



**Introduction:** Welcome to the Paragon Financial Partners podcast, where we discuss the markets, our strategies and how to live better today while planning for tomorrow.

**Elean:**

Hello and welcome to the Paragon podcast. My name is Elean Mendoza and I'm here with Evan Shorten, the firm's founder and principal.

**Evan:**

Hello, I'm Evan Shorten and thank you for listening to our podcast. To listen to previous episodes you can visit us at [paragonfinancialpartners.com/insights](http://paragonfinancialpartners.com/insights) or by subscribing via iTunes and Stitcher Radio. If you would like a transcript of this episode we post PDF downloads on our blog at [paragonfinancialpartners.com/insights](http://paragonfinancialpartners.com/insights) or you can email us at [info@paragonfinancialpartners.com](mailto:info@paragonfinancialpartners.com).

**Elean:**

Also, to stay up to date please sign up for our email list at [paragonfinancialpartners.com](http://paragonfinancialpartners.com).

Now, in this last episode of our social security miniseries we wrap things up with a discussion around spousal benefits. If the term spousal benefit is unfamiliar, you're not alone. It's one of the least known topics regarding Social Security benefits. Additionally, as we'll discuss, spousal benefit is a broad term applied to the benefits that your spouse, your ex-spouse, or widow may be entitled to receive. Evan, why don't you start with the spousal benefit and what it is?

**Evan:**

Of course. If you do not qualify for Social Security benefits or perhaps your Social Security benefit is extremely low, the spousal benefit may provide you up to 50% of your spouse's Social Security retirement benefit if they are eligible for Social Security or if the benefit is significantly higher than yours. Now, while that may seem straightforward it's important to break down a few important things.

In order to qualify for spousal benefits you need to be at least 62 years of age and your spouse needs to have filed for their Social Security benefits. If you're applying for spousal benefits your current Social Security benefit needs to be less than one half of what your spouse receives. Social Security will only provide up to one half of the higher benefit in total not in addition to your benefit.

So as an example, suppose spouse number one receives \$2,600 per month in their Social Security benefit and spouse number two receives \$1,000 per month. If spouse number two applies for Social Security benefits based on spouse number one's record, the maximum they can receive is \$300 in addition to the \$1,000 they already receive for a total benefit of \$1,300. In no way will Social Security pay more than 50% of spouse number one's benefit. If spouse number two were to receive \$2,000 per month in benefits they would not be eligible for the spousal benefit because their own benefit already surpasses the benefit of spouse number one.

**Elean:**

So Evan, since the spousal benefit is based on the earnings record of the higher earning spouse and you



cannot apply for spousal benefits until the higher earner has applied for theirs, what happens if the higher earner applies for Social Security benefits before reaching the full retirement age or if they delay applying for benefits until age 70?

**Evan:**

So here's where things start to get tricky. Because the spousal benefit is based on your spouse's retirement, if they retire before their full retirement age and receive a reduced benefit, the spousal benefit will be based on their reduced Social Security benefit as well. If your spouse retires at age 62 and only receives 75% of their full benefit, your spousal benefit will be based on that reduced amount. Furthermore, if you apply for social security at age 62 your spousal benefit will also be reduced because you applied early as well.

Let me give you an example. Suppose your spouse is eligible to receive a \$2,600 monthly benefit at their full retirement age but retires at age 62 and only receives 75% of their benefit. Your spouse's monthly benefit is now reduced from \$2,600 to \$1,950. If you were also to retire at age 62 and collect your benefit, your benefit would also be reduced to 75%. In other words your spousal benefit at your full retirement age would be 50% of \$1,950 leaving you with a \$975 monthly benefit. However, if you also retire early, at age 62, and take a reduced benefit, your spousal benefit would be reduced to 75% or a monthly benefit of \$731.25. If your spouse delays filing for Social Security benefits you cannot file for spousal benefits based on their record. You have to wait until they file. Additionally, the spousal benefit cannot exceed 50% of your spouse's benefit at full retirement age. In other words, even though your spouse's benefit will increase by delaying, the spousal benefit you receive does not increase beyond full retirement age.

**Elean:**

Okay. So quick question - if I have a very low retirement benefit from Social Security, but my spouse wants to delay filing, can I file to receive my benefit now and then file for spousal benefits when my spouse files in the future?

**Evan:**

Yes, you can receive your Social Security benefit and file for spousal benefits once your spouse files in the future. As a reminder, your spousal benefit can never be more than 50% of your spouse's. Therefore, in this case you would receive only the difference between your benefit and 50% of theirs.

