



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

Social Security filing strategies for younger married couples



Many people begin collecting their Social Security retirement benefits as soon as they become eligible at age 62. However, claiming benefits before their full retirement age permanently reduces monthly benefit amounts by up to 25 percent — up to 30 percent for those born in 1960 or later.

The stakes can be higher for married couples. Claiming benefits before reaching full retirement age affects the amount of Social Security income a married couple receives when both spouses are alive and, in many cases, the amount a surviving spouse receives when one spouse passes away.

Of course, there may be good reasons for filing before your full retirement age. Health, family, and financial concerns are all important considerations. The Social Security Administration bases your full retirement age on the year you were born, as shown in the chart on this page. (For survivors' benefits, full retirement age is calculated differently.)<sup>1</sup>

<sup>1</sup> Social Security Administration, "Social Security Benefit Amounts for the Surviving Spouse by Year of Birth," [www.ssa.gov/pubs/EN-05-10084.pdf](http://www.ssa.gov/pubs/EN-05-10084.pdf)

<sup>2</sup> Social Security Administration, "Retirement Planner: Full Retirement Age," [www.ssa.gov/planners/retire/retirechart.html](http://www.ssa.gov/planners/retire/retirechart.html).

#### 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

### The rules have changed for younger married couples

Legislation passed in 2015 eliminated certain Social Security filing strategies that were formerly available to married couples. The law included a "grandfather" provision that protected anyone who had already used one of these filing strategies or who met specific age thresholds and filing deadlines.

# Younger married couples still have choices

If you and your spouse were born on or after January 2, 1954, you are not protected under the law's grandfather provisions. However, you still have important choices to make when it comes to claiming your Social Security retirement benefits. In many cases, waiting even one or two years can result in a significantly higher monthly benefit, and in the cumulative benefits the couple receives over a lifetime.

The following examples show the difference that benefit claiming age can make for younger married couples. For the sake of simplicity, these examples only address the affect that benefit claiming age has on Social Security benefit amounts.

## It's your Social Security and your decision

Remember that there are many factors that can affect the amount of your benefits. Consider all your options carefully before making your filing decision.

## Meet Sam and Lei

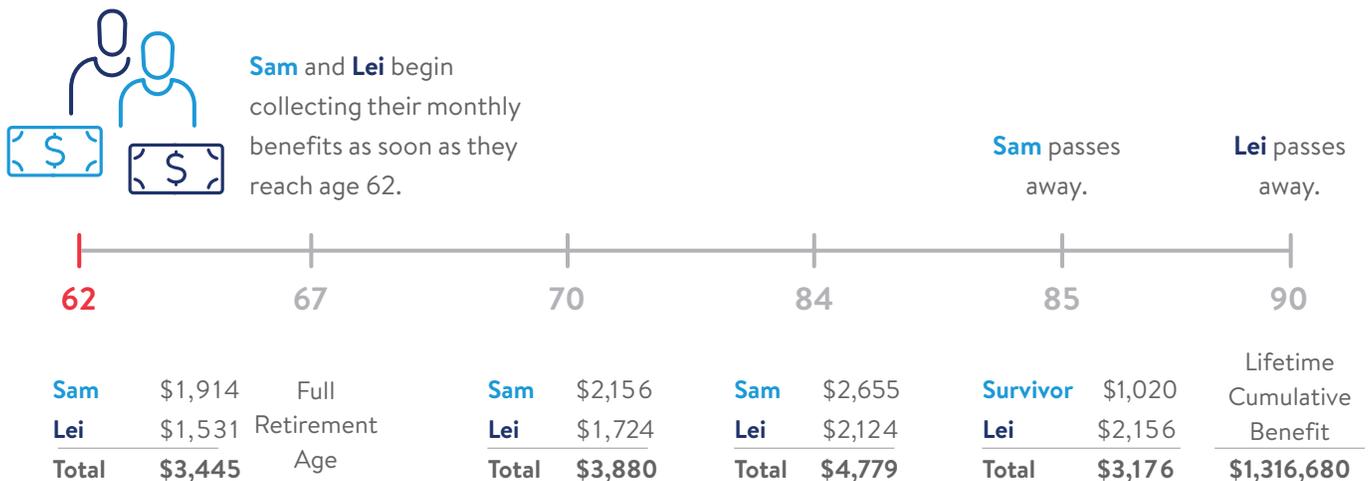
Sam and Lei are both 56, healthy, and still working. At their full retirement age of 67, Sam and Lei will be eligible to receive a monthly benefit of \$2,500 and \$2,000, respectively. Let's look at the difference filing age can make for this hypothetical couple.

