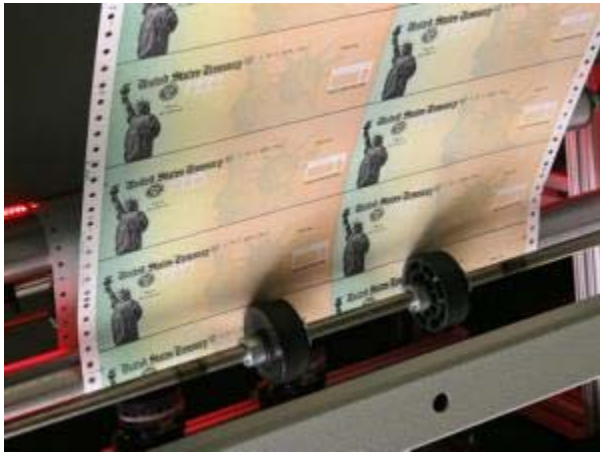


Are you about to lose \$50,000 in future Social Security benefits?

The U.S. budget deal would kill the "file and suspend" strategy for married couples
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By **Ben Steverman** October 28, 2015 3:09 PM



Social Security checks are printed at the U.S. Treasury Philadelphia Finance Center in Philadelphia, ...

The U.S. budget deal comes with a Social Security surprise—a provision that could take a \$50,000 bite out of some Americans' lifetime benefits.

The deal President Barack Obama and congressional leaders have reached would end a strategy, called file and suspend, that retirees are using to get more money out of the Social Security system.

Here's what will happen if the provision, as currently written, becomes law and how it could affect you.

What is file and suspend?

The rules for claiming Social Security are enormously complicated, and a law passed in 2000 made them even more complicated by creating the opportunity to file and suspend.

Generally, the longer you wait to start receiving your checks, the higher your monthly benefit will be. File early and you lock in a lower benefit. Wait until 70 and you [lock in your maximum benefit](#). The monthly check for a single person who files at age 70 can be 76 percent higher than if she had filed early at 62.

Under file and suspend, married workers can file for Social Security and immediately suspend their benefits. Their benefit checks won't start arriving in the mail, and the value of their eventual benefits will keep rising as if they hadn't filed. In the meantime, their husbands or wives can apply for a portion of the spousal benefit they are entitled to once their spouse has filed.

Why is it controversial?

Arguably, couples who file and suspend are double-dipping. They're getting the extra benefits that come from waiting until age 70 to file, while also accessing benefits early. Boston University Professor Laurence Kotlikoff [estimates](#) that file and suspend can boost lifetime Social Security benefits for many couples by \$50,000.

The budget legislation calls file and suspend an "unintended loophole," and there is evidence that Congress never meant to create the strategy. The 2000 law that allowed it was the Senior Citizens' Freedom to Work Act, aimed at encouraging older Americans to work if they wanted to. The Obama administration proposed closing the loophole last year, saying it was an "aggressive" claiming strategy that mostly benefits wealthier retirees.

What does the budget deal do to file and suspend?

If passed in its present form, the bill would end file and suspend for future retirees. It would make it impossible for people to access their spousal benefits while their spouses are still waiting to access theirs. It also affects children of Social Security beneficiaries, who have their own version of file and suspend. Social Security sends a monthly check to children of beneficiaries when the children either are under 18 or are adults who were disabled when they were young. These children wouldn't get their checks until their parents start getting theirs.

When would the change go into effect?

An original version of the budget deal ended file and suspend in six months for everyone using the strategy. That would have abruptly cut off checks to thousands of retirees, or many more. Today the deal was amended so it affects only retirees who file for benefits in the future, and the change wouldn't go into effect for six months. That means older workers who want to use the strategy could still do so until early next year.

Why are strategies for claiming Social Security benefits so complicated in the first place?

Good question. Most people don't know how to take full advantage of Social Security. Boston University's Kotlikoff wrote a 336-page book on the topic, *Get What's Yours: The Secrets to Maxing Out Your Social Security*, which has become an [unexpected bestseller](#). Advocates for retirees wish it were simpler.

"The notion that you ought to have a financial adviser to benefit from all the provisions in the Social Security program is offensive to us," said Web Phillips, the senior legislative representative of the National Committee to Preserve Social Security & Medicare. He said the Social Security Agency Administration should be doing more to help retirees find legal ways to maximize their benefits.