

WISERWoman

A FEATURE ARTICLE FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

Making the Most of Social Security Retirement Benefits if You're Divorced

If you're divorced but your marriage lasted at least 10 years, you may be eligible for spousal benefits from Social Security. But the issue is not always straightforward. How much you can get in benefits depends on knowing your options.

What's a spousal benefit?

Social Security's spousal benefit is equal to half of your ex-spouse's retired worker benefit. Typically, if this amount were higher than your own retired worker benefit, you'd be advised to claim a spousal benefit rather than your own worker benefit. But did you know that later you could convert the spousal benefit to your own retired worker benefit if it's higher? This works the same way for current and ex-spouses.

If you're divorced, your marriage had to have lasted at least 10 years to be eligible for spousal benefits. Also, you must be currently unmarried. Once you are divorced for two years, you can claim spousal benefits, even if your ex-spouse doesn't claim his benefit first. He just needs to be eligible to do so. This is where careful planning comes in.

Filing a "restricted application" for Social Security benefits

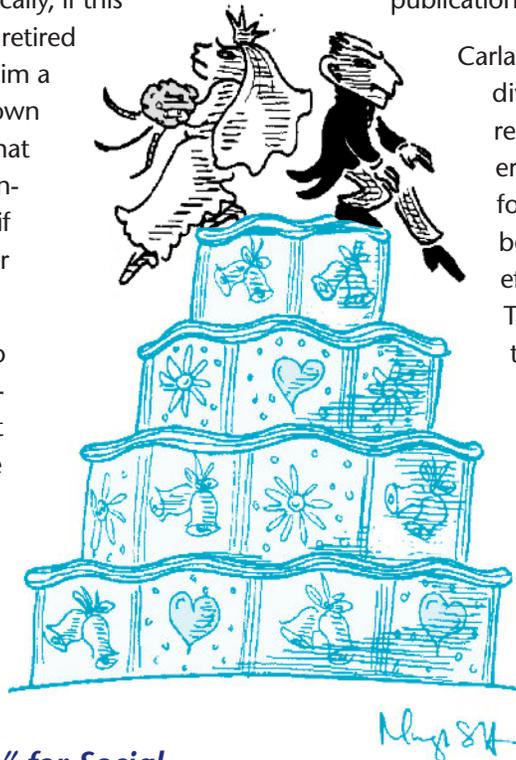
If you meet the criteria, you can file what is known as a "restricted application" for benefits at your full retirement age. This allows you to collect the spousal benefit while allowing your own retired worker benefit to grow 8% a year (up until age 70). At age 70, you can convert to your own retired worker benefit.

It's important to understand the implications of filing early for benefits. Social Security will only pay you what you are

eligible for when considering both spousal and retired worker benefits. The amount will be your permanent benefit (plus cost-of-living adjustments).

How it works: Carla and Jay

A research report by Prudential spells out the details of filing a restricted application. Here's an example from the publication:



Carla and Jay were married for 18 years before divorcing. Carla never remarried, and returned to work. At age 64, she is considering retirement. Her full retirement age for Social Security is 66. Her benefit would be \$1,100 a month at that time. Jay's benefit at age 66 would be \$2,000 a month. This example assumes Carla and Jay are the same age.

If Carla files at age 64, Social Security will pay her the higher of either the spousal benefit or her own retired worker benefit. Since her own benefit is higher than the spousal benefit (\$1,100 vs. \$1,000), Carla will receive only her retired worker benefit. At age 64, the benefit would be permanently reduced to \$953 a month (plus cost of living adjustments).

But, if Carla waits until she reaches full retirement age, she could file for a restricted spousal benefit of \$1,000 a month. This would allow her own retired worker benefit to grow. At age 70, Carla could convert to her own retired worker benefit, which will have grown to \$1,452 a month.

If Carla still wanted to retire early, she could live off of her IRA or 401(k) assets for two years, and then file at age 66. She could use some of her assets to purchase an immediate annuity – an insurance policy that would pay her guaranteed

monthly income. Or, she could stick it out in the workforce for two more years, growing her retirement savings and her Social Security benefit at the same time.



Survivor benefit, too

Divorced spouses are also eligible to receive survivor benefits from Social Security. If your ex-spouse dies before you

do, your monthly benefit would be replaced by his retired worker benefit if it were higher than your benefit.

It all adds up

Make sure you understand your options for getting the most from Social Security. Spousal and survivor benefits are available to you regardless of whether or not your ex-spouse has remarried or his new wife also claims a benefit on his worker benefits. Filing a restricted application may be your best bet for increasing your monthly retirement income.

To read the Prudential publication, "Innovative Strategies to Maximize Social Security Benefits," visit: www.prudential.com/view/page/public/30518?d. 



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Did You Know?

According to the Social Security Administration, 48% of all elderly unmarried females receiving Social Security benefits rely on Social Security for 90 percent or more of their income.