For both of the following examples, we'll assume that Sam lives until age 85 and that Lei survives him by five years, until age 90.



# Filing strategy 1: Begin collecting benefits at age 62

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



**Analysis:** If Sam and Lei file for benefits as soon as they become eligible at age 62, before their full retirement age of 67, each will receive a reduced monthly benefit amount.

At age 62, Sam receives a monthly benefit of \$1,914 and Lei receives \$1,531 monthly. Both amounts reflect an early filing reduction. However, they do benefit from annual 1.5 percent COLA increases between ages 56 and 62. At age 70, Sam and Lei receive a combined monthly benefit of \$3,880.

By the time both reach age 84, Sam's monthly benefit has increased to \$2,655 and Lei's monthly benefit has increased to \$2,124. Their combined monthly benefit is \$4,779.

At age 85, Sam passes away and his monthly benefit of \$2,655 stops.

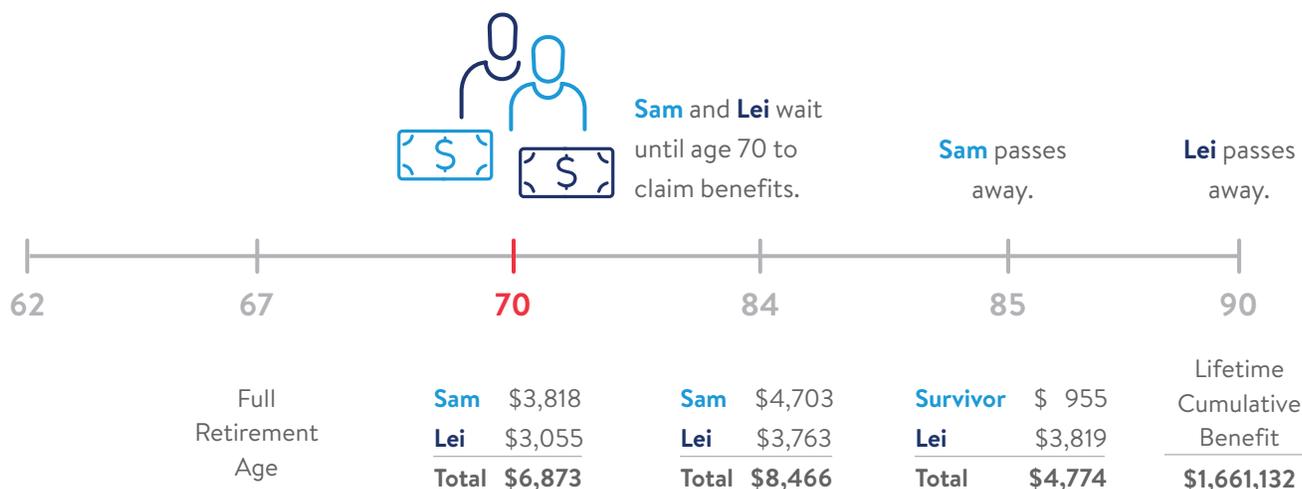
Without Sam's benefit, Lei's household income from Social Security decreases. She continues to receive her own monthly benefit amount of \$2,156. As Sam's widow, Lei also receives a survivor benefit of \$1,020, for a total monthly benefit of \$3,176.

If Lei lives until age 90, the cumulative lifetime Social Security payout for this household will be \$1,316,680.

\* Illustration as of December 2017.

