

# Social Security FAQ's

The recent passing of the Bipartisan Budget Act of 2015 ushered in sweeping changes to Social Security. Specifically, the legislation brings to an end some of the benefit claiming strategies that have been foundational parts of many Americans' retirement income planning.

While the rules that were overturned were complicated, removing them as claiming possibilities does not simplify the Social Security benefit claiming process. In fact, it makes it even more difficult to sort through the options and apply the appropriate claiming rules to your personal scenario. You will continue to need guidance in this process.

Below are answers to the most frequently asked questions our clients are asking.

## **What is changing with the new legislation?**

In a nutshell, the new legislation removes "file and suspend" and "filing a restricted application." In the case of file and suspend, one spouse could file for but immediately suspend benefits, allowing the spouse to claim a spousal benefit. The added bonus was that the benefit that was suspended would continue to grow delayed retirement credits. With the new legislation, no spousal or other family benefit will be paid from a benefit in suspension.

The restricted application option is being removed for those who will reach age 62 in 2016 or later.

The option allowed a spouse to claim only a spousal benefit beginning at full retirement age, and later switch to their own retirement benefit that had accrued delayed retirement credits. This option will remain available to those who will have reached age 62 prior to the end of 2015.

## **My spouse and I have already started benefits, and we're using a file and suspend strategy. What will happen to our benefits?**

The good news is that nothing will happen to your benefits! The legislation "grandfathered" those who are already receiving benefits using a file and suspend strategy.

## **My spouse and I were planning to file for benefits in the next few months – and we were going to use a file and suspend strategy. Are we out of luck?**

Unfortunately, Yes. The legislation allowed for a brief window of 180 days after the bill was signed into law for consumers to implement a file and suspend strategy.

However, I've not seen any specific information about widow(er)'s benefits.

There is nothing in the legislation that mentions widow(er)'s benefits. Because a claim for widow(er)'s benefits does not require a restricted application or a file and suspend strategy, you will remain eligible to claim your own benefit first and switch to a widow(er)'s benefit later, or vice versa.

## **What about divorced spouse benefits?**

While there has been some discussion that the legislation created an unintended consequence for divorcees, the legislation is clear about the restricted application. Prior to now, divorcees have had the option to file a restricted application at full retirement age and collect a divorced spouse benefit while his or her own retirement benefit accrued delayed retirement credits. It appears this option is no longer available, except for those who will have reached age 62 prior to the end of 2015.

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### **I am nearing retirement and have young children. Will they still be able to get benefits on my record?**

Your children can receive benefits on your record only if you start and continue your own benefits. In such situations, it will be possible for you to claim benefits as early as age 62 in order for the family benefits to be paid.

### **Doesn't this new legislation simplify Social Security planning?**

It may seem counterintuitive, but it will make planning even more difficult. The removal of these few rules that have so fundamental to the retirement planning process for years means that you still need help to take advantage of other benefit claiming approaches. Social Security remains a foundational piece of your retirement, and you'll want to adopt the best strategy possible for your situation. Planning and expert help are still key.