

I'm 70 and am thinking of going back to work to qualify for Social Security. Should I?

By Alessandra Malito

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Dear MarketWatch,

I think my wife and I are set up for a successful retirement, but I would like your opinion.

We are both 70. I retired in 2011 and she retired in 2015. My pension nets me approximately \$70,000 per year and hers nets her about \$14,000 a year. I have another small annuity from a fun part-time job I had for about 35 years, coaching high school soccer. That one nets me about \$163 per month. We have approximately \$800,000 (after the market downturn) in investments. We own a house free and clear that has a market value of approximately \$200,000. We have no debt other than credit-card debt, and I pay that off completely every week.

I am five quarters short to qualify for Social Security and am thinking of going back to work so I can get it. The downside is that my Social Security benefit would be greatly watered down by the Windfall Elimination Provision.

I have two questions. First, do we look OK financially? And second, would it be worth it to go back to work to qualify for Social Security?

Thank you in advance for your advice!

See: I want to leave my job and tap into my \$2.1 million 401(k) plan at age 55 - should anything stop me?

Dear reader,

I can't tell you if you look OK financially or not, since there are so many factors that go into a person's financial situation -- cost of living, any money

earmarked specifically for emergency savings, anticipated expenses in the future related to health, home, leisure or even taxes, and so on. But I can talk a bit about your Social Security question, so I'll dive right into that.

Because you'd be affected by the Windfall Elimination Provision, the first thing you should do is contact the Social Security Administration to verify your income history and to confirm with the agency that you really do only need five quarters to qualify. For readers who don't know, WEP is a provision that applies to those who don't pay Social Security taxes on their earnings, which is common for some government workers and employees of nonprofit organizations. WEP reduces Social Security benefits -- if a retiree qualifies for benefits -- even prior to other reductions, such as claiming early.

Next, you should make certain that the type of work you might do and the employer you would work for would give you the Social Security credits you need.

Always look at the numbers. Credits are not based on time, but on income. "Five quarters doesn't necessarily mean working for 15 months -- it just means earning enough income in 2023 and 2024, which might be satisfied by working a few Christmas shifts at Costco," said Jeremy Keil, a certified financial planner at Keil Financial Partners. For example, in 2023, one credit is satisfied with \$1,640 in eligible earnings, and you can get up to four credits a year. Keil suggests using the Social Security Administration's calculator to determine what you'd need to get your benefits. It factors in WEP as well.

You're not exactly losing out on benefits, since WEP is designed to lower Social Security benefits for the very reason that a retiree is getting a pension elsewhere, said Nicholas Bunio, a certified financial planner at Retirement Wealth Advisors. Your pension actually comes out to more than the maximum Social Security benefit -- someone who claims Social Security at 70 years old in 2023 (the age when benefits max out) would get a monthly benefit of \$4,555, or just shy of \$55,000 a year.

You could technically work longer to lower or eliminate the WEP reduction, but it would take 30 years of "substantial earnings to not have a reduced benefit,"

said Kate Gregory, a certified financial planner and president of Gregory Advisors.

Also see: I'm 52, single with no kids and only \$190,000 in 401(k) assets. 'I don't want to die alone and forgotten in my home.' What should I do?

Before you make your decision, go back to the Social Security Administration and figure out what your benefit would be if you did get those five credits. Does it seem worth it? Run all the calculations you can think of -- your benefit, your wife's benefit, if you took spousal benefits, the cost of going back to work, the income taxes you'd pay and so on. Look at the long-term effects of the Social Security benefits you might earn, as well as how you'd incorporate them into your bigger financial picture and your month-to-month bills.

Ultimately, only you can truly determine if it's worth it to go back to work. "At the end of the day, further income needs, whether through Social Security or any other income source, will depend on lifestyle and legacy desires for the couple in question," said Joey Loss, a certified financial planner and founder of Flow Financial. "In some cases, it may absolutely be worth the trade-off of five working-quarters to gain eligibility for Social Security benefits. In other cases, it will have no impact on the subject's ability to maintain the lifestyle and legacy they care about."

Readers: Do you have suggestions for this reader? Add them in the comments below.

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-Alessandra Malito

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