# Filing strategy 2: Delay benefits until age 70

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



**Analysis:** Sam and Lei earn delayed retirement credits for each year beyond their full retirement age of 67 that they delay receiving benefits – up to 8 percent annually. At age 70, Sam’s monthly benefit has increased to \$3,818 and Lei’s has increased to \$3,055, for a combined monthly benefit of \$6,873. In addition to annual 1.5 percent COLA, these amounts include delayed retirement credits earned from age 67 to age 70.<sup>3</sup>

At age 84, their combined monthly benefit has increased to \$8,466. Sam passes away at age 85 and his monthly benefit of \$4,703 stops. Lei will continue to receive her monthly benefit of \$3,819 and a survivors benefit of \$955, for a combined monthly benefit of

\$4,774. Assuming Lei lives until age 90, the cumulative lifetime Social Security payout for this household would be \$1,661,132.

Total Social Security benefits always decrease when one spouse dies. However, waiting past full retirement age to claim benefits can make a significant difference for a couple when both are alive and when one spouse remains. **The difference between lifetime cumulative benefits generated by filing strategy 2 and compared to filing strategy 1 is \$344,452.** This is money that Sam and Lei could be leaving on the table by taking benefits at age 62.

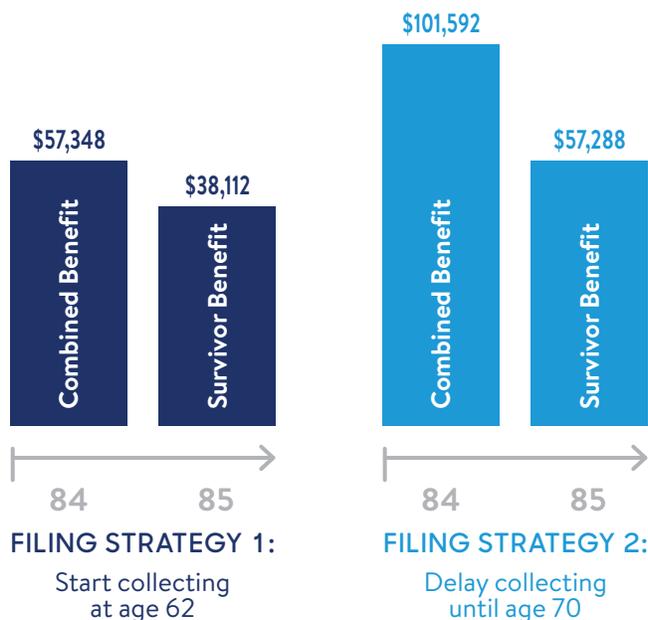
<sup>3</sup> Delayed retirement credits may accrue for each month beyond your full retirement age that you delay receiving your individual benefits. People who were born in 1943 or later can earn up to 8 percent of their full retirement age benefit for each full year until they reach age 70. That’s a potential increase of up to 32 percent.

\* Illustration as of December 2017.



This chart compares results for both filing strategies. Notice that annual household income drops when one spouse passes away, regardless of filing strategy. However, filing strategy 2 provides a significantly higher annual income when both spouses are alive and for the survivor when one spouse passes away.

### STRATEGY COMPARISON: THE IMPACT OF WAITING



For younger married couples, coordinating benefit start ages remains one of the most powerful ways to optimize benefits; it's one variable that is completely under your control.

# 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 account 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 accounts, 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.

---

## Planning is still important!

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 would 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 will result in a larger monthly benefit. For married couples, coordinating benefit start ages remains a powerful way to maximize benefits.

---

**For more information or copies of publications, or to set up your own 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 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 has been made, the options for change are extremely limited.

Some people, such as 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 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 benefit when you become eligible to collect Social Security. This reduction may apply whether or not you are collecting Social Security retirement benefits. It could be an important factor in 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 benefit.

The Social Security program was created by an Act of Congress, and it 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 any time, which might affect benefits in the future.

# MassMutual...

## Helping you secure what matters most.

Since 1851, MassMutual has been building a reputation for financial strength and integrity. At MassMutual, we operate for the benefit of our customers. Our business decisions are based on a single guiding principle: to help people secure their future and protect the ones they love.

---

Learn more at [www.massmutual.com](http://www.massmutual.com).

---



**This material does not constitute a recommendation to engage in or refrain from a particular course of action. The information within has not been tailored for any individual.**

The information provided is not written or intended as specific tax or legal advice. MassMutual and its subsidiaries, employees, and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

© 2018 Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.  
All rights reserved. [www.massmutual.com](http://www.massmutual.com).