

Missing Social Security Benefits—8 Situations Where You Can Find Money on the Table

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Among SSA's many duties in administering the Social Security program, the agency is charged with helping people claim all the benefits they are entitled to. Agency employees are not allowed to give claiming advice, such as when a person asks if they should start their retirement benefit at 62 or 70 or some other age in between. But they are supposed to let people know if they are entitled to some type of benefit.

According to this article, ["Tens of Thousands of Americans Are Not Getting the Social Security Benefits They Should"](#), SSA is falling down on the job. Tucked away in the back of the latest [Agency Financial Report](#) is a discussion of "potential entitlements." This is language the agency uses to describe situations where individuals should be receiving benefits but are not because of agency errors or because individuals are unaware of their eligibility for benefits. One example cited in the article are some 20,000 children who were entitled to benefits last year and weren't receiving them. It is SSA's job to reach out to potential beneficiaries and help them claim their benefits.

As for my own observations, SSA has been strikingly inconsistent in both their outreach efforts and in identifying additional benefits. For example, when my ex-husband applied for disability benefits at age 64, I got a "courtesy call" from his SSA worker telling me that as the ex-wife, I could now file for my divorced-spouse benefit.

The worker explained that they are not required to make such calls, but if the applicant is in touch with their ex, they do it as a courtesy. At the time I was under FRA and working, so I knew there was no point in filing. I also knew that my own benefit was more than half of my ex-husband's, so if I filed before FRA I would be paid my own benefit and would not ever be able to receive a spousal benefit.

In 2012 when I turned 66, I applied for my divorced-spouse benefit and began receiving about \$1,100 a month while letting my own benefit build delayed credits. (I was lucky to be able to file a restricted application before the Budget Act of 2015 changed the rules.) A year later my ex-husband died. After his death was reported to SSA by the funeral home, my spousal benefit was automatically converted to a survivor benefit and the amount doubled to \$2,200.

About six months later I got a letter from SSA informing me that if I switched to my own retirement benefit I could receive more. The system had detected that the survivor benefit I was receiving was less than my retirement benefit based on my own work record and thought

they were doing me a favor by urging me to switch. Naturally I ignored the letter, as this would have undermined my whole strategy—to [maximize delayed credits to age 70](#).

While SSA seemed to be well on top of potential benefits in my own case (almost to a fault), other people are not so lucky. We hear of lower-earning spouses who were never told they should apply for their spousal add-on after their higher-earning spouse filed. We hear of widows who were never told that, rather than taking a reduced survivor benefit at 60, they can file for their own benefit at 62 and switch to their maximum survivor benefit at FRA. [Widows in general often get bad or incomplete advice](#), the most common one being that they can't receive a survivor benefit at all if they work—even if their earnings aren't high enough to cause all of their benefits to be withheld.

It's hard to know where SSA's responsibility begins and ends when it comes to notifying people of potential benefits. So [it may fall to you, the financial advisor, to fill this role](#) for your clients and prospects. Following are some situations to watch for.

1. Disabled people over age 62

Here's a typical situation: A client gets injured on the job or develops a debilitating condition that prevents him from working. Since he's over 62, he figures he might as well file for early retirement benefits. But this would lock in a benefit that is up to 30% lower than his PIA. **If he can qualify for disability benefits, he can receive his full PIA instead.**

The application process will be more extensive, requiring medical proof of the disability, but it will be worth it. If he can't meet SSA's strict definition of disabled, he can fall back on the reduced retirement benefit if he really needs the income—or draw from other assets in order to file later and maximize the Social Security benefit.

2. Disabled or retired people with minor children

The 20,000 missing benefits cited in the article above were the children of people who were receiving disability benefits. They had indicated on their application that they had children, but the children were not receiving benefits. Keep in mind that the minor children of anyone receiving a Social Security disability or retirement benefit can receive a dependent benefit equal to 50% of the parent's PIA. And because disabilities can happen at any age, be sure to check with your younger clients—and their spouses—to identify cases where a parent of minor children may be receiving disability benefits and didn't know the children were also entitled to a benefit.

