

# SOCIAL SECURITY CLAIMING STRATEGY ANALYSIS

There has been quite a bit of discussion in the news regarding the recent changes to Social Security claiming strategies, which were implemented either effective April 29, 2016, or will be implemented over the next couple of years (depending on the strategy). The current Social Security claiming strategy that can still be implemented for someone born before 1954 is a “restricted” Social Security application. With a restricted application, a spouse at full retirement age (generally age 66) will file for spousal Social Security benefits only, which are equal to one-half of the other spouse’s full retirement age Social Security benefit. As a result, the spouse who filed the restricted application could still defer their own Social Security retirement benefit until as late as their age 70 (deferred Social Security benefits increase 8% annually between full retirement age and age 70). This essentially allows a spouse to receive some Social Security income beginning at age 66, while still deferring their own larger Social Security benefit until age 70. The following chart illustrates this example.

Year	John's Age	Vicki's Age	OPTION 1 Vicki files at her retirement (August 2018 at Age 64 and 10 months)*, John files at his Age 62				OPTION 2 Vicki files at her FRA (Age 66), John files at his FRA (Age 66 and 6 months)				OPTION 3 Vicki files a Restricted Application at John's Age 66 & 6 months (his FRA) and defers her benefit until Age 70 (receiving deferred retirement credits), John files at his Age 66 & 6 months (his FRA)				OPTION 4 Vicki files a Restricted Application at her Age 66 (her FRA) and defers her benefit until Age 70 (receiving deferred retirement credits), John files at his Age 62 & 8 months (Vicki's FRA)			
			John's Annual SS	Vicki's Annual SS	Total Annual SS	Accumulative SS	John's Annual SS	Vicki's Annual SS	Total Annual SS	Accumulative SS	John's Annual SS	Vicki's Annual SS	Total Annual SS	Accumulative SS	John's Annual SS	Vicki's Annual SS	Total Annual SS	Accumulative SS
					\$	\$			\$	\$			\$	\$			\$	\$
2016	59	63			-	-			-	-			-	-	-	-		
2017	60	64			-	-			-	-			-	-	-	-		
2018	61	65		7,978	7,978	7,978			-	-			-	-	-	-		
2019	62	66	20,587	24,414	45,001	52,979		4,650	4,650	4,650			-	-	4,117	2,854	6,971	6,971
2020	63	67	25,199	24,902	50,101	103,080		28,459	28,459	33,110			-	-	25,199	17,464	42,663	49,634
2021	64	68	25,703	25,400	51,103	154,183		29,028	29,028	62,138			-	-	25,703	17,813	43,516	93,150
2022	65	69	26,217	25,908	52,125	206,308		29,609	29,609	91,747			-	-	26,217	18,170	44,387	137,537
2023	66	70	26,741	26,426	53,167	259,476	12,355	30,201	42,557	134,304	12,355	10,126	22,481	22,481	26,741	22,481	49,222	186,759
2024	67	71	27,276	26,955	54,231	313,707	37,807	30,805	68,612	202,916	37,807	43,066	80,873	103,354	27,276	43,066	70,342	257,101
2025	68	72	27,822	27,494	55,315	369,022	38,563	31,421	69,985	272,901	38,563	43,927	82,490	185,844	27,822	43,927	71,749	328,850
2026	69	73	28,378	28,044	56,422	425,444	39,335	32,050	71,384	344,285	39,335	44,805	84,140	269,983	28,378	44,805	73,184	402,033
2027	70	74	28,946	28,604	57,550	482,994	40,121	32,691	72,812	417,097	40,121	45,701	85,823	355,806	28,946	45,701	74,647	476,680
2028	71	75	29,525	29,177	58,701	541,695	40,924	33,345	74,268	491,365	40,924	46,615	87,539	443,345	29,525	46,615	76,140	552,820
2029	72	76	30,115	29,760	59,875	601,570	41,742	34,012	75,754	567,119	41,742	47,548	89,290	532,635	30,115	47,548	77,663	630,483
2030	73	77	30,717	30,355	61,073	662,643	42,577	34,692	77,269	644,387	42,577	48,499	91,076	623,711	30,717	48,499	79,216	709,700
2031	74	78	31,332	30,962	62,294	724,937	43,428	35,386	78,814	723,201	43,428	49,469	92,897	716,608	31,332	49,469	80,801	790,500
2032	75	79	31,958	31,582	63,540	788,477	44,297	36,093	80,390	803,592	44,297	50,458	94,755	811,363	31,958	50,458	82,417	872,917
2033	76	80	32,598	32,213	64,811	853,288	45,183	36,815	81,998	885,590	45,183	51,467	96,650	908,014	32,598	51,467	84,065	956,982
2034	77	81	33,250	32,858	66,107	919,395	46,087	37,551	83,638	969,228	46,087	52,497	98,583	1,006,597	33,250	52,497	85,746	1,042,728
2035	78	82	33,915	33,515	67,429	986,825	47,008	38,302	85,311	1,054,539	47,008	53,547	100,555	1,107,152	33,915	53,547	87,461	1,130,189
