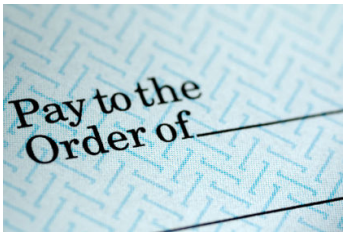
12 Ways to Increase Your Social Security Payments

Boost your payout.

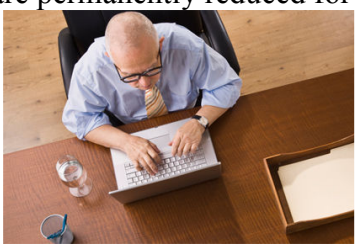
The amount of your Social Security payments depends on your earnings history, the age you sign up, and the dependents you have. Here are some strategies to maximize your payments:

Work for at least 35 years.
Social Security benefits are calculated based on your 35 highest earning years in the workforce. If you haven't worked for at least 35 years, zeros are averaged into the calculation, which will lower your payout.

Earn more.
Increasing your income now by asking for a raise or taking a second job will increase the amount you get from Social Security in retirement.



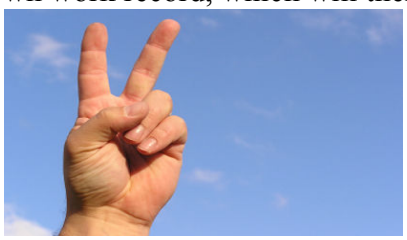
Work until your full retirement age
You need to claim Social Security at your full retirement age, which is 66 or 67 for most current workers, to get your full payments. Payouts are permanently reduced for people who claim early.



Delay claiming until age 70
After your full retirement age, payments will increase by 8 percent for each year you delay claiming up until age 70.

Claim spousal payments
Spouses may claim benefits based on their own work record or up to 50 percent of the higher earner's benefit, whichever is higher. If you were married for at least 10 years, you can also claim Social Security benefits based on an ex-spouse's work record.

Claim twice
After their full retirement age, dual-earner couples may be able to claim spousal benefits and then later switch to payments based on their own work record, which will then be higher due to delayed claiming.

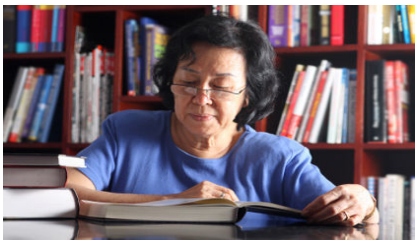


Include family
If you have dependent children under age 19, you may be able to secure additional Social Security payments for them worth up to one-half of your full retirement benefit up to certain annual limits.

Don't earn too much in retirement
Social Security beneficiaries under age 66 who earn more than $14,640 in 2012 will have $1 withheld for every $2 they earn above the limit. The year you turn 66, the earning limit jumps to $38,880, and the penalty decreases to $1 withheld for every $3 earned above the limit.

Minimize Social Security taxes
If the sum of your adjusted gross income, nontaxable interest, and half of your Social Security benefits is more than $34,000 ($44,000 for couples), up to 85 percent of your benefits may be taxable.

Maximize survivor's benefits
You'll get your Social Security payments faster and can avoid fees and a trip to the bank by having them directly deposited to a bank or credit union account. Electronic payments are now required for new Social Security recipients.



Make sure your work counts
Download your online Social Security statement annually to check that your earnings history and Social Security taxes paid have been recorded correctly by the Social Security Administration. Make sure you are getting credit for the taxes you are paying into the system.

Other Ways To Increase Your Social Security Income

What is your "magic number"? Roughly half of retirees claim Social Security benefits at age 62, as soon as they become eligible. Some people delay benefits and postpone using their retirement savings as an income source. Others apply out of necessity; their financial situation leaves them little choice.
These factors aside, what if you have a choice? If you wait a few years to apply for Social Security, how much more income might you realize?

Could you wait until age 66? The Social Security Administration has made 66 the "full" retirement age for people born during 1943-1954. If you were born in this period and you apply for Social Security at age 62, you will reduce your retirement benefit by 25% and your spouse's by 30%.
That alone might convince you to wait. In addition, there are claiming strategies that may bring spouses much greater cumulative lifetime Social Security income, and they depend on one spouse waiting until age 66 to apply for benefits.

That may be the time for a file & suspend strategy. This tactic positions a married couple to receive maximum Social Security benefits at age 70, with one spouse being able to claim some benefits at age 66. An example: Terry was born in 1947 and Teresa was born in 1951, so full retirement age is 66 for both of them. Terry files his claim for Social Security benefits at age 66, but then he elects to suspend his $2,000 monthly retirement benefit. Doing that clears the way for Teresa to get a $1,000 monthly spousal benefit when she reaches 66; she can do this by filing a restricted claim for spousal benefits only at that time.

So while some spousal benefits are rolling in, Bob and Teresa have both elected to put off receiving their own Social Security benefits until age 70. That allows each of them to rack up delayed retirement credits (8% annually) between 66-70. So when Terry turns 70, he is eligible to collect an enhanced benefit: $2,640 per month instead of the $2,000 per month he would have received at age 66. At 70, Teresa can switch from receiving the $1,000 monthly spousal benefit to collecting her enhanced benefits.

Variations on file & suspend. There are other ways to do this. For example, 66-year-old Bob could initially apply for Teresa's spousal benefits as Teresa applies for her own benefits at 62. Bob thereby gets $800 a month while Teresa receives her own reduced benefit of $1,200 a month. At 70, Bob foregoes getting the spousal benefit and switches to receiving his own enhanced benefit ($2,640 a month thanks to those delayed retirement credits). If Bob lives to age 83 and Teresa lives to age 90, their total lifetime Social Security benefits will be $1,043,520 under this strategy, as opposed to $840,600 if they each apply for benefits when they turn 62.

Widows can also use a variant on the file-and-suspend approach. As an example, Fran is set to receive $1,400 monthly from Social Security at age 66. Her husband dies when she is 60. She can get a widow's benefit of $1,430 at 60, but instead she claims her own reduced benefit of $1,050 at age 62, then switches to a widow's benefit of $2,000 at 66 (her husband would have received $2,000 monthly at age 66). By doing this, she positions herself to collect $112,000 more in lifetime benefits.

Postponement can also be used to enlarge survivor benefits. Let's go back to Bob and Teresa: if they each start getting Social Security at 62, Teresa is looking at a $1,650 monthly survivor benefit if Bob passes away. But if Bob waits until 66 to claim his benefits, Teresa's monthly survivor benefit would be $2,640.

Details to note. The file-and-suspend strategy is only allowable if one spouse has reached full retirement age. In order for you to claim a spousal benefit, the husband or wife has to be getting Social Security benefits. Applying for Social Security before full retirement age with the idea that your spouse can collect spousal benefits at 62 has a drawback: you are reducing both of your lifetime retirement benefits.

Only 29% of respondents in a 2012 AARP survey knew that waiting until age 70 to apply for Social Security would bring them their maximum monthly benefit. Congratulate yourself for being in that group, and consider the long-range financial merits of claiming your benefits years after age 62.