

## Social Security: The Jargon

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In all the banter about strategies for maximizing your social security benefits the implications can get lost in the jargon. While the social security web site is surprisingly user friendly, as with many subjects, social security has its own particular vocabulary and learning the dialect is half of the battle. Here is a brief glossary of terms being used and why they are important.

- **Full retirement age (FRA) or normal retirement age (NRA):** This is the age at which you will receive 100% of the benefits due to you. To find your FRA follow this link. (<http://ssa.gov/pubs/ageincrease.htm>)  
**Why it's important:** If you file and take your benefits early (before your FRA) they will be permanently reduced up to 25%. If you wait to take your benefits until after your FRA they will be permanently increased for each month after your FRA up to age 70 that you wait to begin receiving them.
- **Primary Insurance Amount (PIA):** This is the benefit a person receives if they elect to begin receiving social security at their full retirement age. At this age, the benefit is neither reduced for beginning early or increased for delaying receiving benefits.  
**Why it's important:** This amount is a baseline for the benefits you will receive as well as for any spousal benefits (see below) available.
- **Average indexed monthly earnings (AIME):** Your benefit amount is based on your average monthly earnings for the 35 years of highest earnings over your working life.  
**Why it's important:** While you only need 40 quarters or 10 years of work/social security payments to qualify for benefits, your benefit amount is based on 35 years of working. Any years in which there were no earnings, if you worked less than 35 years, the incomes for those years are entered at zero. The years entered at zero bring your average down and lower the amount of monthly benefits for which you qualify. You may, however, receive increased benefits for any years worked after you begin collecting social security benefits if your earnings are more than any of the years included in the original 35 years used to calculate your benefit.
- **Delayed retirement credits:** As mentioned above, for every month past FRA that you delay receiving social security benefits your benefits are increased by a certain percentage (approximately 2/3% per month delayed) up to age 70.  
**Why it's important:** Each month that you delay taking your benefits after FRA your benefits will be increased for the rest of your lifetime. Any survivor benefits being paid to a spouse will also be increased over the rest of their lifetime. Once you reach age 70 there is no reason to delay any longer as there are no more credits available. If you or your spouse live past the age of 80, delaying generally results in a greater total benefits over your lifetime than beginning to receive your benefits either early or at FRA.
- **Spousal benefits:** Either spouse can claim a benefit at their FRA of 50% of their spouse's PIA as long as their spouse has filed for their benefits.  
**Why it's important:** This is most important for a lower earning or non-working spouse but can be of use in other situations as well (see File & Suspend below). If the spousal benefits are claimed before full retirement age there will be a permanent reduction in the monthly benefit. There are, however, no delayed retirement credits available for spousal benefits. It is based only on the PIA, the baseline amount. While either spouse can claim a benefit, the rules make it impossible for both spouses to claim spousal benefits at the same time.

- **Survivor's benefits:** Upon the death of a spouse, the surviving spouse is entitled to social security benefits based on their deceased spouse's earnings as long as you have been married at least 9 months. Additional benefits are available if you are caring for a child or children under the age of 16.

**Why it's important:** If your spouse should die before you and they are the higher earner, you can receive benefits based on their earnings. You can begin receiving survivor benefits as early as age 60 (age 50 if you are disabled or at any age if you are caring for the deceased worker's child or children) but as with regular benefits, if you begin receiving them before your FRA it will be at a reduced rate. If you can delay receiving the survivor benefits until after your FRA you will receive the delayed retirement credits for each month you delay. Survivor benefits are also available for the children of the deceased, generally at 75% of the PIA until the child reaches the age of 18. Under some circumstances dependent parents of the deceased worker, stepchildren, grandchildren and step-grandchildren may also be covered. There is also a small lump sum benefit sometimes available that must be applied for within two years of the date of death.
- **Maximum family amount:** With regular benefits and survivor benefits there is a maximum monthly amount that a family can receive. It is based on the PIA and is usually 150% to 180% of that amount.

**Why it's important:** This usually becomes applicable in a situation where the deceased spouse leaves behind a spouse and several young children. While each of the children under the age of 18 would be entitled to benefits, if the sum of the benefits is greater than the allowed family maximum the benefits will be reduced. This can also come into play with a person of FRA who still has young children. In this case, when the worker files for his or her benefits any children under 18 are also eligible for benefits.
- **File and suspend:** Here is where things begin to get a bit more complicated. It is possible to file for your benefits at your FRA but then suspend, not actually receiving any benefits until your age 70 in order to receive the delayed retirement credits for waiting.

**Why it's important:** Why would you want to do this? Because if your spouse is also at FRA you must file for benefits before they can file for and receive their spousal benefits. Your spouse can begin receiving their monthly spousal benefits at their FRA, holding off on filing for their benefits until later in order to receive the delayed retirement credits for waiting. There are no delayed retirement credits for the spousal benefits and so no reason to wait to take them once you have reached FRA.
- **Do over:** For a 'do over' you begin taking your benefits at whatever age you decide before age 70 but later, (but within a twelve month period), return all of the money and wait to reset your benefits to an increased amount.

**Why it's important:** It gives you an out in case you file and then change your mind and decide to work a little longer or decide to wait for the increased percentage.

While the social security web site ([www.ssa.gov](http://www.ssa.gov)) offers much information about benefits and the ins and outs of filing for benefits, questions about your specific situation will need to be addressed directly to the social security administration. This is generally most effectively done by phoning and making an appointment to go into your local office.