

Social Security Highlights



Divorce and Remarriage



William F. Rainaldi, CFP®
Regional Vice President
607-760-3315 • wrainald@smlny.co

Here's a Tricky Question

What happens to Social Security after divorce occurs? Here's a quick summary:

First, a divorced spouse who was married for at least ten years is entitled to the same Social Security spousal benefit as a married spouse. That is, he or she may receive up to 50 percent of the other spouse's Primary Insurance Amount (PIA) as a spousal benefit.

In addition, if the divorce has been finalized for at least two years, a divorced spouse will have certain advantages over a spouse who is currently married.

For example, two years after the divorce, two divorced spouses (for example, Taylor and Sandy) may each collect a spousal benefit on the other at that same time. (This assumes the "Spousal Only" strategy is still available.)



But What if Someone Decides to Get Remarried?

Let's say Taylor worked full time and gets a Social Security benefit of \$2,000. Sandy never worked outside the home and is eligible for a spousal benefit of \$1,000.

Getting remarried would have no impact on Taylor, although Taylor's new spouse may also become eligible for a spousal benefit. But things are more complicated for Sandy. There's good news and bad news.

If Sandy remarries, the bad news for Sandy is that the spousal benefit payable from Taylor's work record would no longer be available. But a spousal benefit may now become available based upon Sandy's *new* spouse's work record. They would have to be married for at least one year before the benefit is available.

The Power of Survivor Benefits

The good news involves **survivor** benefits. To keep it simple, if Sandy remarries **after age 60**, Sandy may still be eligible for a *survivor* benefit on Sandy's deceased spouse.

This can be incredibly powerful. Assume Sandy gets remarried at age 60. Then a year later, Taylor dies. Now what? Sandy has the option to collect a survivor benefit based upon Taylor's record (this can be done as early as age 60), then switch to a personal or spousal benefit later, which would be based on the current spouse's benefit rather than the benefit of the ex-spouse.

Or, Sandy can do the opposite: collect the personal or spousal benefit at age 62 (on the current spouse), then switch to the survivor benefit (on the deceased ex-spouse) at Full Retirement Age. This second option can be preferable when the deceased spouse had the largest of the three personal benefits. If that is the case, Sandy may want to make sure to eventually collect the full amount without any reduction for collecting early.

Note that just like for a surviving spouse who was still married at the time of death, the actual amount of the survivor benefit can be difficult to figure out. But the general rule is that if the other spouse dies after Full Retirement Age (assume age 66), the

survivor's benefit will be the deceased worker's retirement benefit. This amount would include Deferred Retirement Credits. So if the deceased spouse waited to collect until age 70, that higher benefit would now become payable to the surviving spouse.

And note that it doesn't matter whether the deceased spouse had remarried or not. In fact, the deceased spouse could spawn two (or even three) survivor benefits.

This is a potential advantage for a surviving spouse that is not available if the ex-spouse is still living. When the other spouse is still alive, you can't collect a spousal benefit early and then switch later to personal benefit. You have to wait until Full

Retirement Age. But this rule doesn't apply when you're talking about survivor benefits.

Perhaps surprisingly, not all divorce attorneys are up to speed on these rules. For those who are, it often becomes part of the divorce negotiations.

For example, one of the attorneys may wish to delay finalizing the divorce settlement until after the ten-year period has been reached. From the perspective of Taylor, the first spouse, it shouldn't make any difference. The fact that your ex-spouse may be collecting a Social Security benefit off of your record has absolutely no impact on what you will receive.



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