



# The Social Side of Retirement<sup>SM</sup>

Social Security filing strategies for married couples



If you are married and thinking about filing for Social Security retirement benefits, it's worth learning more about the filing options that are available to married couples. The filing decisions you make today can permanently affect the benefits that you and your spouse receive as a couple and, in some instances, the benefits the surviving spouse receives.

Timing is a key variable for everyone, but especially for married couples. **Collecting benefits before reaching full retirement age (FRA) permanently reduces monthly benefit amounts by as much as 25 percent (30 percent if you were born in 1960 or later).**

Of course, there may be good reasons for filing before your full retirement age; health, family, and financial needs are all important considerations.

Your full retirement age is based on the year you were born, as shown in this chart. (Note that for survivors' benefits, full retirement age is calculated differently.)<sup>1</sup>

YOUR FULL RETIREMENT AGE <sup>2</sup>	
Year of Birth	Full Retirement Age
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

<sup>1</sup> Social Security Administration, "Social Security Benefit Amounts for the Surviving Spouse by Year of Birth," [www.ssa.gov/planners/survivors/survivorchartred.html](http://www.ssa.gov/planners/survivors/survivorchartred.html).

<sup>2</sup> Social Security Administration, "Retirement Planner: Full Retirement Age," <https://www.ssa.gov/planners/retire/retirechart.html>.

# Married couples have a choice of filing options.

## It's your Social Security and your decision.

For the sake of simplicity, the following examples include limited variables. Many factors can affect the amount of your Social Security retirement benefit, so it's wise to check with the Social Security Administration for guidance before you file for benefits.

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**The Bipartisan Budget Act of 2015 limited the use of the restricted filing strategy to claimants who were born before January 2, 1954. Claimants who meet this age requirement can only use the restricted filing strategy at their full retirement age.**

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## Restricted filing

If you were born before January 2, 1954, and have reached your full retirement age, you may be able to file a restricted application for a spousal benefit. This filing method allows you to collect a spousal benefit while your benefit increases with delayed retirement credits — potentially by up to 32 percent.<sup>3</sup>

This strategy is only advantageous if your own benefit, combined with any delayed retirement credits, will be more than the amount of your spousal benefit.

## Meet Bob and Mary

Bob and Mary are both age 65, have been married for 40 years, and have a family history of longevity. At age 66, both spouses are eligible to receive a full retirement age benefit: \$2,400 for Bob and \$2,000 for Mary. The following examples assume that Bob and Mary are no longer working when they collect benefits.

<sup>3</sup> Delayed retirement credits may accrue for each month beyond your full retirement age that you delay receiving your individual benefits. People who were born in 1943 or later can earn up to 8 percent of their full retirement age benefit each full year until they reach age 70. That's a potential increase of up to 32 percent. Spousal benefits are not eligible for delayed retirement credits.

# Filing strategy 1: Restricted filing at age 66

All benefit amounts include an annual 1.5 percent cost-of-living adjustment (COLA).\*

①

**Mary** begins collecting her Social Security benefit at her full retirement age of 66.

②

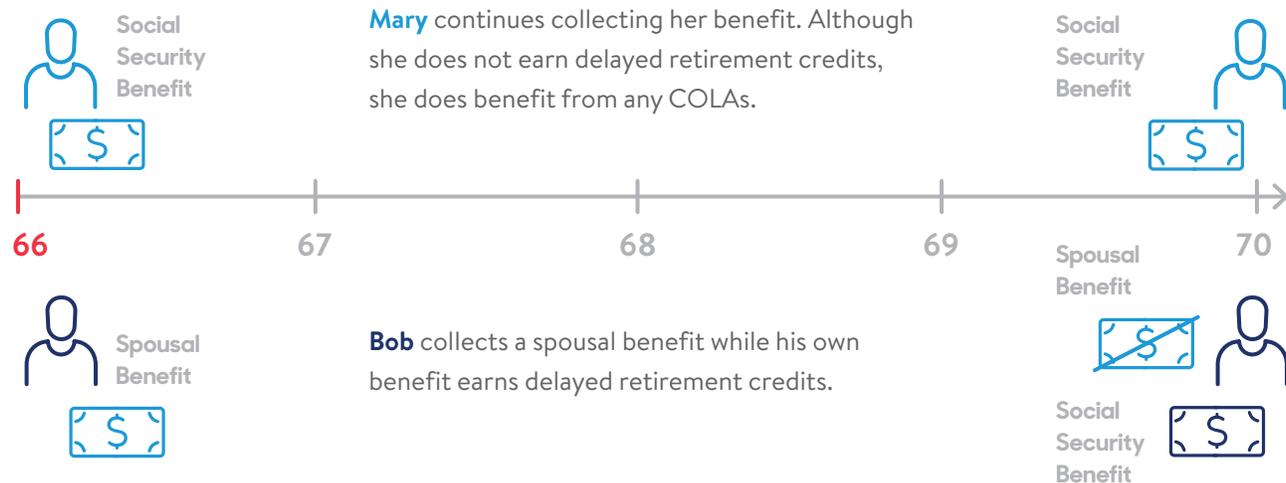
**Bob** files a restricted application for a spousal benefit at his full retirement age of 66.

