

Help Me Retire

I'm 63, my husband is 70, we'll have \$90,000 a year in retirement — how can we claim our Social Security benefits?

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By [Alessandra Malito](#)

Have a question about retirement, including where to retire? Email HelpMeRetire@marketwatch.com



Dear MarketWatch,

My husband is 70 and I am 63. We both want to retire as soon as our son finishes college, if not before. He is currently a sophomore. We will have approximately \$90,000 per year to live on (not including expenses for health insurance supplemental plans). Right now, we're in excellent health and have been working to pay off debt and our son's education, which we pay as we go. I have even thought about taking the Social Security survivor's benefit and working part time until I'm 67. Is that a good option?

Also, where's the best place to retire to live comfortably and to afford to travel?

Advertisement

Thank you!

L.B.

Dear L.B.,

Congratulations on your near retirement! It will certainly be something to celebrate, and that you've already figured out what your retirement income will be is a great start.

I want to focus my answer to your question around the Social Security component. Social Security is such a major factor in Americans' retirement plans, but it can be challenging to know how exactly it works and when is the right time to claim benefits.

For example, in your question, you mentioned the survivor benefit, but that's not available to everyone. It may have been a typo, where you meant to say spousal, or it may be that you do qualify. Americans qualify for [survivor benefits](#) in a few scenarios, including if they are a widow or widower age 60 or older; a divorced spouse from a marriage that lasted [10 years](#) and who did not remarry before age 60; or a widow or widower at any age caring for the deceased's child under age 16. Either way, I just want to clarify that there are various forms of benefits associated with Social Security — including survivor and spousal — and by knowing the difference and which are applicable to your situation, you can find strategies that maximize what you receive.

Spousal benefits can be very confusing, said Kate Gregory, a financial planner and president of Gregory Advisors Inc. As a spouse, you're entitled to 50% of your husband's primary insurance benefit that he'd receive at his Full Retirement Age (FRA, which in his case is 66 years old), but he has to have filed for his benefits before you can do so. He's 70, which means he probably already has, since that's the latest a person can claim retirement benefits — and we'll get to that in a moment.

Now here's where it gets tricky: if your own retirement benefit is higher than 50% of your husband's, you'll get your own benefit — not the spousal benefit. You don't get both. You'll have to file for retirement benefits and then the Social Security Administration will calculate the benefit for you, analyzing your own versus half of your husband's. You'll either get the equivalent of his half or, if yours is more, your own.

Here's an example, provided by Diane Wilson, founding partner of My Social Security Analyst. If his benefit at Full Retirement Age is \$2,000 and your FRA benefit is \$800, you'd get half of his (\$1,000). You'd technically receive a spousal benefit of \$200, so that you're getting your benefit plus an additional amount of money to bring you to half of his. "The rules are complicated and not easy to understand," she said.

But wait, there are more rules! If you claim Social Security earlier than your Full Retirement Age (in your case, 66 and a few months), you will get less than your full retirement benefit — this applies even with the spousal benefit, Gregory said. And if you take the spousal benefit at your FRA and your husband took his benefit after his FRA, which would increase his benefits, you'll still only get 50% of what he'd get at 66, not whatever he's getting every month now. A beneficiary gets roughly 8% more in her retirement benefit checks for each year she delays claiming Social Security after her FRA, but that figure would not be factored into a spousal benefit. Comparatively, for each year before FRA, the benefit is reduced.

There are caveats, of course, such as if you haven't earned enough credits to qualify for the Social Security retirement benefit, in which case, you'd only qualify for the spousal. People born before 1954 have the option to file for their spousal benefits and then switch to their own benefit later to take advantage of the 8% delayed credit, but that wouldn't apply to you — that could apply to your husband, though.

And even after making these decisions, double check that your benefits are correct, said Avani Ramnani, director of wealth management and financial planning at Francis Financial. She once had new clients where the wife was receiving only 30% of her husband's benefit, because she was a few years older than him and had elected her benefit before he had elected his.

You mentioned claiming benefits and working part time. That's definitely doable, but be aware you may be subjected to the earnings test, said Mike Miller, managing director of Integra Shield Financial Group. For every \$2 you earn over \$18,240 in 2020, your benefit is [reduced by \\$1](#). The earnings test is inflation-adjusted every year, and applies for the years before the one in which you reach your FRA. Your benefit will also be adjusted to account for those ["lost" benefits](#) at full retirement age.

"Does it make sense to work part-time and collect Social Security early? I would say no unless you need the income due to all the potential reductions in benefits," Gregory said. "If you aren't going to work, it makes more sense to collect while her husband is alive, especially if her own benefit is less than her spousal."

You also asked about where the best place is to retire and honestly, that depends on a variety of personal factors, including proximity to family and health facilities, taxes, cost of living, weather and entertainment. [MarketWatch created a tool](#) that helps readers pick desired qualities in a dream retirement spot — maybe it will help you too! Also check out our [Where Should I Retire?](#) column that helps people answer this question.

Have a question about your own retirement savings? Email us at HelpMeRetire@marketwatch.com

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