

For Richer or Poorer: Claiming Spousal Social Security Benefits



Although your own benefit is based on your lifelong earnings history, many don't realize the importance of how a spouse's benefit might affect them. Prudent planning can help you maximize your benefits as a couple and can make a meaningful difference in your financial plan.

It's not just your retirement age that determines when you should start drawing Social Security benefits. It turns out marital status can matter – a lot – when it comes to timing your benefits. If you have been married at least a year and are at least 62 years old, you have options to help maximize your household benefits. Generally, once the higher-earning spouse applies for benefits, the lower-earning spouse is entitled to half of their partner's Primary Insurance Amount – the benefit a person receives at full retirement age – also known as PIA.

If you are the lower-earning spouse and also qualify for individual benefits, you will receive your own worker benefit or your spousal benefit, whichever is the higher amount. If your benefits are lower than your spousal benefit, this means you will be paid your individual benefit first and then paid the difference between that and your spousal benefit. It is important to keep in mind that spousal benefits are at their maximum when you reach your full retirement age (FRA), so there isn't really an advantage to deferring them.

More on special provisions

Special provisions for married couples are available that can substantially increase your household's Social Security benefit and impact your overall financial plan for retirement. For example, the lower earner can claim a spousal benefit at 62 and then switch to their own retirement worker benefit later, allowing the higher earner to build up delayed retirement credits for a higher worker benefit later. Of course, timing and needs are personal decisions. There is no one-size-fits-all solution. It's a good idea to confer with your financial advisor to fully understand the advantages of these provisions and, if applicable, include them in your retirement income plan. After all, Social Security is critical to any retirement income plan, and no one wants to leave money on the table.

Kathy Greenaway is a Certified Financial Planner® with Raymond James Financial Services, Inc. located at First Dakota National Bank, 225 Cedar St., Yankton, SD. Securities offered through Raymond James Financial Services, Inc., Member FINRA/SIPC, and are not insured by FDIC, NCUA or any other government agency; are not deposits or obligations of First Dakota National Bank; are not guaranteed by First Dakota National Bank; and are subject to risks, including the possible loss of principal. First Dakota National Bank and First Dakota Brokerage Services are independent of Raymond James Financial Services.

■ by Kathy Greenaway



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