③

At age 70, **Mary** is still collecting her individual benefit, which does not include any delayed retirement credits.

④

At age 70, **Bob** stops collecting a spousal benefit and begins collecting his own benefit. Delayed retirement credits accrued over four years have increased his monthly benefit by 32 percent.



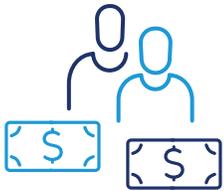
**Analysis:** Bob and Mary can use the restricted filing strategy because they were born before January 2, 1954, and because Bob will have reached his full retirement age at the time they file for benefits. At age 66, Mary begins collecting her own monthly benefit of \$2,030. This increase is due to annual 1.5 percent COLAs between ages 65 and 66. Bob collects a spousal benefit of \$1,015 (50 percent of Mary's benefit). At age 70, Bob stops collecting a spousal benefit and switches to his own benefit. By the time both are age 70, their combined monthly benefit is \$5,568.

At the time of Bob's death at age 88, the couple was receiving a combined monthly benefit of \$7,171. As a surviving spouse, Mary will no longer receive that amount. She will receive either her own benefit or an amount equal to Bob's benefit, whichever amount is greater. In Mary's case, her monthly survivor benefit will be \$4,462. Mary's new benefit is a combination of her own benefit and an amount needed to close the gap between her benefit and Bob's. By the time Mary is 90, the restricted filing strategy will have generated a cumulative lifetime household income of \$1,617,850.

\* Illustration as of December 2017

# Filing strategy 2: Both spouses file for benefits at age 65

All benefit amounts include an annual 1.5 percent COLA.\*



**Mary** and **Bob** file for their individual Social Security benefits at 65. Because they filed early, their combined monthly benefit is \$4,107. This amount is less than they would have received by filing at age 66.

By age 70, their combined monthly benefit has increased to \$4,424. That's \$1,144 less each month than the restricted filing strategy provided at age 70.



**Analysis:** At age 65, Bob and Mary begin receiving a combined monthly benefit of \$4,107. By age 70, their combined monthly benefit has increased to \$4,424. That's \$1,144 less each month than the restricted filing strategy provided at age 70. When Bob dies at age 88, their combined benefit of \$5,698 is recalculated so that Mary's monthly Social

Security income is reduced to \$3,155. By the time Mary is 90, Social Security will have paid out cumulative lifetime household income of \$1,368,636. This is **\$249,214 less** in cumulative lifetime income than the restricted filing strategy provided.

\* Illustration as of December 2017



# Take the guesswork out of your Social Security filing decision.

One of the most important steps you can take is to set up your “my Social Security” page on [www.ssa.gov](http://www.ssa.gov).

This is an easy and secure way to view your estimated benefits and earnings history. The Social Security Administration will use this information when it calculates your benefit, so be sure that it accurately reflects your work history.

## We’re here to help

Once you and your spouse have set up your my Social Security account, your financial professional can help you explore different filing strategies. With this information, you will be better able to make an informed Social Security filing decision.

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## It pays to plan ahead!

Even if you cannot use certain filing strategies because of your age, Social Security planning is still important.

For example, suppose your full retirement age is 66 and your monthly benefit at that age is \$1,000. If you take that benefit at age 62, it would be reduced to \$750.

On the other hand, if you wait until age 70, your monthly benefit could increase to \$1,320 with delayed retirement credits – that’s a 76 percent increase from your age 62 benefit.

Depending on your particular situation, waiting even one or two years can result in a larger monthly benefit. For married couples, coordinating benefit start ages remains a powerful way to maximize benefits.

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**For more information, copies of publications, or to set up your my Social Security account, visit the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov) or call toll-free at 1-800-772-1213 (TTY 1-800-325-0778).**

Final decisions about Social Security filing strategies always rest with you and should be based on your specific needs and health considerations. It is important to acquire as much information as possible so that you can make an informed Social Security claiming decision; one year after the Social Security claiming decision is made, the options for change are extremely limited.

Some people, such as certain federal, state, and local government workers, may be subject to the “Government Pension Offset” and the “Windfall Elimination Provision,” which could decrease their Social Security benefits.

If you work for an employer that offers a retirement plan, your plan benefit may be subject to a Social Security “pension offset” provision. (Your 401(k) contributions and the employer match are not subject to a pension offset.) A pension offset may reduce the amount of your retirement plan benefit when you become eligible to collect Social Security retirement benefits. This reduction may apply whether or not you are collecting Social Security retirement benefits. This could be an important consideration as you make your filing decision. Your plan administrator can tell you whether your plan includes a Social Security pension offset provision and how it might affect your retirement plan benefit.

The Social Security program was created by an Act of Congress and is subject to change. In the past, Congress has made changes to the law, which have affected Social Security benefits. Congress can make changes to the law at anytime, which might affect benefits in the future.

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