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Newsletter for July 2015

Clients have sent me an article from a CPA suggesting that a person should “file and suspend” their Social Security. His reasoning was that in the event of illness you can claim benefits retroactive to age 62.

There are several problems with his position:

1. You must not be working
2. You must take one month’s benefit and then suspend the benefit
3. The benefit will be recalculated at Full Retirement Age (FRA); if the wage earner dies before FRA, the surviving spouse benefit will be paid at the age 62 rate regardless of their age

I don’t believe that is the correct way to file and suspend benefits. Most people file and suspend at FRA. Then, they wait until age 70 to get benefits. This version of file and suspend does 2 things:

1. If you have an illness before age 70, you can claim the benefit retroactive to FRA
2. A working spouse at FRA can claim one half of the wage earner’s FRA amount and let their own benefit accrue until age 70
 - A. Both spouses can file and suspend, however only one can claim the spouse benefit
 - B. A non working (a spouse not eligible to collect benefits on their own) can file anytime after they reach 62, but the benefit will be reduced for taking the benefit early

Call me if you have been to one of my seminars. I can steer you in the right direction.

Happy 4th of July