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Social Security: More Ways To Time It to Your Benefit



By KELLY GREENE

The Family Value email inbox has been crammed with questions from readers about the "file and suspend" strategy for taking Social Security retirement benefits, which can be used to beef up the size of monthly payments later in retirement.



Dieter Braun

In its simplest form, the strategy works like this: When you reach your so-called full retirement age, you file for your benefit—and then immediately suspend it.

Then you earn what are called "delayed-retirement credits," which increase your payments by 8% for each full year you wait to start benefits again, up to age 70. (See "Family Value: When to Take Social Security," July 21.)

But what if you began taking your benefits before your full retirement age—a move that reduces your monthly benefit?

You can still use the strategy. Suspend the benefit when you reach your full retirement age, earn the retirement credits and then reinstate the benefit at age 70. The credits will then be added to your smaller benefit amount, not to the benefits you would have received at your full retirement age had you not taken them early.

One reader, Glenn Wright of Brentwood, Tenn., says he was told by a Social Security worker that he would have to return to work to accrue additional credits. But that isn't the case.

"Our offices are aware of this. They get training on file-and-suspend," says Dorothy Clark, a spokeswoman at the Social Security Administration in Baltimore. "That's not to say that you may not have a person who is a very new claims representative who hasn't dealt with this before."

Retirement Credits

There also is some confusion among readers about the way delayed-retirement credits affect spousal benefits.

Say a higher-earning spouse started taking his benefits at 62, reached full retirement age at 66 and suspended his benefits until 70. Meanwhile, his wife had been collecting a spousal benefit that was 35% of his "primary insurance amount," or what he would have received at his full retirement age.

Where to Go For Guidance

Look up your full retirement age [here](#) .

An explanation of delayed-retirement credits and how they work is [here](#).

The documentation for surviving spouses receiving the delayed-retirement credits can be found [here](#).

Her amount would not go up when her husband started getting larger payments at 70, because her payments are based on the husband's primary insurance amount, which doesn't change, Ms. Clark says.

The rules are different for surviving spouses. In the example above, if a husband who earned delayed-retirement credits until age 70 died after that, the

surviving wife, assuming she has reached her full retirement age, would start getting the same amount as his larger payments, including those credits, Ms. Clark says.

Age Differences

Another reader, Tim O'Neill of Gold River, Calif., asks how to handle filing-and-suspending when the wife is older than the husband—in this case, by 11 months—but has no work record of her own.

If the husband files at age 66, his full retirement age, and then suspends the benefit, the wife can file at that point to receive a spousal benefit that is half of her husband's primary insurance amount. When he restarts his benefit, the delayed-retirement credits would be added to his monthly benefit but not to hers, Ms. Clark says.

Another question concerned a wife who started collecting on her own work record at age 62 and is now 65. She and her husband thought she would be switched to half of his benefit when she turns 66, which would be \$300 more than she currently is receiving. But, the reader says, he was recently told her benefit won't increase and asks if that is correct.

It is entirely possible, Ms. Clark says, depending on the couple's primary insurance amounts. That is because Social Security looks at the wife's primary insurance amount—not the reduced amount she is getting now.

Social Security would compare the amount she would have received by waiting until her full retirement age against half of her husband's full benefit. If her full retirement benefit would have been at least half of his, her benefit would not go up.

Switching Benefits

A few readers asked about the following scenario: If a husband suspends his benefit at age 66, and the wife files for her own benefit at age 66, can the husband then file for a spousal benefit?

The answer is no, if his primary insurance amount—again, the amount he would have received by waiting to collect at his full retirement age—was too high. But if it would have been less than half of the wife's primary insurance amount, he could get something, though probably less than you would think, Ms. Clark says.

Since the husband suspended his benefit, Social Security would subtract the amount he is entitled to from 50% of the wife's primary insurance amount—and pay him only the difference.

Let's say he is entitled to \$900 a month on his own work record, and she gets \$1,850 on hers. Subtract that \$900 from \$925 (half her benefit) and he would be left with \$25 a month.

That money, in all likelihood, would go straight to Medicare, reducing those payments slightly, but not providing any other income.

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