

# Social Security issues new file-and-suspend guidelines

## April 29 deadline looms for those who want to take advantage of current rules

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By Mary Beth Franklin

The Social Security Administration finally issued an emergency message late Thursday night detailing new rules that wipe out the file-and-suspend claiming strategy for future retirees.

Anyone who is 66 or older and submits a request to file and suspend their retirement benefits by April 29, 2016, will be able to take advantage of current rules that allow a worker to trigger auxiliary benefits for a spouse or dependent child while the worker's own benefits continue to grow up until age 70. The official deadline of April 29 is one day earlier than previously reported.

Requests to file and suspend benefits submitted by April 29 also allow a worker to request a lump sum payout of suspended benefits instead of earning delayed retirement credits. No lump sum payout will be permitted for requests to file and suspend on or after April 30, 2016.

The change is the result of the Bipartisan Budget Act of 2015 that President Barack Obama signed into law late last year.

“Individuals who have already requested or who request voluntary suspend before April 30, 2016, are not affected by the changes,” the agency said in the emergency message to its field offices. The Social Security Administration said it will honor requests that were submitted before the deadline even if the agency processes the request after the deadline.

In the future, the only reason to file and suspend would be to earn delayed retirement credits of 8% per year up to age 70. For example, someone who collected reduced retirement benefits at 62 may want to suspend their benefits at 66—and collect nothing up to age 70—in order to increase their future monthly benefits.

Beginning April 30, one spouse would actually have to collect his or her retirement benefits in order for the other spouse to be able to collect a spousal benefit which is worth up to half of the worker's full retirement age amount. Divorced spouses who were married at least 10 years and who are currently single can still collect benefits on their ex-spouse's earnings record even if their former spouse files and suspends after the deadline.

The agency offered several examples of how the new file-and-suspend rule will be applied.

For example, an individual who turns 66 in May 2016 could request to suspend his benefits in May. The suspension would take effect the following month. In December 2016, he experiences a life-altering event and wants to reinstate his benefits back to June 2016. Prior to the law change, he would have been eligible for a lump sum payment back to June 2016. But under the new law, the earliest he can resume his benefits is January 2017, the month after his request. He will not be eligible for a lump sum payment.

In another example, the agency said a worker, age 67, has a spouse and disabled adult child entitled to benefits on her earning record. She requests to suspend her benefits in June 2016 so she can accrue delayed retirement credits. Her benefits will be suspended in July and payments to her spouse and child will also cease. Prior to the new legislation, the spouse and child would have continued receiving benefits during the suspension.

Under current law, anyone who requests to file and suspend their retirement benefits can still receive a portion of their benefits as a spouse if those auxiliary benefits are larger than their own. But under the new law, anyone who requests to file and suspend his retirement benefit will not be able to collect excess auxiliary benefits.

For example, a worker who is age 66 requests to suspend her retirement benefits in July 2016. She is also entitled to spouse's benefit on her husband's record. Social Security will suspend her benefits as well as her excess spouse's benefits on her husband's earnings' record. Prior to the new legislation, she would have been able to receive the excess spouse's payment during the suspension period.

The new law does not change survivor benefits. Retirement benefits and survivor benefits represents two different pots of money. Someone who is entitled to retirement benefits on their own record as well as benefits as a surviving spouse or surviving divorced spouse can still choose to collect one type of benefit first and switch to the other later if it would result in a larger benefit.

However, the emergency message seems to suggest that if someone suspends his or her retirement benefits, they would not be able to collect excess survivor benefits during the suspension period. "Any number holder who has requested voluntary suspension of his or her benefits will not be able to collect excess auxiliary benefits (including widows/widowers) on anyone' else's record," the document said.

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