3. Disabled adult children

A child who incurs a disability at birth or sometime before age 22 can, when they turn 18, start receiving SSI. (Prior to age 18 the parents' assets and income are taken into consideration for SSI eligibility.) The [maximum SSI benefit in 2021](#) is \$794. Once a parent files for Social Security, the child becomes eligible for a dependent benefit equal to 50% of the parent's PIA. If the dependent benefit is higher than the SSI, the child can switch.

You'll need to consider the parents' own objectives here. It may not make sense for a high-earning spouse to file early to get the dependent benefit for the child (because it would reduce the survivor benefit for the surviving spouse). But maybe the lower-earning parent can file first and the child can receive benefits based on that parent's record before switching to the higher-earning parent's record after that parent files. Get SSA's help [here](#).

4. Children of deceased parents

A child whose parent has died may receive 75% of the parent's PIA up to the age of 18. Most parents know this, or at least learn of it when the deceased parent's death is reported to Social Security. But there may be cases where a family did not know that the children (and the surviving parent—see below) are eligible for benefits.

One common situation that could cause a child's benefit to be overlooked is if the mother remarries and the stepfather begins supporting the child. With the deceased parent out of the picture, it may not occur to them that the child is still eligible for benefits based on the deceased parent's record. In fact, even if the stepparent adopts the child, [the child's benefits may continue](#).

5. Widows aged 60-70

If a widow calls SSA at age 60, she will likely be told the amount of her survivor benefit if she were to claim right now. The agent will probably offer to take her application then and there—unless she's working, in which case she will be told she can't get a survivor benefit (with no further explanation of how the earnings test works).

There will likely be no discussion of how much more she could get if she were to wait until FRA to claim the survivor benefit. And there will be no consideration of how her own retirement benefit might figure into the mix. Widows between the ages of 60 and 70 have a unique advantage in being able to start one benefit and switch to the other. Be on the lookout for these cases and refer clients to SSA for guidance.

6. Parents caring for children receiving benefits

A parent caring for a child under 16 who's receiving benefits because the other parent is deceased or receiving retirement or disability benefits is entitled to a child-in-care benefit. The benefit is equal to 50% of the worker's PIA if the worker is alive, or 75% if deceased. Remember that the earnings test applies if the parent is under FRA and works.

Also note that dependent benefits are limited by the [family maximum](#). This means that if the family maximum has already been reached by the children, there may be no point in the caregiver applying for benefits, especially since that benefit will be taxed at the parents' tax rate, while the children's benefits will be taxed at theirs.

7. People who have experienced divorce

Divorce may be top of mind for anyone going through one now. But people who were divorced many years or decades ago have probably put it out of their mind. They now just think of themselves as single. Or, if they've remarried they think of themselves as married. But those

long-ago divorces could hold the key to extra Social Security benefits if the marriage lasted at least 10 years.

If the divorced person is now single (whether or not there have been intervening marriages), spousal benefits may be available based on the ex's work record. If the ex is deceased and the divorced person is either single or remarried after age 60, survivor benefits may be available. So brush up on the [rules for divorced-spouse benefits](#). And always ask your clients over age 60, whether they are single or married: (1) Have you ever been divorced? (2) How long did that marriage last? (3) Is your ex still alive? Send clients to SSA if there's any question about eligibility for divorced-spouse benefits.

8. Grandparents caring for grandchildren

It is not uncommon today for a grandparent to be taking care of a grandchild. If the grandparent is receiving Social Security, the child may be able to receive a dependent benefit based on the grandparent's work record if certain conditions are met. If the child's parents are deceased or disabled, the child may receive benefits based on a grandparent's work record. Of course, if the parents are deceased or disabled, the child may qualify for a benefit based on one of the parent's records if that benefit would be higher. Or, if a grandparent adopts a grandchild, the child can receive a dependent benefit as a child of the grandparent.

If you have any questions or concerns, I would love the opportunity to meet with you to discuss your retirement and investment goals.

Kind Regards,



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