

Social Security: How Will Divorce Affect My Benefit?

January 2016

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Q: I'm 64, divorced, and retired. My ex-husband is still working and remarried. I do not believe he has filed for Social Security benefits yet, but I'm not sure, as we don't communicate much. Am I eligible for benefits based on his working history? If so, what benefit-drawing strategy is best for me? My own Social Security retirement benefit at full retirement age is \$1,700. –Marie

Social Security benefits for divorced individuals are very similar to those for individuals who are still married, with a few caveats:

- To collect benefits on your ex-spouse's record, you must have been married for at least 10 years.
- You can only collect benefits based on an ex-spouse's record if you are not remarried.
- Even if your ex-spouse has not yet filed for benefits, you can receive benefits based on his record if you have been divorced for at least two years. This assumes that he qualifies for Social Security benefits (i.e. has paid into the system long enough to be eligible for retirement benefits and is at least age 62). (Source: Social Security Administration)

As an unmarried ex-spouse, you are entitled to 50% of your ex-husband's retirement benefit when you reach your own full retirement age (66 for those born in 1943-1954, gradually increasing to age 67 for those born in 1955 or later). Based on

the information you provided, it's very likely that your own retirement benefit of \$1,700 per month will be higher than your 50% spousal benefit. This means a smart option may be to collect benefits based on your own record and not your ex-spouse's.

However, you could also employ the "Claim Now, Claim Later" strategy. Here's how it works:

- Wait. Do nothing with your Social Security benefits now.
- File for less. When you turn 66, file a "Restricted Application" with the Social Security Administration (SSA). This form tells the SSA that you're purposely restricting the benefit you receive to your lower 50% spousal amount. Keep in mind that you can't file this restricted application before your full retirement age. (If you opt to collect benefits before your full retirement age of 66, you automatically get the higher of the two benefits, which in this case, would likely be your own benefit. You would never collect anything on your ex-spouse's record in this scenario.) This step also requires your ex-spouse to be at least 62 by the time you file for restricted benefits. Note, the option to file a restricted application is not available for individuals born after 1953 due to the Bipartisan Budget Act of 2015.
- Fast forward four years. Once you've reached age 70, you can begin receiving benefits on your own record. By restricting the benefit amount you receive from age 66-70 to your spousal benefit, your own benefit earns some nice delayed retirement credits that are currently 8% per year. This strategy results in a cumulative 32% increase in your monthly benefit. Not bad, huh? That means your monthly benefit of \$1,700 would increase to \$2,244, excluding the impact of cost-of-living adjustments announced during that time period. (Source: Social Security Administration)

As you can see, the above strategy lets you maximize your monthly Social Security benefit that you eventually will collect for the rest of your life, while also letting you receive income from your ex-spouse's record from age 66-70.

Let's also talk about remarriage for a moment. If you decide to tie the knot between now and age 70, you'll forfeit your ability to collect spousal benefits based on your ex-spouse's record. (This isn't a reason to remain single, but you do need to keep it in mind!) The same holds true for your ex-husband. Because he's remarried, he isn't eligible to collect spousal benefits from your working record.

I know this is beyond what you asked, but you might also be interested to know: If your ex was single, his own benefit was higher than \$850 (50% of your full retirement age benefit, or his spousal benefit), and he was born in or before 1953, he could implement a similar strategy to the one outlined above. Both of you could then collect spousal benefits off of each

other's records until you each reached age 70 and could then take benefits from your own respective records.

This is one major way Social Security benefits differ between divorced and married folks. When you're married, only one spouse can collect spousal benefits at a time. However, if you're divorced and meet the requirements above, both of you can collect spousal benefits on each other's records simultaneously. (Source: Social Security Administration)

Conclusion

Finally, a note about privacy and keeping the peace with your ex: You may be relieved to hear that your ex-husband will never know that you're receiving benefits based on his record, should you choose to take that option. He won't get any notification from the Social Security Administration, and you aren't obliged to tell him. In addition, his own benefit—and his current wife's spousal benefit—won't be affected in any way if you choose to temporarily have your payment be based on his record (Source: Social Security Administration). As always, your individual circumstances may vary. Please contact your Wealth Advisor to further discuss your options.

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