

“Survivor” & “Ex-Spouse” Social Security Benefits...SIMPLIFIED!

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(5 of 6-part series)

For our 5th installment of our social security series we are going to discuss the benefits available to those who qualify for surviving spouse (widow(er)) benefits or ex-spouse (divorcee) benefits. There are many unique ins and outs of these benefits and MANY people we work with seem to qualify for them.



While there are many people who qualify for them, the troubling part is that a good majority of them do not realize they can even draw on an ex-spouse or deceased spouse's benefits. Even if they do know they can, they are very unclear as to how they should go about it and how they can maximize that benefit. We would like to let our readers know exactly how to take advantage of a sometimes bad situation.

How to Make the Most of a Sometimes Bad Situation...

Survivor Benefits

The recent rule changes surrounding “Restricted Application” (see article #2 of this series) does not apply to survivor benefits. The surviving spouse is able to take his/her deceased spouses benefit at the age of 60 (can draw at 50 if there is a disability). This creates a unique planning opportunity as you can decide if it makes more sense to take the survivor benefit early and let your own benefit delay or vice versa. Keep in mind that there are no additional benefits to delay the survivor benefit past your own Full Retirement Age (FRA).

If your deceased spouse had not started drawing benefits before his/her FRA, then you still have the ability to collect your maximum spousal benefit at your own FRA. On the other hand, if the deceased spouse had started drawing benefits before his/her FRA, then the surviving spouse benefit would be limited to what he/she would receive if he/she were still alive. In addition, if you decide to take your survivor benefit before your FRA, then there will be a reduction in benefits each year that you take those early much like on your own benefit. For the complete table on the reduction visit:

<https://www.ssa.gov/planners/survivors/survivorchartred.html>

Here's an example of each scenario below:

	Deceased Spouse Max Benefit @ FRA:	Surviving Spouse Max Benefit @ FRA:
If Deceased Spouse Had Not Drawn:	\$2,500/month	\$2,500/month
If Deceased Spouse Drew Early:	\$2,200/month	\$2,200/month
If Deceased Spouse Had Not Drawn Early but Surviving Spouse takes at 61:	\$2,500/month	\$1,906/month (for taking it early)

We recently met with someone who had a spouse that passed away and she qualified for survivor benefits. Before she became a client, and while the husband was still alive, he set up his pension to get the maximum benefit while he was alive, unfortunately it left a small survivor benefit. When he passed, the pension benefit was only going to pay for a couple more years and then stop all together. This was a financial blow to the surviving wife who was not sure if she would be able to make it financially long-term by not having that pension.

However, when we met her and reviewed all areas of her financial life we realized that the husband had not started drawing his social security benefit yet. This was good news for the surviving wife as her benefit from his record could be much higher than if he started drawing the benefit early, say at his age of 62. So being her social security benefit was smaller, it made a lot of sense for her to take her own benefit at the age of 62, and then when she reaches her own FRA she would switch her benefit to her survivor benefit, which is maxed out at this point for her. If, however her own benefit was larger, she could have taken the survivor benefit as early as 60 and let her own benefit continue to grow until her FRA.

Ex-Spouse Benefits

Claiming on a divorced spouse's benefit is commonly misunderstood as many people we run into think that if they start drawing on his/her ex-spouse's benefit that it will screw something up with the ex-spouses' s benefit or he/she needs to notify them of this. This is not true! In order to claim on an ex-spouse's record, you must have been married for 10 straight years, divorced for 2 years, and your ex-spouse must qualify for social security benefits. Remember though, if you remarry, this option will no longer be available as you would qualify for spousal benefits at that time. However, your ex CAN remarry and no harm done to your situation, other than now you have a new family member that you may or may not care for!

An important planning note to keep in mind is that if you were of the age 62 by the end of 2015, you would be allowed to decide which benefit you would like to elect (your own or your ex-spouse's) once you hit your FRA. Keep in mind, just as noted

above, it does not make sense to delay a spousal benefit past your FRA as there are no increased delay credits after that age. In this instance however, it may be beneficial to take your ex-spouse's benefit at your FRA, let your benefit delay until 70, and then flip over to your benefit at that time if it is larger.

Additional Important Notes:

There are a couple more items that I think are critical to note when it comes to survivor and ex-spouse benefits.

1. ***If you are divorced from your spouse and then they pass away, you are still entitled to SURVIVOR BENEFITS.***

This means that you could collect your survivor benefits as early as 60, even though you were divorced before your ex passed away.

2. ***If you are the surviving spouse, you CAN remarry AFTER the age of 60 and there are no adverse consequences.***

If you remarry BEFORE the age of 60 then you would NOT be eligible for survivor benefits.

The Social Security claiming rules around survivor and ex-spousal benefits are commonly needed but often misunderstood. Because of this lack of understanding there is often times money left on the table at the social security office. Please make sure that you explore ALL of your available claiming options if you fall into one of these two categories. Make sure that the numbers are ran correctly for the various scenarios that you may have available.

Scott and his team, specialize in Wealth and Retirement Planning for individuals and couples who are serious about developing a plan for their future. While they are well regarded for their expertise in social security, this is just a piece of what will be covered when choosing to work with SA Piggush. Your experience will be unlike any other relationship with an advisor. They can be reached at (815) 907-7360 or you can visit them on the web at www.sapiggush.com.

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