MONEY ON THE TABLE – Episode Two

This is the second in a series of real life Social Security stories about people who have left, or were about to leave, ***Money on the Table*.**

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I was in Orlando during late January where I presented a seminar to the Small Business Council of America. My business was finished by noon on Sunday, and I decided to contact an old college friend (Tim) who lives in St. Petersburg. I didn't feel like driving all the way over there, but I thought he might be able to meet me half-way.

It turned out that Tim couldn't get away that afternoon, but he asked me what I was up to and the conversation turned to my favorite subject: *The Further Adventures of the Social Security Maven!*

Pretty quickly Tim admitted: "I really should learn a bit more about Social Security." Not wanting to mix business with friendship – a principle I have since gotten past – I told him I might be able to give him a few tips if he wanted me to do that. He was all for it, and so I began to ask him some questions. Here's what I learned:

Tim was just about to turn 68 in February; his wife, who is roughly the same age, had retired from teaching school and had begun receiving her Social Security benefits at age 62. As near as we could determine in our phone conversation, her PIA is about $1,400; Tim's PIA is about $2,400. Tim said he had heard that he should probably wait until age 70 to draw his benefits, and that's what he was in the process of doing.

As the higher wage earner of the couple, Tim was doing the right thing by waiting until 70. First of all, he's still working and bringing in a good income, so he and his wife don't "need" his Social Security benefits right now. By delaying from age 66 to age 70, **Tim's monthly benefits will increase from the $2,400 he would have received at age 66 to about $3,168** when he files at 70. Not only will the couple's monthly income be **$768 higher** beginning at age 70 than it would have been, but if Tim predeceases his wife, her survivor benefits will be also be $768 higher.

Now for the tough part: I had to tell Tim that he had already left thousands of dollars on the table – but there was a way to put a stop to that so that they could receive more Social Security benefits ***right now*** while he was waiting to reach age 70. This is what I told him to do:

"Tim, I want you to go down to your local SSA office ***this week*** – since it's the last week of the month – with a copy of your marriage certificate and tell the representative with whom you speak that you want to file **a restricted application for spousal benefits only**. Emphasize that you do not wish to file for your own benefits, as you want to continue earning **Delayed Retirement Credits** until age 70. Finally, tell the representative that you want you want the maximum **retroactivity** allowed on your filing – which should be six months." I made Tim write down my instructions almost verbatim to minimize the chances for misunderstanding, and by the end of the week he had taken the necessary steps to stop the bleeding.

Here's what was at stake:

- Had Tim known about the option, he could have filed for spousal benefits only as soon as he reached age 66. In his case, that would have meant an extra **$700 per month** for the two years that had passed since he reached Full Retirement Age, or **$16,800**.
- By filing now, Tim would get **$700 per month for the next two years ($16,800)**, money that he would have left on the table had we not spoken about his Social Security situation.
- By requesting that his filing be treated as retroactive for six months, Tim was able to recover **$4,200** of the $16,800 that he failed to collect between 66 and 68.
- Bottom line: **$12,600** was irretrievably lost, but we were able to "find" **$21,000** that Tim never knew existed, but would have been lost but for a chance conversation with an old friend.

The moral of the story: the time to begin seeking Social Security advice is **before** you or your spouse reach the age of eligibility for benefits. Delaying too long may narrow your range of options, and as a result you too may end up leaving ***Money on the Table***.