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“To maximize the survivor benefits, the spouse with the higher Social Security earnings should consider waiting until age 70 to collect...Meanwhile filing and suspending could allow the other spouse to start receiving benefits while allowing their benefits to grow with deferred credits.”

McCarthy Asset Management, Inc. is an independent, fee-only investment advisory firm that has been helping people invest wisely for over fifteen years. Our mission is to help you better understand and improve your financial situation. We specialize in Retirement Planning, Portfolio



A SOCIAL SECURITY STRATEGY FOR COUPLES: “FILE AND SUSPEND” BY LAUREE MURPHY

(Originally Published in July 2015 Monthly Commentary)

In the January 2015 Monthly Commentary, we discussed reasons to delay taking Social Security until age 70 to maximize your lifetime benefits. This article addresses a strategy available to couples called “file and suspend”.



Maximize Survivor Benefits:

For couples, an important aspect of Social Security planning is to maximize the survivor benefits. The spouse with the higher Social Security earnings should consider waiting until age 70 to collect. Regardless of who dies first, the higher benefit will be left to the survivor.

Spousal Benefits:

Married people can claim spousal benefits based on their partner’s earnings record. This benefit allows a married person with little or no earnings history to receive a Social Security benefit. If the spouse applies at **full retirement age (FRA)**, they get 50% of their partner’s primary insurance amount. If they apply before full retirement age, they will get a permanently discounted benefit. In order for one to receive a spousal benefit, their partner must apply for Social Security benefits to trigger the spousal pay out. But what if your partner doesn’t want to apply because they want to take advantage of deferred credits?

File and Suspend:

File and suspend involves one person filing for Social Security and then suspending their benefit. Why would you want to do this? Filing and suspending allows your spouse to begin receiving spousal benefits based on your Social Security record without you taking your benefit. This way one person can start receiving a spousal benefit, while the other lets their benefit continue to grow with deferred credits. Deferred credits add 8% a year to the benefit from full retirement age until age 70.

Our Services

Investment Management Services:

- MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.

Financial Planning Services:

- The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.
- "Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.

Tax Services: Clients have the option of utilizing the income tax services provided through the firm Stephen P. McCarthy, CPA. These services are offered at an hourly rate and may include:

- Tax Return Preparation
- Income Tax Projections
- Tax Minimization Ideas
- Tax Authority Representation

Other Services: MAM has retained several outside experts, whose services are available at no cost to our clients:

- Long Term Care Planning— Allen Hamm of Superior LTC Planning Services, Inc.

When both husband and wife have careers, they can let their benefits grow. One spouse "files and suspends" while the other "restricts their application" to a spousal benefit. That means they request that Social Security pay them only the spousal benefit and not their own benefit. When they reach age 70, they switch to the benefit that is based on their own working record. *While collecting the spousal benefit prior to age 70, the benefit based on their own earnings grows 8% per year.*

Limitations:

- You cannot file and suspend before full retirement age.
- Both of you can't file and suspend to get a spousal benefit. Only one person can take the spousal benefit.
- If you take a spousal benefit before FRA, your benefit is permanently reduced and you lose the option to get deferred credits between FRA and 70.