# The Social Security Blanket: 4th Quarter 2014 Newsletter

**By Doug Lindsey**

Hi Everybody,

This quarter I'm going to answer some specific questions that have been asked during my recent Social Security presentations. Let me know if you have any questions about these explanations or questions for future newsletters.

I'm in print! I recently wrote a Social Security article for the Albuquerque Business First paper. Turn to page 10.
http://bit.ly/2014WealthManagement

Our next "Savvy Social Security for Boomers" class is Wednesday, October 22 (yes tomorrow night!) from 6-8pm at Grace Church, 6901 San Antonio NE.

To sign up, email the office at register@mgm-llc.com or call us at 505-346-3434 and let us know how many will be attending. Bring your spouse, parents, kids, neighbors and friends!

And the next class at Osher (UNM Continuing Ed for 50+) is November 17 from 10am-noon. Follow the link below and search for "savvy"
http://ce.unm.edu/enrichment/osher/

Regards,
Doug

**Question 1**
**In regards to a widowed person without social security coverage, I understood you to say that she could draw on her deceased spouse's social security at age 60. Her benefits would depend upon when he started drawing his benefits. If he was on SS disability (let's say age 55) until full retirement age at 65 and then converted to regular Social Security benefits, when is he considered to have started drawing benefits for determining her survivor benefits?**

The short answer is: he started Social Security (SS) at 65.

The longer answer goes like this. Even though he switched from disability to SS, for this calculation, it's as if he started SS at his full retirement age. No reduction on his number for him starting "early" via disability. But wait, there's more:

1. Yes, a widow without SS coverage can draw on her deceased spouse's SS as early as her age 60. If SHE starts drawing before her own Full Retirement Age (say 66 for most boomers), then she gets a reduction on his number. For example, if she starts at her 60, she will get 71.5% of his number. See this chart for specifics. The chart depends on HER year of birth as the monthly reduction % changes with HER year of birth.
    a. http://www.ssa.gov/survivorplan/survivorchartred.htm#chart
    b. For example, if she was born in 1950, then her FRA is 66. Say she is 64 right now. That means she is starting 2 years or 24 months "early." Her monthly reduction from the

table is .396 times 24 months = 9.504, so call it a 9.5% reduction meaning she'll get 90.5% of his benefit.

c. Important: is she still working and under full retirement age? If so, then she is subject to the earnings test as described here: http://www.ssa.gov/retire2/whileworking.htm

2. This calculation normally has a second part. When did HE start drawing benefits? If he claimed before his own FRA, then the survivor benefit for her is limited to the higher of his benefit or 82.5% of his PIA (for most boomers, his age 66 number). This 82.5% number was put in as a floor to protect widows from having too large a reduction. In your case, since his disability automatically "switches" to SS at his FRA (65), then he is deemed to have started at his FRA or age 65, no reduction. This is according to Kathy at SS in Pennsylvania per our phone call on October 20. I would not advise you or your client to make any major decisions based on this answer. Instead, call SS directly and ask them to make an appointment with the local office – ask them what documentation you'll need. Then go down there with the SSN of both partners and talk through the scenario with the SS reps face-to-face.

**Question 2**

**My husband and I are both retired Federal Civil Service (not FERS). I did not work 40 quarters under SS, but he did. He started drawing SS at full retirement age and it was subject to offset. If he should pass before me, would I be entitled to draw anything from his Social Security? I believe I was told that my percentage of his reduced coverage as a surviving spouse would then be further reduced under Windfall rules since I also am retired Civil Service? Is this your understanding as well?**

The short answer is: YES, your survivor (or 50% spousal) benefit will be reduced by the Government Pension Offset (GPO).

Long answer: your SS benefit as survivor would be subject to Government Pension Offset (GPO – attached) because YOU are collecting your own civil service pension. His SS benefit is subject to the Windfall Elimination Provision (WEP) now while he is living. But your survivor benefit at his passing will be subject to GPO. Actually, you could even collect spousal benefit (50% of his number) NOW while he is living but this number would also be subject to GPO.

For example, his SS check is $1000/month. Your civil service pension is $1200/month. He has died. You are 67 and want to collect survivor benefits. Since you're at full retirement age, it doesn't matter if you're working or not, so no earnings test. Take 2/3 of your pension or $800 and subtract that from his $1000 check for a new total SS survivor check of $200 to you.

Take these same numbers but he is alive and you want to collect spousal benefits (50%). Since 2/3 of your pension at $800 is MORE than the 50% ($500) of his SS check, then you wouldn't be eligible for spousal benefits. $500-$800 = negative $300! You don't have to send SS money in this case, not yet anyway, until they pass the new Crazy For Money Law.

I've attached the GPO and WEP descriptions from the SSA for your bedtime reading enjoyment.

**Question 3**

**I moved here from Canada when I was 59. I'm working hard to get in my 10 credits (used to "40 quarters") so that I qualify for Medicare and Social Security. If I have my 40 quarters in by age 69.5, will I be eligible for the 8% delayed retirement credits? From age 66 or 69 or when?**

You get delayed retirement credits for every month AFTER you've earned your 40 quarters (10 years).

"No interest until the money is in the bank!"

So in your case, if you earn your $40^{th}$ quarter at age 69.5, then you'll have 6 months of delayed credits or 4% (.67% per month). If you earned your $40^{th}$ quarter at age 69, you'd get the full one year of 8%.