

What you
MUST KNOW
about
Social Security

*If you've
been married
more than once.*

by Devin Carroll



Case Study

Two years ago, an advisor helped a client claim lots of money she didn't know was rightfully hers, just by making her aware of a benefit she should have been receiving all along....if only she'd known how the Social Security system worked.

Here's what happened:

A client's friend (for our story, we'll call her Sue) attended a speaking engagement, where she heard an advisor explain that everyone with prior marriages needs to *carefully review their Social Security benefit*.

Why?

It's simple. In most of my client interactions, I've found that most people aren't taking all of the dollars they're lawfully allowed to claim. Do you like more money? I know I do!

How the Advisor Helped Sue

At the advisor's office later, Sue detailed her situation. She'd been married twice and didn't have enough credits on her own work history to qualify for benefits. She'd been married to her first husband for 16 years before it ended in divorce. A few years later she met the man of her dreams, but sadly, her second marriage ended when he passed away suddenly after only 4 years with Sue.

At 60 years old, Sue filed for a survivor benefit and was told that she was entitled to \$975 per month. At the time, that was perfectly accurate....but they didn't tell her everything. Because Sue didn't know what to ask (and Social Security professionals often fail to volunteer) is that in the future, when she reached retirement age, she'd be entitled to a higher spousal benefit from her first husband's work record.

What did Sue need to do to receive a larger benefit? That was easy...had she known. She just needed to claim that benefit.



The Advisor Made a Simple Phone Call

By the time she'd arrived in the advisor's office, she was 65. He helped her make one quick phone call to the Social Security Administration. On that call they were able to establish that her benefit amount could increase to a little more than \$1,275 by claiming a spousal benefit on the first spouse.

\$300 more per month!

That may not sound like much...so let's put it this way. The advisor helped Sue claim over 30% more money with one quick call.

The representative on the phone told them plainly that proving that she'd been married prior to her second husband was purely the responsibility of the claimant....Sue. She then made a trip to the Social Security Administration with her proof, and she had her additional benefit the next month.

What Usually Happens

In most cases, the "Sue's" of the world never make that phone call. Instead they continue to receive a too-small \$975 (plus the measly annual cost of living adjustments). The bad news is that if they hadn't caught it then, Sue would have forfeited \$300 a month until hopefully she caught it in the future. The months they missed she wasn't able to claim.

Would you scoff at a measly \$300 per month increase? For Sue, it was a lifestyle change.

Here's Where Sue's Story Really Begins

Between withdrawals from her investment account and her Social Security benefit, Sue had been living on a gross amount of \$2,750 per month. Her apartment, like the whole complex, was decent but headed downhill. For a respectable woman, her home was not the warm and inviting dwelling that it should have been. With the monthly benefit bump, now she was able move to a new, gated, senior-only apartment complex that had been too expensive. For her, it wasn't a new \$300 per month; it was financial confidence.

Is This You?

Are you eligible for benefits from a prior spouse? You could be, if you've met the requirements.



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Since there are two categories of prior spouses (deceased or divorced), let's break them down individually.

#1) Spouse is Deceased

If you were married for at least 9 months when your spouse passed away, you could be eligible for a survivor benefit.

A survivor benefit is simply 100% of your deceased spouse's full retirement age benefit. This amount is reduced if you file prior to your full retirement age. See chart below for the percentage you can expect to receive at various filing ages.

Your Filing Age	% of Deceased Spouse's Full Retirement Age Benefit
60	71.50%
61	76.25%
62	81%
63	86.00%
64	90.50%
65	95.25%
66	100%*

*For those born between 1943 and 1954

In addition to meeting the length of marriage requirement, it's important to understand another rule. If you remarry *before* age 60, you lose your right to claim a survivor's benefit from a prior spouse — at least until the subsequent marriage(s) end in death or divorce.

If you re-marry *after* age 60, you can pick and choose from the highest benefit amounts (your own, spousal benefits from current spouse or survivor benefits from deceased spouse).



#2) Benefits if You Are Divorced

If you are divorced, you could be eligible for a spousal benefit (if your ex-spouse is still alive) or a survivor benefit (if your ex-spouse is deceased).

Your eligibility to claim a benefit from an ex-spouse is determined by:

- (a) Marital history &
- (b) Current marital status.

It's really pretty simple. There are two tests you must meet:

- 1) You must be currently unmarried (see big exception below!)
&
- 2) You must have been married to the ex-spouse for at least 10 years.

Since there are sharp differences in whether or not your ex-spouse is living or deceased, let's examine each individually.

If Your Ex-Spouse is Living

If your ex-spouse is still alive, and you are not currently married, you could be eligible for a spousal benefit.

A spousal benefit is simply $\frac{1}{2}$ of your spouse's full retirement age benefit. This amount is then reduced based on your filing age.

For an example, let's make the assumption that the ex-spouse has a full retirement age benefit of \$2,000. We'll also have to assume that both spouses will reach full retirement age at 66. See the chart below for the amount of spousal benefit you could expect at various filing ages.



Your Filing Age	% of Ex-Spouse's Full Retirement Age Benefit	Your Spousal Benefit Amount*
62	35%	\$700
63	37.50%	\$750
64	41.66%	\$833
65	45.83%	\$917
66**	50%	\$1,000

*Based on Ex-Spouse Full Retirement Age Benefit of \$2000
**For those born between 1943 and 1954

The ability to receive 50% of an ex-spouse's full retirement age benefit may, or may not, be a big deal for you. The importance of this benefit may not be as great for those who have a work history and Social Security benefit of their own. However, even those individuals should not dismiss the idea of filing for a spousal benefit, even if it's lower than their own benefit. It could be the key to increasing your own benefit by as much as 32%!

