive. So if he retired early, her lifetime benefit will be smaller because of the smaller benefit he decided to take. Therefore, her surviving benefit would have been higher the longer he had delayed his retirement.

So a married man's decision when to collect Social Security has direct implications not only on how much he will receive in Social Security benefits, but how much his wife and survivor will receive.

For more information on this and other Social Security issues, please feel free to contact me for a no-fee, no-obligation review.

¹Source of data: Social Security Administration <http://www.socialsecurity.gov/pubs/10035.html>



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