2036	79	83	34,593	34,185	68,778	1,055,602	47,949	39,069	87,017	1,141,556	47,949	54,617	102,566	1,209,718	34,593	54,617	89,210	1,219,399
2037	80	84	35,285	34,869	70,153	1,125,756	48,908	39,850	88,757	1,230,313	48,908	55,710	104,617	1,314,335	35,285	55,710	90,995	1,310,394
2038	81	85	35,990	35,566	71,556	1,197,312	49,886	40,647	90,533	1,320,846	49,886	56,824	106,710	1,421,045	35,990	56,824	92,814	1,403,208
2039	82	86	36,710	36,277	72,988	1,270,300	50,883	41,460	92,343	1,413,189	50,883	57,961	108,844	1,529,889	36,710	57,961	94,671	1,497,879
2040	83	87	37,444	37,003	74,447	1,344,747	51,901	42,289	94,190	1,507,379	51,901	59,120	111,021	1,640,909	37,444	59,120	96,564	1,594,443
2041	84	88	38,193	37,743	75,936	1,420,683	52,939	43,135	96,074	1,603,453	52,939	60,302	113,241	1,754,151	38,193	60,302	98,495	1,692,939
2042	85	89	38,957	38,498	77,455	1,498,138	53,998	43,998	97,995	1,701,449	53,998	61,508	115,506	1,869,657	38,957	61,508	100,465	1,793,404
2043	86	90	39,736	39,268	79,004	1,577,142	55,078	44,877	99,955	1,801,404	55,078	62,738	117,816	1,987,473	39,736	62,738	102,475	1,895,879
2044	87	91	40,531	40,053	80,584	1,657,727	56,179	45,775	101,954	1,903,358	56,179	63,993	120,172	2,107,645	40,531	63,993	104,524	2,000,403
2045	88	92	41,342	40,854	82,196	1,739,923	57,303	46,691	103,993	2,007,352	57,303	65,273	122,576	2,230,221	41,342	65,273	106,615	2,107,017
2046	89	93	42,168	41,671	83,840	1,823,762	58,449	47,624	106,073	2,113,425	58,449	66,578	125,027	2,355,249	42,168	66,578	108,747	2,215,764
2047	90	94	43,012	42,505	85,517	1,909,279	59,618	48,577	108,195	2,221,620	59,618	67,910	127,528	2,482,777	43,012	67,910	110,922	2,326,686
2048	91	95	43,872	43,355	87,227	1,996,506	60,810	49,548	110,359	2,331,978	60,810	69,268	130,079	2,612,855	43,872	69,268	113,140	2,439,826
2049	92	96	44,750	44,222	88,971	2,085,477	62,027	50,539	112,566	2,444,544	62,027	70,654	132,680	2,745,535	44,750	70,654	115,403	2,555,229
2050	93	97	45,645	45,106	90,751	2,176,228	63,267	51,550	114,817	2,559,362	63,267	72,067	135,334	2,880,869	45,645	72,067	117,711	2,672,941
2051	94	98	46,557	46,008	92,566	2,268,794	64,532	52,581	117,114	2,676,475	64,532	73,508	138,040	3,018,909	46,557	73,508	120,065	2,793,006
2052	95	99	47,489	46,929	94,417	2,363,211	65,823	53,633	119,456	2,795,931	65,823	74,978	140,801	3,159,710	47,489	74,978	122,467	2,915,473
2053	96	100	48,438	47,867	96,306	2,459,517	67,140	54,705	121,845	2,917,776	67,140	76,478	143,617	3,303,328	48,438	76,478	124,916	3,040,389
2054	97	101	49,407	48,825	98,232	2,557,748	68,482	55,799	124,282	3,042,058	68,482	78,007	146,490	3,449,817	49,407	78,007	127,414	3,167,803
2055	98	102	50,395	49,801	100,196	2,657,945	69,852	56,915	126,767	3,168,825	69,852	79,567	149,419	3,599,237	50,395	79,567	129,963	3,297,766
2056	99	103	51,403	50,797	102,200	2,760,145	71,249	58,054	129,303	3,298,128	71,249	81,159	152,408	3,751,644	51,403	81,159	132,562	3,430,327
2057	100	104	52,431	51,813	104,244	2,864,389	72,674	59,215	131,889	3,430,017	72,674	82,782	155,456	3,907,100	52,431	82,782	135,213	3,565,541

\* Vicki should not file in the month she retires due to the Social Security Earnings Test. Instead, she should file the month following retirement (when she has no earned income).

FRA is "Full Retirement Age," per the Social Security Administration. For Vicki, full retirement age is Age 66. For John, full retirement age is Age 66 & 6 months.

Red values represent the optimal Social Security claiming strategy.

**As a result, the optimal Social Security claiming strategy is generally either for 1) Vicki to file a Restricted Application at John's Age 66 & 6 months (his FRA) and defer her own Social Security benefit until her Age 70 (receiving deferred retirement credits), and John to file for his own Social Security benefit at his Age 66 & 6 months (his FRA) (Option 3); or 2) Vicki to file a Restricted Application at her Age 66 (her FRA) and defer her own Social Security benefit until her Age 70 (receiving deferred retirement credits), and John to file for his own Social Security benefit at his Age 62 & 8 months (Vicki's FRA) (Option 4). Note, due to recent changes in Social Security, John is not eligible to file a Restricted Application.**