

10 Social Security Tips

1. WAIT

Although there are exceptions, I urge most clients to wait to take their Social Security benefits. If you take them as soon as you can at age 62 rather than waiting until age 66, or even 70, you will receive lower monthly benefits. Social Security is the only benefit with a built-in inflation adjustment.

2. FILE AND SUSPEND

In some cases, it can make sense to start benefits at age 62 and then immediately suspend them – a strategy many clients are not aware of. For example, a spouse may want to start their benefits and immediately suspend in order to trigger spousal benefits for a spouse who is 62 or older. You can then suspend your benefits in order to receive a higher benefit when you resume them later. Some people take this route to reduce required minimum distributions from retirement savings.

The closer [married couples] are in age, the better this works out.

3. MEDICARE B PREMIUM

If you do file and suspend, make sure to pay your Medicare Part B premium yourself. If you don't, Social Security will pay that premium for you, which will reduce future benefits.

4. MARRIAGE

Remember that spouses need to be married for a full year to collect benefit from a spouse's work record.

5. SPOUSAL BENEFITS

Both spouses in a couple cannot file and suspend in order to trigger benefits on each other. On the other hand, if they decided to get divorced, they could.

6. DIVORCE

Those already divorced must have been divorced for two years before they can collect a spousal benefit on their divorced spouse. The same goes for their exes if they want to collect on them. Benefits collected by ex-spouses do not impact the benefits due to a client's family.

7. REPRESENTATIVE PAYEES

When working with clients who are much older and could lose the ability to care for themselves, those clients should appoint “representative payees” to receive funds on their behalf from the administration. That’s because Social Security does not recognize powers of attorney.

One of our clients had to close out a bank account that took direct deposits of Social Security checks for herself and her husband. Although she had power of attorney over her husband’s affairs, it took four months of wrangling with the Social Security Administration before she could have her husband’s check sent to her for his benefit.

8. IN-PERSON ENROLLMENT

Remember that, although the Social Security Administration has made a large push to get people to enroll for benefits online, anything beyond the simplest arrangements must be handled in person, at a Social Security office. The online system is not set up to handle anything anomalous.

9. ANNUAL STATEMENTS

We urge all of our clients to enroll online right now to view your Social Security statements. The administration sent out paper statements for the last time in 2010. Please check you statements annually. Mistakes happen occasionally and the older those mistakes are, the harder they are to rectify.

10. COMPASSIONATE ALLOWANCES

In some situations, clients can start receiving benefits very rapidly. There are 200 compassionate allowances and you can obtain Social Security benefits within two weeks if you have one of those conditions.

Check out our social security package that is on our new website for more details. Look on the home page, at the top for “Client Resources”. Then click on document library to access this package.

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