For more information, read on to the end where we discuss a few filing strategies.

If Your Ex-Spouse is Deceased

The rules for collecting a survivor benefit if your ex-spouse has died are almost identical to the rules if your current spouse dies, with one big exception. The marriage must have lasted at least 10 years.

The Social Security website sums it up nicely. *"If you are the divorced spouse of a worker who dies, you could get benefits just the same as a widow or widower, **provided that your marriage lasted 10 years or more.**"*

Note: If you remarry after you reach age 60 (age 50 if disabled), the remarriage will not affect your eligibility for survivors benefits."



#3) Multiple Prior Marriages?

If you have been married more than once, you could be able to pick and choose from the highest of all benefits available.

For example, let's assume that you have been married three times and all marriages have ended. As long as you met the length of marriage requirements, you can choose the benefit that will pay you the most (or make the most sense for your filing strategy).

Put Your Brakes On

Hang on! Don't grab your keys and head off to your local Social Security office just yet. Just because you can file on your prior spouse's benefit doesn't mean that you should. At least not until you know your options about some filing strategies that could drastically increase the amount of cash flow and lifetime benefits you could receive.

Here's the first example. In this case we'll assume your ex-spouse is still alive and you are unmarried. At your full retirement age, you could file a restricted application for spousal benefits only. This would mean that you would collect 50% of the benefit for which your ex-spouse is entitled. You could take this amount for the next four years until your age 70. During that 4 year period your benefit amount would increase by 8% per year. At age 70, you simply switch to your own benefit which is now 32% higher!

The next example is based on a deceased ex-spouse. If you have met the length of marriage rules, and don't exceed the income limitation, you could file for a survivor benefit as early as age 60 and switch back to your own benefit at full retirement age or later. Remember that a survivor benefit is equal to your ex-spouses full benefit minus any reduction for your age, so this strategy could reap big rewards in attaining more retirement cash flow.

These strategies will not work for everyone. There are simply too many variables that must be considered.



So where do you turn for help? First, don't expect the Social Security Administration to look at all of your prior marriages and make a determination about which eligible benefit is best for you. They make it pretty clear...proving that there are eligible benefits from prior marriages is YOUR responsibility. It's unfortunate, but in cases where all marriages have ended, the Social Security Administration tends to "put the blinders on" and only look at benefits based on the immediate prior marriage and the claimant's own personal work record.

Unless individuals know the rules, it's pretty easy (and common!) to miss benefits from a prior marriage. Adding to this is that once you are divorced, the Social Security Administration stops sharing information about your ex-spouse's benefit amount with you. That's great for privacy, but bad for obtaining information and planning. However, if you ask them specific questions, they will answer. [See their publication on Social Security and Divorce here.](#)

Your Next Steps

There's no question. Social Security is complicated. But if you understand the basics, you'll be much better prepared to make an informed Social Security decision.

If you, or someone you know, has been married before (especially for those who have had more than one marriage), review your benefit elections and ask the Social Security Administration if you'd receive more if you claimed a benefit from a prior spouse.

One thing is certain, there are NO rules of thumb or one-sized answers. Don't let anyone tell you otherwise! At a minimum, each of us have eight personal factors that must be coordinated with the very complicated filing rules to achieve the three to four filing scenarios that will work for you.

WE CAN HELP

If you look around the internet for long you'll quickly see a long list of websites with Social Security Calculators and online programs that promise to "get you more money" in your filing option.

OUR APPROACH IS DIFFERENT.

We believe that working one on one with a seasoned financial advisor is the only way to make a fully informed decision about how and when to file for Social Security. We recognize that everyone has subtleties in their filing decision that can only be perceived by an experienced planner. You should begin the process by talking to a real person...not computer software or a Social Security calculator.



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We think the planning process should be clean, straightforward and easy to understand. You can get started with a free consultation by visiting our website at socialsecurityintelligence.com. During this consultation we'll talk about your particular situation and decide if you are a candidate for our planning services. You'll have plenty of time to ask questions and decide for yourself if there is value in what we offer. After our free consultation, we'll move on to the next step and schedule a meeting for data gathering. During this meeting we will discuss all the things that make up a personalized filing plan. Within two weeks, we'll arrange a third meeting to discuss your plan. We strive to narrow it down to the 3-4 filing options that are best suited for you and your individual situation. Then we'll discuss how each option may fit into your individual goals.

HOW MUCH DOES IT COST?

*All of our planning services are offered on an hourly basis. No sales pitch or product promotion. **It's that simple.***

You can easily contact us today by calling 903-793-4014 or visiting our website at www.socialsecurityintelligence.com.



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The purpose of this report is to educate and give general guidance to help you craft a personalized approach to Social Security. Before selecting this or any other strategy, you should analyze it and compare it with other scenarios generated by your financial professional. Social Security benefit options also must be coordinated with your other retirement planning. The contents of this information, when judged in the context of your overall financial plan, may not be optimal for your circumstances, as it may cause unacceptable trade-offs with your other investment assets. Please seek the advice of your own tax, financial, and legal advisors before implementing any strategies contained in this report. The information in this report should be used only as general guidelines and not as the ultimate source of information about Social Security claiming strategies. As such, it is ultimately your responsibility to carefully consider the recommended strategy and its implications before adopting it as your own.

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If you have questions or would like us to create more detailed Social Security strategies for your individual situation, contact us at 903-793-4014.



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