



New Bill Affects Social Security Claiming Strategies

November 2015

As you may know, President Obama recently signed the Bipartisan Budget Act of 2015 into law. Among other things, this two-year budget deal contains several provisions designed to close perceived loopholes in Social Security claiming strategies. Those most likely to be affected by this legislation are individuals who have yet to claim their benefits and who planned to employ the file-and-suspend/restricted spousal application strategies.



What has changed?

This new legislation eliminates one of the more commonly used strategies to maximize married clients' overall benefits: the ability to file for dependent spousal benefits on a retiree's record when that retiree is not currently receiving his or her benefits (i.e., when he or she has suspended benefits). The dependent spouse will now be limited to receiving the higher of his or her own or spousal benefit.

The good news is that those already employing this Social Security claiming method--you already filed for and immediately suspended your benefits, while your spouse is receiving spousal benefits through a restricted application--can continue doing so. But new Social Security claimants will definitely see a change in their options.

This is my understanding of the budget act provisions:

- 1. If you and your spouse are less than six months away from reaching your full retirement age (FRA) for social security**, there is still a window of opportunity to employ the above strategy. If you were born April 30, 1950 or earlier, please promptly contact my office to discuss your family's Social Security claiming plan.

2. **If you turn age 62 by year-end 2015**, you may still be able to file a restricted application for spousal dependent benefits when you reach your full retirement age. This option would be available if your retiree spouse is either receiving monthly benefits or your spouse suspended his or her benefits within six months of the law's enactment. If you are married or divorced, and born December 31, 1953 or earlier, please promptly contact my office.

3. **If you turn age 62 after 2015**, the option to file a spousal-only restricted application will not be available. This would not impact your ability to delay your own benefit in the future at your full retirement age.

4. The new legislation does not affect your ability to postpone receipt of your own Social Security benefits, so you can take advantage of delayed retirement credits.

I continue to monitor these rule changes closely. I am available to discuss your Social Security planning strategy in light of this new legislation. If you have any questions about this information, please feel free to contact my office.

My staff and I deeply appreciate the continuing opportunity to work with you. Please let me know if you have any questions or requests. Thank you.

Sincerely,

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