

A QUARTERLY NEWSLETTER FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

## The Case of the Growing Social Security Retirement Benefit

**H**ave you given thought to when you want to retire? Maybe you're thinking, "Yesterday!" Okay, but have you really thought it through?

You need to look at your retirement income resources before you can decide on the "when" of retirement. When are you eligible for your pension, if you're lucky enough to have one? How much have you socked away in your company 401(k) or your IRA?

Then there's your Social Security benefit. Did you know you have the power to make it grow? You also have the power to make it shrink. It all depends on when you claim it.

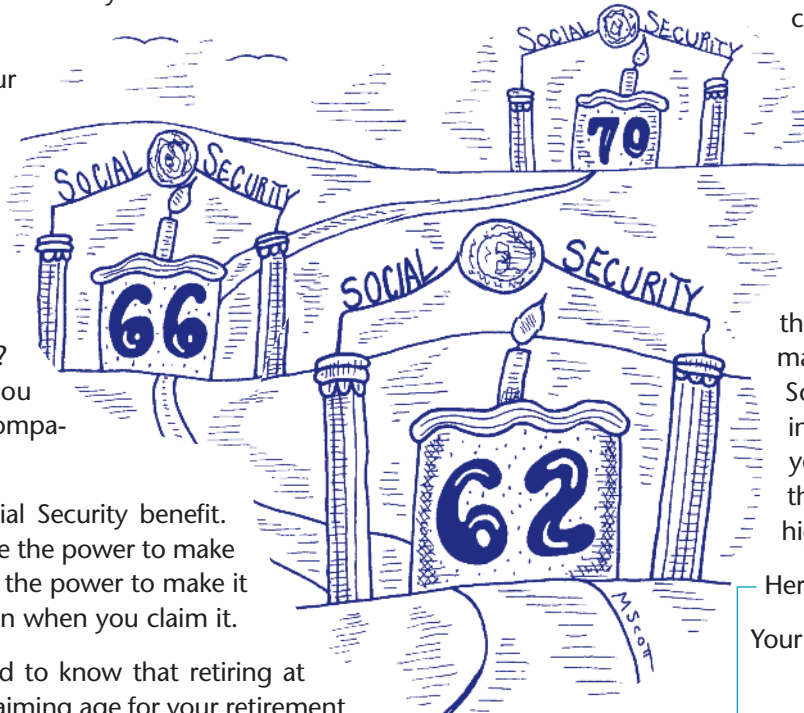
You might be surprised to know that retiring at age 62 – the earliest claiming age for your retirement benefit – cuts your monthly payment by about 25%.

But you can also make your benefit grow by working past your full retirement age. Your benefit could grow in two ways. First, each extra year increases your benefit by 8%. Second, your income in those extra years may increase your retirement benefit.

Of course, not all of us will have control over when we retire. Health issues, job loss or caregiver responsibilities may force early retirement on many of us. But if you can continue working, it can really pay off for you.

The bottom chart is an example of how your claiming age can shrink or

grow your benefit. Let's say your full retirement age for Social Security's purposes is 66, and that your benefit will be \$1,000. The chart shows how it changes based on your claiming age:



### Another Way to Grow Your Benefits

Let's say you work, but your earnings have been low or you've spent many years out of the workforce. In this case, you may find that filing for a spousal Social Security benefit may increase your payment. If half of your spouse's benefit is higher than yours, you can receive the higher amount.

Here's an example:

Your spouse's retired worker benefit:  
\$800 a month;  
½ is \$400 a month

Your retired worker benefit:  
\$300 a month

In this case, you can take the spousal benefit of \$400 a month. You're eligible for this higher benefit if you get divorced, too, as long as the marriage lasted at least 10 years.

If you reach full retirement age and are eligible for a spousal benefit that is higher than your own, you can claim it while allowing your own retired worker benefit to grow. You can claim your own benefit later if it's higher than the spousal benefit.