**Elean:**

Now, something that comes as a surprise to many people is that after a divorce, a spouse with little or no Social Security benefits can actually apply for the spousal benefits based on their former spouse's earning record. Now, if you're the higher earning spouse, don't worry. If your former spouse applies for spousal benefits under your earning record, it in no way affects your Social Security benefit. Additionally, if your former spouse ended things on a sour note, they can apply for spousal benefits on their own without needing your assistance. So Evan, could you explain some of the similarities and differences in spousal benefits for divorcees as opposed to married couples?



**Evan:**

Similar to married couples filing for spousal benefits, as a divorcee you can receive up to 50% of your spouse's full retirement age benefit. However, in order to qualify for spousal benefits you need to meet the following guidelines:

1. Have been married for a minimum of 10 years.
2. Be divorced at least two years.
3. Be currently unmarried and
4. You and your former spouse need to be at least the age of 62.

As with married couples, if you retire early the spousal benefit will be reduced. So if you retire at 62 you can expect to receive 75% of your full retirement age benefit. A big difference from the spousal benefits available to a married spouse versus an ex-spouse is you do not have to wait for your former spouse to file for Social Security benefits. Your spousal benefit will be based on their full retirement benefit regardless of when they file.

**Elean:**

So Evan, you mentioned in one of your points that to be eligible to claim spousal benefits as a divorcee you have to currently be unmarried. What are some of the ways that a remarriage could impact your ability to claim spousal benefits if you're divorced?

**Evan:**

If you are the higher earning spouse, remarriage does not affect you. In fact, if you remarried multiple times in your life, every former spouse who meets the eligibility requirements for spousal benefits can claim them based on your record. Fortunately, if a former spouse claims spousal benefits under your earnings history it has no effect on your benefits. Now, if you plan on filing for spousal benefits remarriage does indeed affect you. For starters, you cannot be currently married and file for spousal benefits from a prior marriage. If you remarry your new marriage must last 10 years to be eligible for spousal benefits again and they will be based on your current spouse's earnings record. With that said, if you have been divorced multiple times in your life you can file for spousal benefits under any previous spouse so long as you meet the eligibility requirements.

**Elean:**

Okay. Lastly, let's go over Social Security survivor benefits, and if you're not familiar with the term survivor benefits, it's also often referred to as widow or widower benefits.

**Evan:**

Essentially, when your spouse passes away Social Security will stop paying your deceased spouse's benefit. As a survivor you have the option to continue receiving your benefit or switch to the deceased's benefit if it is a higher amount. What is important to consider is that Social Security will only pay one benefit, so if you choose your spouse's benefit because it is higher, your benefit will stop being paid. In other words, you will receive only one income, but you are allowed to pick the higher one. Now, unlike spousal benefits where you



are eligible for only 50% of your spouse's benefit, survivor benefits entitle you to 100% of the deceased's benefit. In other words, if your spouse has delayed filing for Social Security and received increase benefits you're entitled to receive up to 100% of the increased amount. However, keep in mind, as with all things Social Security, to get that 100% you need to have reached full retirement age. If you have filed for survivor benefits before you reach your full retirement age you will receive a reduced amount.

Now, here's an interesting and important note. You can actually file for survivor's benefits as early as age 60 rather than the minimum age of 62. However, if you file for survivor benefits at age 60 you will only receive 71.5% of your deceased spouse's benefits, which is a greater reduction than the typical 75% at 62. One last note before we wrap things up, if you remarry after becoming widowed, you will not be eligible for survivor benefit unless you are age 60 or older when you remarry.

**Elean:**

Okay, thanks Evan. This is a longer than usual podcast episode packed with a lot of information and we hope that you stuck with us till the end. Social Security is an immense subject and should be reviewed thoroughly. As much as we would like to provide you with all the knowledge you need to make the best decision for your personal situation, Social Security is too big of a subject for us to cover in only one podcast. It's important for you to speak with your financial planner and the Social Security Administration when it comes to navigating the various rules of Social Security; especially when you're trying to make the best decision for yourself. Please remember this information is for educational purposes and your specific situation deserves personal attention.

We welcome you to reach out to us at [info@paragonfinancialpartners.com](mailto:info@paragonfinancialpartners.com) or by giving us a call at our office at 310-557-1515. Again, thank you for listening and don't forget to subscribe to our podcast on iTunes or Stitcher Radio.

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