6 Secrets to Maximizing Your Social Security Benefits

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Above the Canopy's mission is to help people make consistently smart financial decisions. Our content covers many of the important aspects of financial planning and investment management you'll face over the years.

We love to work with:

- Entrepreneurial people & families. This mostly includes business owners & executives, physicians, attorneys.
- Small to mid sized businesses. We help build and manage 401(k), 403(b), profit sharing, and other retirement plans.
- People of all ages, ranging from couples navigating toward retirement, to graduates starting their careers, to retirees looking to preserve and distribute their assets efficiently.
- People seeking to reduce stress when it comes to financial decision making.
- People seeking to simplify their life by organizing and optimizing their finances.

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Six Secrets to Maximizing Your Social Security Benefits

Although we can all be thankful that Social Security provides a steady paycheck in retirement, the truth is that for most people, their benefit amount is simply not enough to fully pay for the retirement lifestyle they've been planning for.

Even with COLAs (Cost Of Living Adjustments) that raise benefits with inflation, you may find yourself in a financial pinch if you plan to rely mostly on your Social Security check.

So, this guide will share a few strategies and secrets you can use to maximize your own benefits.

Keep in mind that it's always useful to consider supplementing your benefits with other sources of guaranteed or non-guaranteed income.

Read on to discover six powerful strategies you can use to maximize your Social Security so that your retirement can be as fun filled, relaxing and rewarding as you always dreamed it would be!
1: Your Patience May Be Rewarded Strategy

When it comes to deciding *when* to start receiving Social Security retirement benefits, patience can be very rewarding.

Why?

The longer you delay drawing your benefits, the larger your monthly benefit check will be.

For example, if you file to begin receiving benefits at age 62, which is the youngest age possible, you will get a 25% reduction in the amount you draw each month (your primary insurance amount, or PIA).

If you elect to wait and file at your *full retirement age* (66 if you were born between 1943 and 1954), you'll get considerably greater benefits.

Today, three out of four people don't wait until their full retirement age to start collecting benefits.

Back when Social Security was born this wasn't such a bad idea.

The average life expectancy back then was 61.7 years.

That being the case, many people didn't even *live* long enough to start collecting benefits.
But today the average life expectancy is closer to 80 years old, which puts an entirely different spin on retirement and Social Security planning.

$600 a month

Assuming you survived until 78, you would lose about $20,000 by filing early.

Bear in mind that if you file for Social Security early, the deduction in your benefits will be permanent, not temporary.

Before filing, you should sit down and take an objective look at your health and probable life expectancy.

Then, make a decision on the best time to file for benefits.

If you determine that you can afford to wait….but just don't want to; it may end up being a case of file in haste, repent at leisure.
2: The Double Dip Strategy

This is a technique that married couples can use.

It is often called “Double Dipping.”

The strategy works best for couples with similar incomes who've reached full retirement age.

Both spouses files for a spousal benefit on the other, but delays his or her own benefits until a later date.

Then, later on down the road (perhaps at age 70) both spouses would file for benefits based on his or her own earnings record.

This strategy will also work for divorced spouses.

Provided you are single, or that if remarried you did so after you turned 60, you can receive spousal benefits of 50% of whatever amount your ex draws.

Then, if your benefit on your own earnings at age 70 will be more than the spousal benefit, you can start drawing on yourself and forgo the spousal benefits.

This will net you more over the long run.
3: The Higher Earner Strategy

Keep in mind that you're entitled to either 50% of your spouse's Social Security benefit, or your own, whichever is higher.

Again, this makes a strong case for waiting to file a claim for benefits, because if your spouse retires at age 62, you will receive only about 35% of their benefit rather than half.

If your spouse delays receiving Social Security benefits until full retirement age, you will get 50%.

If you are a divorced spouse, you may file for spousal benefits but the reduction in your benefit amount would be the same if your ex-spouse files before his or her full retirement age.

But---and this is important---if you are a divorced spouse and delay filing for spousal benefits until YOU reach full retirement age, you will get the 50% instead of a lesser amount regardless of when your ex filed for Social Security.

So, if you're divorced and eligible for a divorced spouse's benefit, and can afford to continue working or delay filing until your full retirement age, your benefits will be higher even if your ex-spouse filed early.

To be eligible for divorced spouse benefits, the marriage must have lasted for at least 10 years, or you received support from the spouse for that long.

You can draw whichever is higher: spousal benefits or your own benefits, but not both.
4: The 35 Year Strategy

If you possibly can, you need to work for at least 35 years to maximize your Social Security benefits.

Since your benefit amount is based on your highest 35 years of earnings, for every year that you had no income, you have a big fat goose egg ($0) dragging down your average.

If you haven’t worked or won’t be working for 35 years and have years with zero earnings, you would be well advised to work a few years longer just to replace those $0 years.

Even if it’s part time, the earnings will go a long way to boosting your primary insurance amount.
5: Don't Forget the Dependents Strategy

A surprising number of people who file for Social Security retirement benefits are unaware that they may be leaving money on the table if they have dependents, since they may be eligible to receive an additional benefit.

For example, if you have unmarried children under the age of 18 living at home, (or 19 if a full-time high school student), each dependent is entitled to 50% of your full retirement benefit.

This isn't limited to your biological children, either.

It may include a stepchild, an adopted child, a grandchild who lives with you as a dependent, or a dependent over the age of 18 with a disability that began before the age of 22.

If you have dependents living with you, make sure to double check whether you're eligible for the additional benefit.
6: Watch Out for Taxes Strategy

While working after you begin receiving benefits can help your pocketbook, be careful about working and earning too much.

If you are single, haven't reached full retirement age yet, and earn more than $15,120; you will have your Social Security check reduced by $1 for every $2 that exceeds that amount every year.

You won't lose it forever, though.

If your benefits are cut thanks to your gross wages, that amount will be repaid after you reach full retirement age.

But, once you attain age 70, you can make as much money as you want to without it affecting your Social security check.

For 2016, if you are unmarried and receive $20,000 annually in Social Security benefits, you won't owe any taxes on your benefits if you earn less than $15,000.

From there, though, it gets more complicated:

- If you earn between $15,000 and $24,000, every dollar of that money means an additional $0.50 is taxable.
- For each dollar you earn over $24,000, an additional $0.85 becomes taxable.

Obviously, this could cause a good portion of your Social Security benefits to be taxed.
Married couples are, of course, allowed higher combined incomes than single beneficiaries.

But, you would still need to be careful about earning too much to avoid paying a lot in taxes on your benefits.
What if Social Security Still Isn't Enough?

The six strategies we reviewed today can certainly be used to boost your Social Security benefits.

They may not be enough to provide you with the income you need for your retirement plans, though.

If that's the case, what can you do?

It would be our recommendation to spend some time learning about all your options for drawing both guaranteed and non-guaranteed income throughout retirement.

For the best results, you should seek the advice and assistance of a competent financial professional to help you formulate a solution catered to your particular needs.

And as always, if you need help or have specific questions, please feel free to reach out to me directly.
Unanswered Questions?

It's my sincere intent to provide valuable, premium content in the guides I publish. However, I realize that sometimes I may raise more questions than I actually answer.

If this is you, feel free to reach out to me directly with any questions or issues you may have. I'm happy to point you in the right direction.

Best Regards,
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