

# Act Now Before Two Social Security Strategies Are Eliminated



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The federal budget agreement, signed into law on November 2, 2015, will eliminate two Social Security strategies which had been utilized by spouses to maximize lifetime benefits. The strategies will be eliminated effective on April 30, 2016. The elimination of these strategies may now require social security beneficiaries to act before the impending changes take effect or reconsider their retirement plans.

Under the current Social Security's rules, the spouse of a working spouse cannot claim a spousal benefit unless the working spouse has applied for Social Security benefits. However, a working spouse is able to file for Social Security benefits at their full retirement age (today that is 66) and then suspend the benefits. This strategy allowed the spouse to begin receiving spousal benefits while the working spouse postponed the receipt of their benefits. The longer the working spouse delayed receipt of their benefits, the more retirement credits they were able to accumulate (up to age 70), the result being a larger Social Security check.

Under the new law, a spouse cannot begin receiving benefits until the working spouse actually receives benefits. A working spouse can still file and then suspend social security benefits, but their spouses (or other dependents, including minor and disabled children) cannot receive benefits during the suspension. This eliminates the use of the suspension strategy for the working spouse who also wants their spouse to receive benefits immediately. The new law will not impact working spouses who have already filed and suspended their benefits. A working spouse, who is currently 66 or will turn 66 before the effective date of the law, may still utilize the file and suspend strategy in order to trigger benefits for their spouse.

In addition, the new law revises the rule that allows a spouse, who takes benefits at full retirement age, to elect whether to take spousal benefits or benefits on his or her own record. This strategy allowed a higher-earning spouse to claim a spousal benefit at full retirement age. Then at age 70, the higher-earning spouse would

claim the maximum amount of his or her retirement benefit and stop receiving the spousal benefit. Individuals, age 62 or older by the end of 2015, will still be able to elect which benefit they want at their full retirement age.

However, under the new law, when a working spouse who is not age 62 by the end of 2015 applies for spousal benefits, the Social Security administration will assume it is also an application for benefits on the working spouse's record. The working spouse is eligible for the higher benefit, but they can't elect to take just their spouse's benefits and allow their own benefits to continue accruing until age 70. This new rule will not apply to survivor's benefits. A surviving spouse will still be able to choose to take survivor's benefits first and then switch to retirement benefits later if the retirement benefit is larger. ♦

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