Social Security Benefits *continued on page 4*

| Social Security Claiming Age for Full Retirement Benefit |                                    |
|--|------------------------------------|
| Birth Year   | Full Retirement Age                |
| 1943-1954  | 66                                 |
| 1955-1959  | 66 + 2 months each year until 1960 |
| 1960+  | 67                                 |

| Social Security Claiming Age Example |                 |
|--------------------------------------|-----------------|
| Retirement Age                       | Monthly Benefit |
| 62 (early retirement)                | \$758           |
| 66 (full retirement age)             | \$1,000         |
| 70 (latest)                          | \$1,320         |

# From WISER's President



Dear Readers,

It's always difficult to decide the best age to start claiming your Social Security retirement benefits. Each woman's situation is unique—single, married, divorced or widowed—so it's important to learn about the different options and benefit amounts before you apply for Social Security benefits.

Married couples have additional claiming options. Married couples are eligible for benefits based on their own record, or their spouse's benefit. And when one spouse dies, the surviving spouse will receive whichever benefit is higher.

In this issue, we hope to get you thinking about your own financial future and help you figure out when the best time to claim Social Security benefits is for you. This could be one of the most important financial decisions you make.



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WOMENS INSTITUTE FOR A SECURE RETIREMENT

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Newsletter subscriptions are available for \$15. To subscribe, send your name, address, and a check to the address above.



## Information from the WISER/Administration on Aging's National Resource Center on Women & Retirement Planning

### *New Retirement Planning Toolkit*

The U.S. Department of Labor and the Social Security Administration launched an online toolkit to help workers identify key issues for retirement planning and understand important decisions related to employment-based plans, Social Security, and Medicare. The toolkit is available at [www.dol.gov/ebsa/pdf/retirementtoolkit.pdf](http://www.dol.gov/ebsa/pdf/retirementtoolkit.pdf)



### *Federal Program to Help Homeowners Extended to 2015*



The Making Homes Affordable Program, operated by the U.S. Department of Housing and Urban Development, has been extended two more years. The program was launched in 2009 to help homeowners at risk of foreclosure to stay in their homes. Learn more at [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

### *The Elder Justice Coordinating Council Wants to Hear From You*

Established as part of the Elder Justice Act of 2009, the Elder Justice Coordinating Council is a Federal entity charged with identifying and proposing solutions to the problems surrounding elder abuse, neglect and financial exploitation. Do you have suggestions for the Council? The public is welcome to send comments/suggestions to the Council on implementation strategies for their 9 proposals for federal action. To view the proposals and share your ideas, visit [www.aoa.gov/AoA\\_programs/Elder\\_Rights/EJCC/](http://www.aoa.gov/AoA_programs/Elder_Rights/EJCC/)

### *Are You Covered?*

If you think you might qualify for health care insurance through the Affordable Care Act, WISER urges you to visit [www.healthcare.gov](http://www.healthcare.gov) for more information including the link to the approved States Health Exchanges. Information is also available at 1(800) 318-2596 or TTY 1(855)889-4325. Also, take full advantage of approved "health navigators" to assist in the enrollment process.



### *National Alzheimer's Call Center*

Through the National Alzheimer's Call Center, the Administration on Aging operates a national information and counseling service for persons with Alzheimer's disease, their family members and informal caregivers. The National Alzheimer's Call Center is available to people in all U.S. States and territories, 24 hours a day, 7 days a week, providing expert advice, care consultation and information and referrals nationwide regarding Alzheimer's disease. Call 1-800-272-3900, or visit [www.alz.org](http://www.alz.org).

# AOA Grant Awarded to WISER for the National Resource Center on Women and Retirement Planning

WISER is pleased to announce a three-year grant from the U.S. Administration on Aging (AoA) to operate the National Resource Center on Women and Retirement Planning. The Center, a joint project of AoA and WISER since 1998, is a “one-stop” gateway for women’s retirement planning.

The Center reaches women and their families by partnering with organizations and coalitions that volunteer as trainers. WISER’s “Aging Network Advisory Council” is composed of 21 organizations from across the country and promotes nationwide outreach on financial education and retirement planning.

