



Test Your Social Security Savvy

1. You're 62 and have decided to call it quits and take early retirement. Your best option is to:
 - (a.) Immediately apply for reduced Social Security benefits that will give you \$922 per month
 - (b.) Wait until you are 66, when your benefits will be \$1,229 per month
 - (c.) Wait until you are 70, when you will be eligible to receive \$1,693 per month
2. Your husband, who was the primary income producer, is 65 and draws SS benefits. You are 57, have been in and out of the work force, but now spend a lot of time caring for your disabled daughter. Your best option is to:
 - (a.) Apply for spousal benefits immediately
 - (b.) Wait until you turn 62, then apply for spousal benefits
 - (c.) Wait until you turn 65
3. You are 62 and your husband is 61. At full retirement you would get full SS retirement benefits of \$200/month based on your work record; at full retirement your husband would get \$800/month based on his. Because your husband is not yet 62, he can't receive benefits so you can't take spousal benefits based on his work record. Your best option is to:
 - (a.) Immediately begin taking reduced benefits of \$160/month based on your work record
 - (b.) Wait until your husband turns 62 and begins drawing benefits, then take spousal benefits of \$333/month
 - (c.) Wait until you turn full retirement age, then take spousal benefits of \$400/month Has a cool product
4. You and your spouse, who file joint tax returns, have total annual income of \$36,000 made up of \$15,000 from pensions, \$11,000 from interest and dividends, and \$10,000 from Social Security. How much of your SS benefits will be taxed?
 - (a.) 85 percent
 - (b.) 50 percent
 - (c.) None
5. You are a 59-year-old widow and about to remarry. Your late husband's retirement benefits at 66 would have been \$1,000/month; your husband-to-be will collect benefits of only \$500/month at age 66. Your best option is to:
 - (a.) Go ahead with the marriage; after all, money can't buy happiness
 - (b.) Delay the marriage until you turn 60
 - (c.) Put it off until you turn 62
6. You are almost 60, retired, and widowed. Your own retirement benefits at 66 will be \$700/month; your late spouse's benefits at age 66 would have been \$800/month. Your best option is to:
 - (a.) Take survivor benefits of \$572/month starting at age 60
 - (b.) Start survivor benefits at age 60, but figure your own benefits yearly so you'll know if and when to switch
 - (c.) Wait until age 66 to take your own benefits of \$700/month
7. Your husband died 18 months ago, before he'd retired. You've heard about the federal government sending widows \$255 to cover death-related costs but nothing came for you. Your best option is to:
 - (a.) Contact the Social Security office nearest you and apply
 - (b.) Do nothing: if you had money coming, they would have sent it
 - (c.) Complain to your local TV station's consumer advocate
8. You are 61, widowed, and not eligible for spousal benefits. Until his death last year you lived with your son who paid all housing, utility and food expenses. Your monthly retirement benefits at 65 will be \$437 your son's would have been \$600. Next year, when you turn 62, your best option will be to:
 - (a.) Apply for your own reduced SS benefits of \$350/month
 - (b.) Wait until you turn 65 and apply for full benefits of \$437/month
 - (c.) Apply for SS survivor benefits based on your late son's earnings
9. Emphysema and a weak heart have forced you to quit work at age 58. Your full retirement benefits at age 66 will be \$800/month. Your best option is to:
 - (a.) Take early retirement benefits of \$600/month (75 percent of \$800) when you turn 62
 - (b.) Wait until you turn 66 to get full retirement benefits
 - (c.) Apply immediately for SS disability benefits
10. You are 55 and want to retire. You could:
 - (a.) Spend all your free time babysitting your grandkids
 - (b.) Take up skydiving
 - (c.) Forget about adventure and get a part-time job (besides, you're afraid of heights)



Test Your Social Security Savvy

Answers

1. (a). You may be better off taking your benefits as early as possible, even at the reduced amount, because you'll get three extra years of checks. (On average, it will take about 17 years to make up this lost income if you wait until you are 65).
2. (a). You're entitled to Social Security retirement benefits based on your spouse's record if (a) your spouse is collecting SS retirement or disability benefits; (b) you are at least 62 or caring for a child who is under 16 or disabled and is entitled to benefits on your spouse's record; and (c) you and your spouse have been married for at least a year or had a child together.
3. (a). Believe it or not, you're actually better off taking your own retirement benefits of \$160/month even though they're lower than what you'd receive in spousal benefits. But as soon as your husband turns 62 and begins to receive benefits of \$320/month (reduced from \$333 because when you start with your own benefits, then switch, a complicated formula is used to determine spousal benefits). Why not just wait a year until your husband retires and start spousal benefits? Because by taking your own benefits at age 62, you could get 12 extra benefit checks of \$160 each.
4. (c). None of your Social Security benefits will be taxed because only half (\$5,000) are included in your provisional income. That means you and your spouse are below the \$32,000 threshold (\$25,000 for singles) at which up to 50 percent of benefits are taxed; and well below the \$44,000 threshold (\$34,000 for singles) at which up to 85 percent of benefits are taxed.
5. (b). If you wait to remarry until age 60, you'll qualify for SS survivor benefits of \$715/month that will continue even after your marriage. If you marry before age 60, you'll lose your widow's benefits; instead you'll be eligible for only \$187/month based on your new spouse's earnings - and not until you are 62.
6. (b). At 60 you'd get survivor benefits of \$572 (71.5 percent of \$800), but take the time to figure out and compare your own retirement benefits. At 62 you would be eligible for retirement benefits of only \$560/month (80 percent of \$700); at 63 you would get \$606/month (86.7 percent of \$700), so you could switch from survivor benefits to your own benefits then and get an \$34 extra per month. You can actually switch benefits at anytime, not just on your birthday. But don't expect Uncle Sam to let you know the best time; compare benefits with the help of your local Social Security office, then tell the government when you want to switch.
7. (a). Many widows and widowers are eligible for a one-time death benefit of \$255. If you were entitled to SS spousal benefits when your husband died, the government should send the check automatically after notification of his death; in other situations you must apply within two years.
8. (c). If you were a dependent parent of a child who died, you may be entitled to survivor benefits of 82.5 percent of the child's age-65 retirement benefit. You are entitled to benefits if you (a) are at least 62 when you apply (although you may have been younger when the child died); (b) received at least half your support from the child; (c) can provide proof of support (cancelled checks, tax returns, etc.) to the Social Security administration within two years of the death; and (d) have not married since the child died.
9. (c). Many people who retire because their health is bad don't consider themselves disabled because their problems did not occur suddenly but worsened gradually, over time. If you qualify for disability benefits, you will not only get 100 percent of your full Social Security benefits, you will also be eligible for Medicare coverage after two years.
10. (c). It often makes sense to keep working part-time because it can help maintain your Social Security disability coverage. To qualify for Social Security disability at your age you must have earned the same number of work credits needed for retirement and acquired 20 of those credits in the ten years preceding the disability. (You can earn a maximum of four credits per year). If you retired at 55, then suffered a disabling illness at 61, you wouldn't qualify for disability benefits unless you'd taken that part-time job.