

Everything you want to know about Social Security eligibility and benefits

The choice of when to take Social Security benefits is an important decision and involves a number of issues you may want to consider in retirement planning. It's important to start the process early and be well informed so you can make any necessary adjustments while you still have time before you retire. The more you know now, the better off you could be in retirement.

Social Security Q&A

What's Social Security and what do you have to do to be eligible?

Social Security is a federal income security program that was established in 1935 as a pay-as-you-go program in which the payroll taxes paid by current workers are used to fund the benefits of current Social Security recipients.

Although established originally as a program providing economic security to certain retirees, today's Social Security has expanded to provide a certain level of retirement income to almost all workers, certain family members, and survivors, as well as disability benefits. In order to be eligible for Social Security benefits, you must have worked and paid into Social Security for at least 10 years and earned 40 credits at 4 credits per year.

Other important things to know about Social Security benefits:

- To reflect wage growth, your earnings are restated in terms of today's wages.
- Your highest 35 years of earnings are averaged and divided by 12 to arrive at an average indexed monthly earnings.
- The benefit formula is applied to produce a primary insurance amount, which is the benefit payable to you at full retirement age.

What's the full retirement age?

The full retirement age is the point in your life that you'll receive your full Social Security benefit amount.

- Your benefit amount will be reduced if you retire before reaching full retirement age.
- If your birth year is 1953 or earlier, you're already eligible for the full Social Security benefit.
- If you were born in 1960 or later, the full retirement age is 67.

Full retirement age

Year of birth	Full retirement age
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Source: Social Security Administration, as of 11/25/19.

What are the major factors to consider when deciding when to file for Social Security benefits?

The major questions to ask yourself when deciding when to file for Social Security include:

- Do you need the income immediately?
- How's your health?
- What's your expected longevity?
- Are you currently married?
- What's the age difference between you and your spouse?
The greater the age difference, the longer the benefit payment and the bigger the impact when making an early election.

When is the best time for you to take benefits?

Delaying benefits can increase the amount you receive on a monthly basis and over your lifetime. In 2020, you'd receive 75% of your benefits if taken at age 62 (for those born in 1958), with a maximum monthly benefit received of \$2,198. If the benefit was taken at full retirement age (66 to 67 years old), you'd receive 100% of your benefits, with a maximum monthly benefit received of \$3,011, or \$36,132, annually (assumes an age of 62 in 2020, which would mean a January 1, 1958, birthday). However, if you delayed receiving benefits until the age of 70, then you would receive 126.7% of your benefits, which would be \$3,815 per month.¹

What about survivor benefits?

Family members who can collect benefits (comparable to the individual benefit rate) include a widow or widower who is:

- 60 or older
- 50 or older, if disabled
- Any age, if he or she is caring for a child who's younger than 16 or is disabled and entitled to benefits on the record of the deceased

Additionally, parents of the deceased can receive benefits on the earnings of the deceased if they were dependent on the deceased for at least half of their support.

Children can receive benefits if they're:

- Unmarried
- Younger than 18 years old
- Between 18 years and 19 years and two months old, but in elementary or secondary school as full-time students
- Age 18 or older and severely disabled, with the disability originating before age 22

What's the best way to maximize spousal benefits?

A spouse can take his or her own benefit or a portion of a spouse's benefit, whichever is greater, and receive 50% of a spouse's benefit at full retirement age, or 32.5% to 50% of a spouse's benefit at various intervals before full retirement age.

	Spousal benefit	Survivor benefit
Payment period	While primary worker is still alive and applied for Social Security	After worker passes away
Maximum benefit	<ul style="list-style-type: none"> > Spouse of primary worker must be at FRA when first claiming > Maximum benefit is 50% of worker's benefit at FRA > Spousal benefits don't increase after FRA 	<ul style="list-style-type: none"> > Surviving spouse must be at FRA > Maximum is 100% of worker's benefit after death
Partial benefit	<ul style="list-style-type: none"> > Spouse of primary worker must be at least 62 to receive a partial benefit > Receives 32.5%–49.9% of worker's full benefit at FRA > Reduction in benefit is permanent 	<ul style="list-style-type: none"> > Surviving spouse is between 60 and at FRA > Receives 71%–99% of primary worker's benefit

Source: ssa.gov, as of 11/25/19. FRA = full retirement age.

¹ https://www.ssa.gov/OACT/quickcalc/early_late.html, 2019.

Are benefits available for divorcees?