With an emphasis on tools and resources for moderate- and low-income women, the Center helps women take the first steps towards becoming more financially secure in their later years.

## What has the Center accomplished?

**Workshops:** The Center has conducted over 30,000 workshops providing financial and


retirement planning information for women with limited access to such resources.

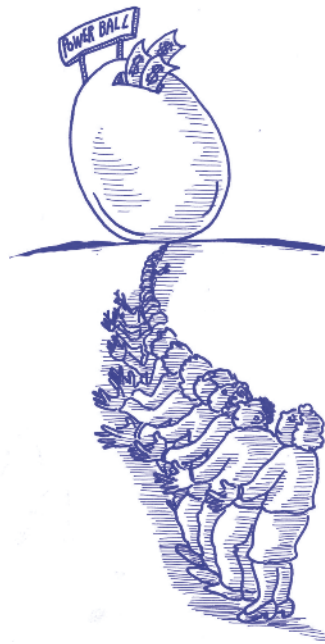
**Website:** The Center/WISER website contains important information for women in many categories including money basics, investments, pensions, Social Security, healthcare, caregiving and long-term care.

**Publications:** The Center disseminates thousands of financial education materials every year and tailors them to the specific needs of women.

Resources include a newsletter, fact sheets, booklets and other materials that present concise, easy-to-understand information on important financial topics, many available in Spanish as well as Portuguese, Korean and Vietnamese.

Visit the Center at [www.wiserwomen.org](http://www.wiserwomen.org)

Learn more about AoA Resource Centers at [www.aoa.gov/aoaroot/Resource\\_Centers/Index.aspx](http://www.aoa.gov/aoaroot/Resource_Centers/Index.aspx) 



*Is this how you're funding your retirement?*

## Ready to Live...Longer than You've Ever Expected?

### Meet Mrs. Katherine McIntire: Age 101




According to the 2010 Census, of the 53,364 American centenarians, 83% are women. About 33% of these centenarians lived alone in their own home in 2010, but the majority live with others. As women continue to live longer, they need to start planning financially for the possibility of a long life.

Obviously, it is difficult to predict how long we will live. Imagine outliving your friends?

Siblings? Spouse? But here's the story of one centarian: meet Mrs. Katherine McIntire, born in 1912. She never thought she would live so long. Today at 101 years old, Mrs. McIntire

recently moved into a nursing home after years of living in her own apartment. She has been fortunate to have caregiving help from her daughter and daughter-in-law who are still very attentive. While she is mentally very sharp, she now requires more physical care as she is legally blind and frail.

Luckily, Mrs. McIntire received a survivor's benefit from her spouse's pension and from Social Security. Both benefits helped her stay financially secure all these years. William McIntire, Katherine's husband, retired in 1970 after working for 30 years. Unfortunately, he died in 1971, leaving Katherine as a widow for 42 years (she has been widowed for more years than she was married). Katherine has three children, three grandchildren and five great-grandchildren.

Mrs. McIntire's story is a reality for more and more women and a reminder of the need to have financial resources for a much longer retirement. 



## Social Security Benefits

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Deciding when to retire is one of the more important financial decisions you may ever make. Be sure to understand the impact of your decision on your Social Security benefit. To get a benefit estimate, go to <http://ssa.gov/estimator/>. Data in this article comes from the Social Security Administration. ☒

### How is Social Security Calculated?

Qualifying for a worker's benefit takes 40 quarters or 10 years of employment, in a job in which Social Security taxes were paid. But benefits are calculated based on 35 years in the workforce. If you don't have 35 years of earnings, zeros are averaged in for those years that you did not pay into Social Security. Replacing a zero year with an earnings year can be extremely valuable. It's a good idea to get an online Social Security Statement and benefit estimate to determine your retirement benefits.

