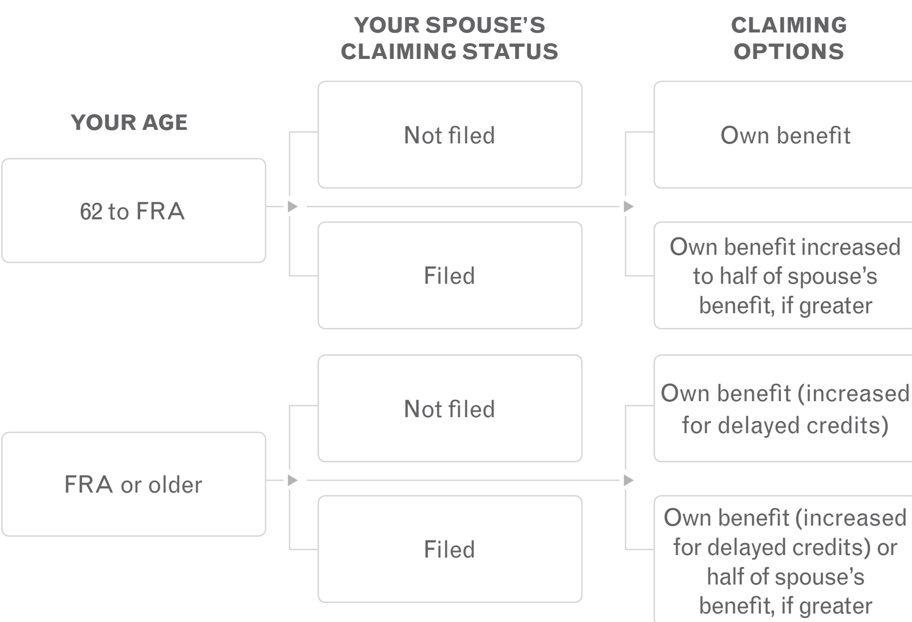
MAXIMIZING YOUR SOCIAL SECURITY RETIREMENT BENEFITS

Your marriage: How do spousal and survivor benefits work?

Couples who are currently married or were married for at least 10 years tie their Social Security earnings histories together for as long as they live. Spousal considerations are the key to many strategies for maximizing retirement benefits, so it is critical to understand the options available to you and your spouse given your family's unique situation.

Spouses have the option of drawing a spousal benefit under their partner's record that amounts to 50% of the full benefit.

Full retirement age (FRA) is still a factor when it comes to spousal benefits – your age and your spouse's will determine what options are available to you:



DIVORCEE FACTS

For a divorced spouse to receive benefits based on the ex's work history, the couple must have been married for 10 years or longer and both must be age 62 or older.

If a divorcee is eligible for a benefit but has not yet applied for it, his/her ex may still apply for the spousal benefit as long as they have been divorced for at least two years.

Once a divorcee remarries, he or she is no longer eligible to receive a benefit based on the first spouse's work history – unless the subsequent marriage ends in death, divorce or annulment.

A former spouse may claim the highest benefit based on the work history of any number of ex-spouses as long as each marriage lasted at least 10 years and he/she is not currently married.

WIDOW(ER) FACTS

The death of a spouse increases the survivor's benefit.

If the deceased spouse was the higher earner, the widow(er) is entitled to the higher earner's full retirement benefit and may begin receiving benefits at age 60.

A surviving spouse may claim a reduced benefit on one working record and then switch to the other.

The higher earner can increase the survivor's benefit by waiting to receive any benefits until age 70.

SPECIAL PROVISIONS

Social Security offers special provisions that can have a significant impact on your retirement plan as a couple.

CLAIM AND SUSPEND

With this strategy, the higher earner claims benefits and immediately suspends them, allowing his/her spouse to claim a spousal benefit while the higher earner's benefit increases with delayed retirement credits.

Couples with a large discrepancy between earnings or one-earner couples are more likely to benefit from the claim and suspend strategy.

Consider this example:

		His monthly benefit	Her monthly benefit
Step 1	Husband files for benefits at his FRA	$2,642	-
Step 2	Husband suspends benefits immediately and wife files for spousal benefits at her FRA	-	$1,266
Step 3	Husband claims his own benefit at age 70	$3,267	$1,266

This example assumes that the higher earner can claim the highest benefit at FRA ($2,642 in 2014). No cost-of-living adjustments were included in the calculations made using today's dollars.

CLAIM NOW, CLAIM MORE LATER

Married couples can employ this hybrid approach to collect a larger lifetime household benefit compared to a standard election strategy, as in the example below. Individuals claim one-half of their spouse's benefit at FRA and then switch to a personal benefit later.

	His monthly benefit	Her monthly benefit	Total monthly benefit
Step 1 Wife elects her own benefit at age 62	-	$675	$675
Step 2 Husband elects spousal benefit on wife's record at age 66	$450	$675	$1,125
Step 3 Husband elects his own benefit at age 70	$2,733	$675	$3,408

The claim now, claim more later strategy is more likely to benefit couples who have a difference in age of several years. It also works well for couples with higher and more equal earning records, like this example illustrates.

When both an individual and spousal benefit are available, the higher of the two benefits is automatically received. In other words, spousal benefits are reduced to zero if the secondary earner was entitled to a higher amount on his or her own record.

This is a hypothetical illustration based on information believed reliable and not intended as investment advice. Please consult your financial advisor if you have questions about these examples and how they relate to your own financial situation.

Please note: Changes in tax laws or regulations may occur at any time and could substantially impact your situation. Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.

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