There are benefits available for divorcees (at the spousal benefit rate) under the following circumstances:

- The marriage lasted at least 10 years.
- The person is currently unmarried.
- The couple has been divorced at least 2 years.
- The person must be at least 62 years old to receive the spousal benefit or 60 years old to receive the survivor benefit.
- The ex-spouse must be at least 62 years old and have worked 40 quarters to receive the spousal benefit.
- If the ex-spouse is remarried and the other person doesn't remarry, then the ex-spouse remains entitled to spousal or survivor benefits.

What are the new rules on file and suspend?

The strategy commonly known as file and suspend allowed other family members to claim a benefit based on your earnings record while at the same time allowing your own benefit to continue to compound and grow. However, after May 1, 2016, instead of family members being allowed to receive a benefit based on your earnings record after you've merely filed, the law makes it necessary for you to actually be receiving benefits for them to do so.

What are the new rules on restricted applications?

The strategy referred to as restricted application allowed you to receive at least some Social Security benefits while still allowing your own retirement benefit to earn delayed credits until as late as age 70. At that time, you could switch over to your own higher benefit; however, the restricted application option was eliminated as of December 31, 2015. If you were age 62 or older by the end of 2015, you can still use the restricted application strategy. If you were younger than 62 at the end of 2015, you'll no longer be able to collect spousal benefits at full retirement age or later while letting your own benefit grow. Spouses who are already collecting benefits on their partners' earnings record can continue to do so and switch to their own larger retirement benefit at a later date—up to age 70.

What's new for 2020?

The cost-of-living adjustment (COLA) for 2020 is 1.6%. The average retired worker (with a pre-COLA monthly benefit of \$1,479) will receive an increase of about \$24 per month.

For people who turn 62 in 2020, full retirement age is now 66 years and 8 months. It was 65 for many years, and is scheduled to keep rising to age 67 for Americans born in 1960 or later. Retirees can still take reduced payments at age 62, or wait as late as age 70 to begin taking Social Security payments. Waiting longer increases payouts.

Working retirees who are younger than full retirement age and have earned income up to \$18,240 can keep their full Social Security benefit; that's up from \$17,640 in 2019. Above the \$18,240 limit, \$1 in benefits will be withheld for every \$2 in earnings. After reaching your full retirement age, there's no limit on earnings.

Finally, for a worker claiming benefits at full retirement age, the maximum retirement benefit he or she can receive increased to \$3,011 per month in 2020, up from \$2,861 in 2019.

2020 changes and updates

Topic	2019	2020
Cost-of-living adjustment	2.8%	1.6%
Taxable income limit	\$132,900	\$137,700
Increased earnings limit penalty before FRA	\$17,640 before FRA \$46,920 year of FRA	\$18,240 before FRA \$48,600 year of FRA

As of 2018, Social Security will only send paper statements to clients age 60 or older who are not receiving benefits and who do not have an online account. FRA = full retirement age.

Is Social Security in financial trouble?

The Social Security system will be facing numerous roadblocks in the coming years.

- The system paid out more in benefits than it collected in revenues in 2010.
- Trust fund reserves will grow until 2020.²
- Trust funds will be depleted by 2035.²

² <https://www.ssa.gov/oact/trsum>, 2019.

- The average life expectancy for 65-year-olds is now 84 for men and 87 for women.
- Social Security benefits cover retired workers as well as spousal, survivor, and disability benefits.
- Annual revenues from payroll tax would cover only 75% of benefits through 2093.

Are Social Security benefits taxable?

Social Security is taxable if your combined income passes certain thresholds. Combined income includes adjusted gross income, nontaxable interest, and half of Social Security benefits.

Taxable portion of Social Security

Combined filing amount (for joint/single filers)	Taxable
Less than \$32,000/\$25,000	0%
Between \$32,000 and \$44,000/\$25,000 and \$34,000	Up to 50%
More than \$44,000/\$34,000	Up to 85%

Source: Social Security Administration, as of 11/25/19.

What's the status of Social Security for same-sex couples?

On June 26, 2015, the U.S. Supreme Court issued a decision in *Obergefell v. Hodges*, which held that same-sex couples have a constitutional right to marry in all states. As a result, more same-sex couples will be recognized as married for purposes of determining entitlement to Social Security benefits or eligibility for Supplemental Security Income payments. The Social Security Administration (SSA) encourages people to apply now for benefits, even if they're not sure they're eligible. The SSA recognizes same-sex marriages in all states and some nonmarital legal relationships (such as civil unions and domestic partnerships) for purposes of determining entitlement to Social Security benefits. If you have questions about eligibility of a same-sex marriage or nonmarital legal relationship, call the SSA at 800-772-1213 (800-325-0778 for those who are deaf or hard of hearing).

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