



4 Social Security Mistakes to Avoid

Social Security is an important benefit, especially for women. According to the *19th Annual Transamerica Retirement Survey of American Workers*, three in 10 women expect Social Security to be their primary source of retirement income. It is never too early to start understanding Social Security benefits for both you and your loved ones. The more you learn now, the less likely you are to make costly mistakes in the future. Here are some common mistakes you can learn to avoid:

Mistake #1 – Not knowing how your benefit payment is calculated

- The minimum number of credits you'll need in order to qualify for retired worker benefits from Social Security is 40. As a worker, you can earn up to 4 credits per year. If you work at least part-time for a 10-year period you should qualify for some benefits when you retire.
- Social Security benefits are based on the highest 35 years of your earnings. Social Security does not give credits toward your work record for time spent out of the workforce; only paid working years are credited. A \$0 will be added to each year you are out of the workforce and not paying into Social Security. Try to avoid too many (if any) zeroes in your average as it can lower your monthly benefit amount.
- The easiest way to get an estimate of your benefit is to sign up for an online Social Security account at ssa.gov/myaccount. You can also calculate your benefit using the Social Security Administration (SSA)'s Retirement Planner, available at ssa.gov/prepare/plan-retirement.
- Also important to note: Social Security benefits are *not* sent automatically. You must apply for your benefit. The easiest way to apply is online at ssa.gov.

Mistake #2 – Failing to understand Social Security spousal benefits

- As a spouse, you can claim a Social Security benefit based on your own earnings record, or collect a spousal benefit in the amount up to 50% of your spouse's

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Social Security benefit, *but not both*. You are automatically entitled to receive whichever amount is higher.

- In order to qualify for Social Security spousal benefits, you must be at least 62 years old and your spouse must also be collecting his/her own benefits.
- If your ex-spouse is eligible for Social Security benefits, you can receive spousal benefits even if he or she has remarried and the current spouse is collecting benefits on that record as well. However, you must have been married at least 10 years and be currently unmarried. If you remarry, you generally cannot collect benefits on your former spouse's record unless your later marriage ends (whether by death, divorce or annulment).
- If your spouse passes away, you can collect survivor's benefits as early as age 60. You are eligible to receive benefits based on their full Social Security benefit amount (but note that amount will be reduced if you claim the benefits before your own full retirement age.) Also, you cannot receive a survivor's benefit if you remarry before age 60.

Mistake #3 – Filing for Social Security benefits too early

- **If you start your benefits early, your benefits are reduced permanently.** Your benefit is reduced about one-half of one percent for each month you start your Social Security before your full retirement age. For example, if your full retirement age is 67 and you sign up for Social Security when you are 62, you would only get 70% percent of your full benefit.
- **You can increase the amount you receive by up to 8% each year if you delay taking benefits beyond your full retirement age.** The increase applies from full retirement age to age 70. Once you reach age 70, no additional delayed credits will be applied, so you should definitely apply for your benefit by then.
- There are reasons you may need to start your benefit early, but try to hold out on applying for them as long as possible.

Mistake #4 – Missing Medicare registration at age 65

- Medicare is the federal health insurance program for people age 65 and older. Generally, individuals are automatically eligible for Medicare if they are 65 years

old and have 40 quarters of work credit in Social Security covered employment, or their spouse is eligible for Medicare.

- The open period to apply for Medicare is 3 months prior to your 65th birthday, the month of your 65th birthday and 3 months after your 65th birthday. For example if your birthday is on June 1, you will have from March 1-September 1 to apply. Social Security recommends applying 3 months before you turn 65.
- If you are approaching age 65 and not receiving Social Security benefits, *you must contact Social Security to apply for Medicare benefits*. You will not get Medicare information sent to you automatically. You can be penalized for signing up late so you should apply several months before you turn 65, even if you are not ready to retire. You can apply online at ssa.gov/medicare or call 1-800-772-1213.
- If you are age 65, still working and covered by your employer insurance policy, you should still sign up for Medicare Part A (Hospital Insurance). Additionally, you will need to check with SSA to find out if your current employer insurance is primary or secondary to Medicare.
- If you are not 65 yet, but are already receiving Social Security retirement or disability benefits, you will be automatically enrolled in Medicare Part A and will have the opportunity to enroll in Part B in the month you turn 65 (or after 24 months of receiving disability benefits). You will receive a Medicare Initial Enrollment Period package three months before your 65th birthday.

Social Security Statement

One of the best retirement planning tools is the Social Security statement, available to workers age 18 and over at ssa.gov/myaccount. To get your online statement, you must provide information about yourself that matches information already on file with SSA. Once your identity is verified, you can establish a “My Social Security” account with a unique number and password which allows you to access your online statement. The portal also links to information about SSA’s other online services.

WISER recommends that you carefully and thoroughly review SSA’s information about your future benefits. Make sure that your earnings information is correct since your future benefits will be based on these earnings *as they are recorded with the SSA*. If any earnings shown in past years are incorrect, contact SSA at 1-880-772-1213. Have your W-2 or tax return for those years available.