

Divorce and Social Security: What You Need to Know

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Perhaps surprising to most people, California boasts among the lowest divorce rates in the nation, ranking seventh behind Illinois, New York, Minnesota, Alaska, New Jersey and Vermont.

Of course, that doesn't mean Californians are immune from marital discord, discontent, or total breakdown. In fact, the most recent data from the U.S. Census Bureau's American Community Survey shows that [divorce rates are trending upward](#). Also eyebrow-raising? Nowhere is that truer than among those couples who are 50 years old and older. It's so common now among that demographic that there's even a term for it – “gray divorce,” which according to [The Journals of Gerontology: Series B](#), accounts for 36 percent of all divorces in the United States.

If you or someone you know is age 50 or over, with a divorce on the horizon, or in progress, or that recently occurred, here's what we want you to know about divorce and Social Security.



Divorce and Social Security

If you are divorced, it might benefit you financially to collect Social Security retirement or disability benefits based on your ex's earnings instead of your own. For you to qualify, all of the following six conditions must be met:

- You're 62 years or older.
- You were married to your ex-spouse for at least 10 years.
- You have been divorced from this ex-spouse for at least two years. (*This condition applies only if you are claiming benefits before your ex-spouse has claimed benefits.*)
- You aren't currently married. (If you marry someone else, you cannot claim benefits based on your ex-spouse's work record unless the new marriage ends in divorce, death, or annulment.)
- Your ex-spouse is currently entitled to receive Social Security retirement or disability benefits.
- Your benefit amount, based on your own earnings record, is not equal to or greater than half of your ex-spouse's Social Security benefit.



After a divorce, you have a choice:

- You can claim retirement benefits based on your own earnings record (if you have been employed and have accumulated enough credits over the years).
- You can claim benefits based on your ex-spouse's earnings record (whether or not you ever worked), provided that all six of the previously described conditions apply.

Note that the amount you receive does not reduce the Social Security benefit paid to your ex-spouse.

For example, suppose you've been married to Pat for 15 years before divorcing. Pat was employed all those years and is qualified to receive Social Security benefits of \$2,000 per month upon reaching full retirement age. You stayed home to raise the children and manage the household. As a result, you paid very little, if anything, into Social Security and are not qualified to receive benefits based on your own work record. You can file for benefits based on Pat's work record and receive \$1,000 per month, which is 50 percent of Pat's benefit. Upon reaching full retirement age, Pat can start collecting \$2,000 per month while you continue to collect \$1,000 a month.

Now, suppose you both worked and paid into Social Security. After 12 years of marriage, you and Pat divorce. You marry someone else, and that marriage ends in divorce a few years later. You're now 63 years old. You're qualified to receive a benefit of \$800 per month base on your record of work and income. Pat's benefit at full retirement age is \$2,000 per month.

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You qualify to receive up to \$1,000 per month – your own benefit of \$800 plus \$200 to bring the total up 50 percent of Pat’s benefit at full retirement age.

Estimating Your Spousal Benefit

If you begin receiving benefits at your full retirement age (66 to 67, depending on your year of birth), your spousal benefit is equal to the larger of your own Social Security benefit or 50 percent of your ex-spouse’s full retirement benefit (or disability benefit). For example, if your ex-spouse’s benefit at full retirement age is \$2,400, then your Social Security benefit can be no less than \$1,200 (half that of your ex-spouse’s benefit). It can be more than \$1,200 if you qualify for more than that based on your work record, but it can be no less than \$1,200.

If you’re eligible for benefits based on your own earnings record, then the Social Security Administration (SSA) will pay that amount first. But if you can receive a higher benefit based on your ex-spouse’s record, you’ll receive a combination of benefits that equals the higher amount.

Reductions

When you begin receiving benefits also affects the amount you receive. You can start receiving benefits as early as age 62, but your monthly benefit will be reduced (regardless of whether the benefit is based on your own earnings record or on your ex-spouse’s). At 62, for example, you can collect only 32.5 percent of your ex-spouse’s full benefit amount. The percentage increases incrementally each month until you reach full retirement age (67 for people born in 1960 and later), at which point you can collect up to 50 percent of your ex-spouse’s full benefit amount.

This reduction is permanent. In other words, if you choose to receive reduced benefits at age 62, you will not be entitled to collect full benefits when you reach your full retirement age. If you decide to receive benefits later than your full retirement age, your benefit will increase by 8 percent for each year you wait past your full retirement age, up to age 70 (this increase applies only if benefit is based on your own earnings record, not if it is based on your ex-spouse’s).

In addition, if you work after you begin receiving benefits (before you reach your full retirement age) and your earnings exceed the annual earnings limit that applies, your Social Security benefit may be reduced. Receiving a pension based on work not covered by Social Security may also result in a benefit reduction.



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Deciding When to Claim the Spousal Benefit

If you were born on or before Jan. 1, 1954, you may be able to maximize your total Social Security income by doing the following:

1. Wait until your full retirement age to claim Social Security.
2. Claim your spousal benefit first.
3. Wait to age 70 to maximize your retirement credits on your own earnings record, thereby maximizing your monthly Social Security benefit.
4. Claim your Social Security benefits based on your own earnings record.
5. This strategy can boost your benefit by as much as 32 percent.

Note: Deciding when to start receiving Social Security benefits can be complicated and may have tax consequences that are easy to overlook. Here at SWC, we can help you make a well-informed decision.

Getting Remarried

If your ex-spouse gets remarried and you don't, you can still claim Social Security benefits on your ex-spouse's earnings. However, if *you* remarry, any spousal benefits you receive will instead be based on your current spouse's earnings record, not that of your ex-spouse. If the new marriage ends, you are eligible to claim the spousal benefit on either of your ex-spouse's earnings.

Claiming the Survivors Benefit (Upon the Death of a Spouse)

If your ex-spouse has died, you may qualify for a Social Security survivor benefit based on your ex-spouse's earnings record. For you to qualify, all of the following conditions must be met:

- Your ex-spouse was entitled to Social Security benefits.
- You and your ex-spouse had been married to each other for at least 10 years before the divorce was finalized.
- Your ex-spouse is deceased.
- You are age 60 or older (or are between ages 50 and 60 and are disabled).
- You aren't currently married.



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- You aren't entitled to a retirement benefit that is equal to or greater than 100 percent of your deceased spouse's benefit.

Note that if you meet the above conditions, you will be entitled to the full survivor benefit; that is, you will collect an amount equal to 100 percent of your former spouse's primary insurance account (PIA), not merely one-half. However, if you're younger than full retirement age, your benefits will be reduced for each month you receive benefits under your full retirement age. Benefits at age 60 will be 71.5 percent of your former spouse's PIA.



Not also that, but a divorced spouse may be entitled to a mother's or father's benefit if caring for a dependent child (under age 16 or disabled) of his or her deceased former spouse. Typically, the amount of a mother's or father's benefit is equal to 75 percent of the deceased spouse's PIA. Unlike a spousal benefit, the mother's or father's benefit does not require the marriage to have lasted 10 years.

For more information on how marriage, divorce, death, or other major life events may impact your Social Security benefits, investments, taxes, and finances overall, [contact us at SWC](#). Our focus is simple: to increase your net worth, so you have the money to ensure a rich and fulfilling life for you, your family, and your heirs. We can help you navigate the complex world of personal finances, help you build wealth, and give you the peace of mind that comes from knowing that your finances are in good hands.

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