

How to spot fake answers from Social Security reps

Use these cheat sheets about rule changes to help clients claim benefits

Apr 3, 2017 @ 5:17 pm

By **Mary Beth Franklin**

We've all grown a bit weary over politically charged arguments about what constitutes real versus fake news. Based on my overflowing email box, I sense a similar frustration from financial advisers and their clients about how to interpret answers from Social Security Administration representatives that seem to contradict current law.

"I have had several married clients go to and then leave Social Security Administration offices where representatives consistently tell them 'No, you can't do that' or 'Sorry, the rules have changed' and the like when we know those answers are sometimes just wrong," said Stephen Harnden, a financial planner at Harnden MacLean Wealth Advisors in Peoria, Ariz.

"Nearly every SSA representative I have spoken with has been friendly, courteous and in a mode of trying to help" Mr. Harden explained in an email. "However, it is very frustrating and time consuming to try to help our clients fight their way through incorrect and/or confusing information and sometimes they just give up."

I feel your pain, Mr. Harnden, and I assure you, **you are not alone.**

Mr. Harnden gave an example of one of his clients who went to her local Social Security office to apply for spousal benefits based on her husband's earnings record. She is 67 and still working and

wanted to defer her own retirement benefits until 70 when she would switch to her own larger benefit. Her husband had claimed his Social Security benefits several years earlier when he retired.

"One SSA rep says she can't do this because her husband started his Social Security prior to reaching his own full retirement age and the other representative said that while she could have used this strategy a few years ago, recently the rules have changed so she no longer can do so," Mr. Harnden wrote. "What do you think?"

Both SSA reps gave the wrong answer. Yes, the wife who was born in 1950 absolutely has the right to file a restricted claim for spousal benefits and collect half of her husband's FRA amount — not half of the reduced amount he received because he collected early. Meanwhile, her own retirement benefits will continue to increase by 8% per year up until age 70.

In fact, she could have done this when she was 66, and has missed out on a year of spousal benefits. Spousal benefits are worth the maximum amount at full retirement age. As spousal benefits do not earn delayed retirement credits, they do not increase if claimed after full retirement age.

I recommended that she not only file a restricted claim for spousal benefits but also request **the maximum six months of retroactive benefits**.

Financial advisers should keep **this link** handy that explains the rules for claiming Social Security benefits as a spouse. Make sure to click on all the highlighted dropdown menus, such as "How Much Will I Receive." They include crucial details such as: "If you were born before January 2, 1954, and have already reached full retirement age, you can choose to receive only the spouse's benefits and delay receiving your retirement benefit until a later date." Print it out and keep it handy. It's the proof you need to ensure your client is eligible to claim only spousal benefits.

Younger clients are not so lucky.

The same SSA web page goes on to say: "If your birthday is January 2, 1954, or later, the option to take only one benefit at full retirement age no longer exists. If you file for one benefit, you will effectively be filing for all retirement or spousal benefits. For further details on this new provision, known as "deemed filing," print out **this SSA fact sheet**.

Another adviser in Newport Beach, Calif., asked about claiming options for his clients, a married couple where the husband is 66, still working and has not claimed Social Security. The wife is 62 and is eligible for a small Social Security benefits of her own. Her future benefit as a spouse is larger.

The wife can collect reduced Social Security benefits on her own earnings record now at 62, assuming she is not working or at least not earning more than the \$16,920 annual earnings cap, or full benefits at 66 and 2 months. But to step up to a larger spousal benefit, she'll have to wait until her husband claims Social Security. That was the other major change in **claiming rules**. Workers can no longer file and suspend their benefits in order to trigger a benefit for a spouse. They must actually collect their Social Security benefits before a spouse can claim her spousal share.