### Attention Same Sex Couples: Sign Up for Spousal Social Security Benefits Right Away

Since July 2013, the Social Security Administration has begun taking claims\* from married same-sex couples, civil unions and registered same-sex domestic partnerships who are eligible for benefits, even if they live in a state that does not recognize their marriage. The Social Security office encourages same-sex couples to apply early for spousal benefits as they will be able to get benefits retroactively to their application date. If you think you qualify, find your regional communication director on the Social Security website: <http://www.socialsecurity.gov/same-sex-couples/domestic-contacts.html>.

\*Social Security will not process the claims until they have developed policy and processing instructions. ☒

## Long-term Care Commission Delivers Final Report

The Congressional Long-Term Care (LTC) Commission issued its final report on September 18th. The Commission did not develop legislation, but instead put together broad recommendations in hopes of spurring action in the future. This report comes at a time when the demand for long-term care services and supports is about to explode. It is estimated that more than two-thirds of Americans aged 65 and up will eventually need some type of long-term care, such as a nursing home, home health aide or adult "day care" center.

As more people worry about how they will pay for their long-term care, Howard Gleckman, a Long-Term Care Fellow at The Urban Institute stated, "Very few people understand Medicaid's role in long-term care. The problem is that Medicaid coverage only kicks in once people have spent down their assets enough to qualify for the assistance."

The LTC Commission was divided in their approach to solutions. An alternative report—found at the Medicare Advocacy website—proposes that Medicare be expanded to cover long-term care needs and financed through an increase in the payroll tax for Medicare. The report also proposes a premium for those not eligible for Medicare. Another

alternative would be to have Medicare pay only for the most catastrophic long-term care needs and allow the private insurance industry to sell policies with more limited benefits but lower costs to help cover more people.

Other members of the Commission opposed any expansion of Medicare. Their solution is to shore up the private LTC market. The LTC market, however, has always been very small. A recent poll reported 64% of Americans think having long-term care insurance is a good thing, but only 8% of adults have actually committed to purchasing it.

The report also recommended that family caregivers should be provided with better support. The increasing need for professional caregivers may become a future crisis as low wages and lack of benefits and opportunities discourage workers from joining the caregiving workforce.

While the report does not solve the issues of financing these essential services, there are a number of suggestions that are worth pursuing. The full report is available at [www.ltccommission.senate.gov](http://www.ltccommission.senate.gov) ☒

**More than two-thirds of Americans aged 65 and up will eventually need some type of long-term care, such as a nursing home, home health aide or adult "day care" center.**



# 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](http://www.prudential.com/view/page/public/30518?d).

## 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.

# WISERWoman


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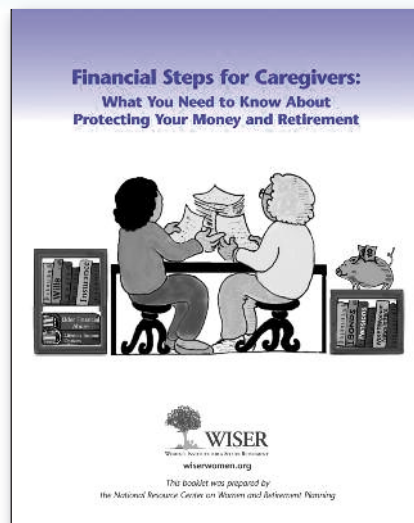
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## New from WISER

**W**ISER is pleased to announce our latest publication, *Financial Steps for Caregivers: What You Need to Know about Protecting Your Money and Retirement*. This booklet includes important information to help caregivers keep their own finances on track while caring for others. The new edition includes information about legal agreements for caregivers, a budget worksheet, a special section on elder financial fraud, and more. To download or to order, visit the publications page at [www.wiserwomen.org](http://www.wiserwomen.org) 



## WISER's Mission

To improve the long-term financial security of all women through education and advocacy. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women's opportunities to secure fair pensions and adequate retirement income through research, workshops, and partnerships.

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**Next Issue: Tax Issues, Required Distributions, Chained CPI and how it affects women.**