**What Savvy Investors Know About Social Security**

*Explore some of the ways that in-the-know retirees make the most of their benefits.*

In any financially independent retirement, Social Security is bound to be a dominant factor. Not many reliable sources of income bring as much to the table in terms of cash flow and cost-of-living increases just about every year. A source of income that will hold relatively steady in just about any market environment? Yes, please. Its resilience is just one of many reasons you’ll want to be as clever as possible about your Social Security benefits strategy.

Here are a few ways those in the know help maximize their benefits.

**It’s not just about you**

Your Social Security decisions should be made in tandem with your spouse, not as two independent decisions. Strategizing with each other and your advisor is the key to maximizing your overall household benefits. Remember that Social Security offers spousal and survivor benefits as well as cost-of-living increases, so making the most of this important pillar of retirement income may serve you both well in the long run.

**The ex factor**

Many divorced people erroneously think that filing on their ex’s record somehow takes benefits away from their former spouse or even alerts them to the claim. That’s not the case.

If you were married for at least 10 years and haven’t remarried, Social Security allows you to claim spousal benefits for yourself, and your ex would be none the wiser. For example, women who stayed out of the workforce to serve as family caregivers may find that their spousal benefits would actually be larger than claiming on their own record. Basically, they could be entitled to an increased benefit without detracting in any way from their ex’s benefits – certainly something to consider.

Why leave money on the table? Your advisor can model the possible benefit scenarios to see which claiming strategies help you come out further ahead. There are even some scenarios where you can collect on your ex’s record first, while deferring your own.

**Remarriage implications**

Remember the rules above? Getting remarried will cut off those spousal benefits from your ex’s record. This may be fine if your new spouse made a higher lifetime income, but it’s worth thinking through either way.

**The fashionably late arrival**

For many of us, waiting until full retirement age can significantly increase lifetime benefits. People who claim at age 70 vs. age 62 receive 76% more in benefits – that’s quite a pay raise as a tradeoff for a little patience.

Of course, if you have a family history of illness, shortened life expectancy or an immediate need for extra cash flow, this may not make the most sense for you. But if you have a solid nest egg, it could pay to delay. Consider too that permanently reduced benefits not only affect your finances over what could be a 30-year retirement, but your spouse’s, too.

**The bird’s eye view**

Smart investors, in general, look at their financial plan holistically, not in isolation or compartments. That goes for any decisions around Social Security. Benefits are best viewed in light of the role they’ll play within your overall portfolio, in conjunction with other retirement income and in order to make progress toward your short-, mid- and long-term goals.

**How working works**

Working while withdrawing before full retirement age comes with some funky math. The Social Security Administration (SSA) temporarily withholds $1 in benefits for every $2 you earn above the current $18,960 limit. In the year you reach full retirement age, SSA will deduct $1 from your benefits for every $3 you earn above an established threshold, currently $50,520 for 2021. Once you reach full retirement age, your earnings no longer reduce your benefits, no matter how much you make, and the agency recalculates your benefits to give you credit for the months it withheld payment due to those excess earnings.

**The value of keeping tabs**

Even if you’re decades away from retirement, create a secure login to access your personal Social Security account at ssa.gov. Doing so can help stave off identity theft and catch any mistakes in your earnings history.

Sources: ThinkAdvisor; Raymond James research; Financial Planning Association; ssa.gov; usnews.com; Gallup data; U.S. Government Accountability Office; fool.com