

Social Security Claiming Changes After Bipartisan Budget Act of 2015

The Bipartisan Budget Act of 2015 (BBA) included provisions to revise certain Social Security claiming options that had been considered by married couples in the past when planning for retirement income. Currently, these strategies allow spouses (and, under certain circumstances, other family members and ex-spouses) to receive payments in the form of a dependent benefit while capturing delayed retirement credits for a retirement benefit.

The phaseout of each strategy has two dates: one for determining who is still eligible and the other for marking the strategy's implementation. For file and suspend, the worker must be age 66 or older by April 29, 2016, to be eligible to suspend a retirement benefit from which a dependent benefit may still be paid. The worker must also have implemented the strategy by this date.

To be eligible to claim a spousal dependent, while capturing delayed retirement credits on his/her own retirement benefit by filing a restricted application, the dually eligible spouse must be age 62 or older on January 1, 2016. An odd rule from Social Security states, "If you were born on January 1st of any year you should refer to the previous year." To implement this strategy, that spouse must wait (1) until his or her full retirement age (FRA) to file the restricted application and (2) for his/her spouse to file for a retirement benefit (which could be in 2020 or later).

To help you better understand these options, the chart below summarizes the core changes. For more details, and definitions of terms, go to www.ssa.gov.

	File and Suspend <i>(so that others can claim their benefits based on worker's earnings record)</i>	Collect Retroactive Retirement Benefit	Restricted Application <i>(typically receives 50% of spousal benefit until age 70 AND then switches to own retirement benefit)</i>
Who Considers This Option <i>(Assumes FRA is age 66)</i>	Worker reaches FRA with dependents	Worker reaches FRA (and has filed and suspended own retirement benefit)	Dually eligible beneficiary (married spouse OR divorced spouse*) at FRA *Married for at least 10 years and currently unmarried
Why Consider This Strategy	<ul style="list-style-type: none"> Annual 8% delayed retirement credits (DRCs) for worker's retirement benefit Spousal benefit for spouse Dependent benefit for dependent(s) 	<ul style="list-style-type: none"> Affords a "do-over" of claiming decisions (for example, needed the income, shortened life expectancy) by requesting to reinstate the retirement benefit that was voluntarily suspended Collect suspended payments as lump sum by forfeiting DRCs 	<ul style="list-style-type: none"> Can elect spousal benefit as early as age 62, but, by waiting until FRA, can "restrict application to spousal benefit" "Delayed" retirement benefit receives annual 8% DRC until age 70
Individuals Not Impacted by Changes <i>PLEASE NOTE: We are still awaiting the exact cut-off date from the Social Security Administration</i>	Reach FRA by 4/29/16 AND file and suspend own retirement benefit by 4/29/16	Reach FRA by 4/29/16 AND file and suspend own retirement benefit by 4/29/16	<ul style="list-style-type: none"> Dually eligible beneficiary age 62 or older by 1/1/16 This option will be available when he/she reaches FRA Other spouse must be receiving his or her retirement benefit
What Is Changing <i>PLEASE NOTE: We are still awaiting the specifics from the Social Security Administration</i>	<ul style="list-style-type: none"> If worker files and suspends own retirement benefits, other dependent benefit(s) will also be suspended May still be considered if worker claimed retirement benefit early (that is, reduction in benefits) and decides to suspend and earn DRC from ages 66 to 70 	This option is eliminated	This option is eliminated <ul style="list-style-type: none"> Dually eligible beneficiary is deemed to be filing for both retirement and spousal benefits and will receive the larger of the two benefits

Source: "Congress Passes H.R. 1314, the Bipartisan Budget Act of 2015." *Social Security Legislative Bulletin*, Number: 114-8. Social Security Administration, November 3, 2015.

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