

Advice Knowledge Express: Navigating Social Security – Spousal Benefits – Part 2 Video Transcript

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Rayyan Anees: Hello, and welcome back to part two of our presentation of spousal benefits. Welcome back, Annie.

Annie Scalora: Thank you, Rayyan. It's good to be back.

Rayyan Anees: So, the calculation for spousal benefits is simple, but the complexity comes from dual entitlement rules, as you mentioned in part one. Can you explain that calculation for us a little bit?

Annie Scalora: Sure. This slide will help show how the spousal excess or boost is calculated and there are three different scenarios to illustrate the process.

Each scenario assumes a hypothetical couple. Client A has a \$3,000 monthly primary insurance amount or full retirement age benefit amount. And Client B has their own retirement benefit of \$1,000 per month and their FRA is age 67.

The first column shows how to determine the maximum spousal boost amount by taking 50% of Client A's PIA and subtracting Client B's retirement PIA. The next step is to reduce Client B's retirement benefit and or their maximum spousal boost if they claim before FRA according to the percentage based on their age. Let's illustrate how this works with some examples.

The first scenario shows claiming your retirement and spousal benefits at your full retirement age of 67. Since you are FRA, neither benefit is reduced and you receive the maximum spousal benefit of 50% of your spouse's primary insurance amount.

The second scenario shows you claiming your retirement benefits at age 62 and eligible for spousal at or after FRA and the resulting reduction of the retirement amount only due to the early claiming. Since the spousal benefit is not received until FRA you received the full spousal boost. However, the overall percentage of PIA falls to 40% compared to 50% in the first example.

The third example illustrates claiming retirement at age 62 and eligible at age 65 for your spousal benefit. In this scenario, both your retirement and spousal benefit are reduced based on the age when you claimed for each benefit, resulting in the client receiving a lower payment amount.

Sources:

www.ssa.gov/oact/quickcalc/spouse.html. Last reviewed or modified September 25, 2013

<https://www.ssa.gov/benefits/retirement/planner/claiming.html#:~:text=Learn%20how%20the%20Bipartisan%20Budget%20Act%20of%202015>

Current as of October 4, 2024

Rayyan Anees: Wonderful Annie. Seeing those examples really help clarify spousal benefits for me. Is there anything else you'd like to share with us regarding spousal benefits?

Annie Scalora: Yes, Rayyan, I have one final chart that I'd like to share with you that summarizes the scenarios you will commonly encounter with spousal benefits.

The first is the claiming spouse has never worked or does not qualify for their own retirement benefit.

You can receive a spousal benefit when your spouse collects their benefits. Second, you have your own retirement benefit, which is greater than 50% of your spouse's PIA. So, it does not matter if your spouse is collecting their benefits, you are not eligible for a spousal benefit. So, you only receive your own retirement benefit. Remember, due to the deemed filing rule, you will receive the higher of the two amounts.

Third, you have your own retirement benefit that is less than 50% of your spouse's primary insurance amount and your spouse is collecting benefits. In this case, you will receive your retirement amount plus the spousal boost amount, both based on your age when claimed.

Fourth, you have your own retirement benefit that is less than 50% of your spouse's primary insurance amount, but your spouse is not collecting their retirement yet. You will receive your retirement benefit only. Once your spouse collects their benefits, you are then entitled to receive the spousal boost based on your age at the time your spouse claims their retirement benefit.

One final point I want to emphasize There is no scenario where you can claim spousal benefits first, allow your retirement benefit to grow and switch to a higher retirement benefit later. This is the single most frequently asked questions about spousal benefits.

<https://secure.ssa.gov/apps10/poms.NSF/lrx/0300615020> Effective dates: 12/05/2023 – Present

Rayyan Anees: That was great. Thank you for joining us today, Annie.

Annie Scalora: It's my pleasure. Ryan.

Rayyan Anees: That was a very helpful summary and provides a great overview. Because spousal benefits may be available to married couples and to divorced spouses, it affects many households.

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