

# Wright Ford Young & Co.

*Certified Public Accountants and Consultants, Inc.*

## **SOCIAL SECURITY BENEFITS FOR THE WORKER, SPOUSE, FORMER SPOUSE AND SURVIVOR**

Dear Clients and Friends:

When should you start taking social security benefits? Will there be any benefits for you to take? If so, what will those benefits be?

Most of us, admittedly, do not even open the Annual Personal Earnings and Benefit Estimate Statement that we receive annually from social security. Because your social security benefits are calculated based on the average of your top 35 years of wages and/or net self-employment income, it is important to review the statements and resolve any errors.

How much you will receive in social security benefits depends on when you start taking the benefits. Benefits starting at age 62 will be permanently lower than benefits at full retirement age (which is 65 for people born in 1938 and increases gradually for people born after 1938). If you wait to retire later than full retirement age, benefits will be permanently higher than the benefits at full retirement age.

There are limits on the amount you can earn if you start taking social security prior to full retirement age. Under full retirement age, you can only earn \$14,160 in wages and net self-employment income. If your earnings exceed that amount, your social security for the following year will be reduced \$1 for every \$2 over \$14,160. This is a 50% tax and can be devastating to cash flow. Most people continuing to work past 62 should not file for social security benefits.

There are special rules related to earnings in the year of retirement. The payback is \$1 for every \$3 earned over \$37,680 in the year of retirement. Once an individual has reached full retirement age, there is no limit on earnings. Full social security is paid regardless of the amount of wages and/or net self-employment income.

In addition to the worker's social security, spouses and former spouses are eligible for spousal benefits and survivor's benefits. A survivor is eligible for survivor's benefits if he/she has not remarried before age 60. After age 60, marriages are disregarded and the survivor can receive survivor's benefits even after remarriage. A surviving spouse can take survivor's benefits starting at age 60 and then switch to his/her own benefits at age 62 or wait until full retirement age or later.

A former spouse is eligible for spousal benefits on a former husband's/wife's (worker) earnings if they were married for at least 10 years. The former spouse must be 62 or older and unmarried and the worker must be 62 or older. The full benefit for a former spouse is 50% of the retired worker's full benefit. If eligible for both individual and spousal benefits, the retiree receives his/her own benefit plus additional benefits from the worker's record.

Needless to say, trying to decide when to start your Social Security benefits or your spouse's Social Security benefits can be tricky. Please call our office if you have any questions or would like help planning for your financial future. We have the resources to help you determine when and if you and your spouse should start taking social security to get the most benefit over time.

Very Truly Yours,

**Wright Ford Young & Co.,**  
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