

## Social Security: benefit options after divorce

### Maria Dela Rosa

#### Age 65

*A manager of an art gallery and mother of three grown children. She is twice divorced and currently single, worried that she will only qualify for a modest Social Security benefit.*

### Don Marcelo and Daniel Dela Rosa

#### Ages 65 and 69

*Maria's first and second husbands, respectively. Don is now CEO of a large consulting firm. Daniel makes an unpredictable income as a photographer.*

## Case Study

"I'm single, divorced and close to retirement. Even though my marriage didn't last, will it still affect my Social Security benefits?"

Maria married Don Marcelo right out of college. Maria worked at a furniture store while Don pursued his MBA, then she stayed home with their three children while Don worked long hours at his consulting firm job. Maria struggled with being a housewife. After 11 years of marriage, Maria and Don divorced.

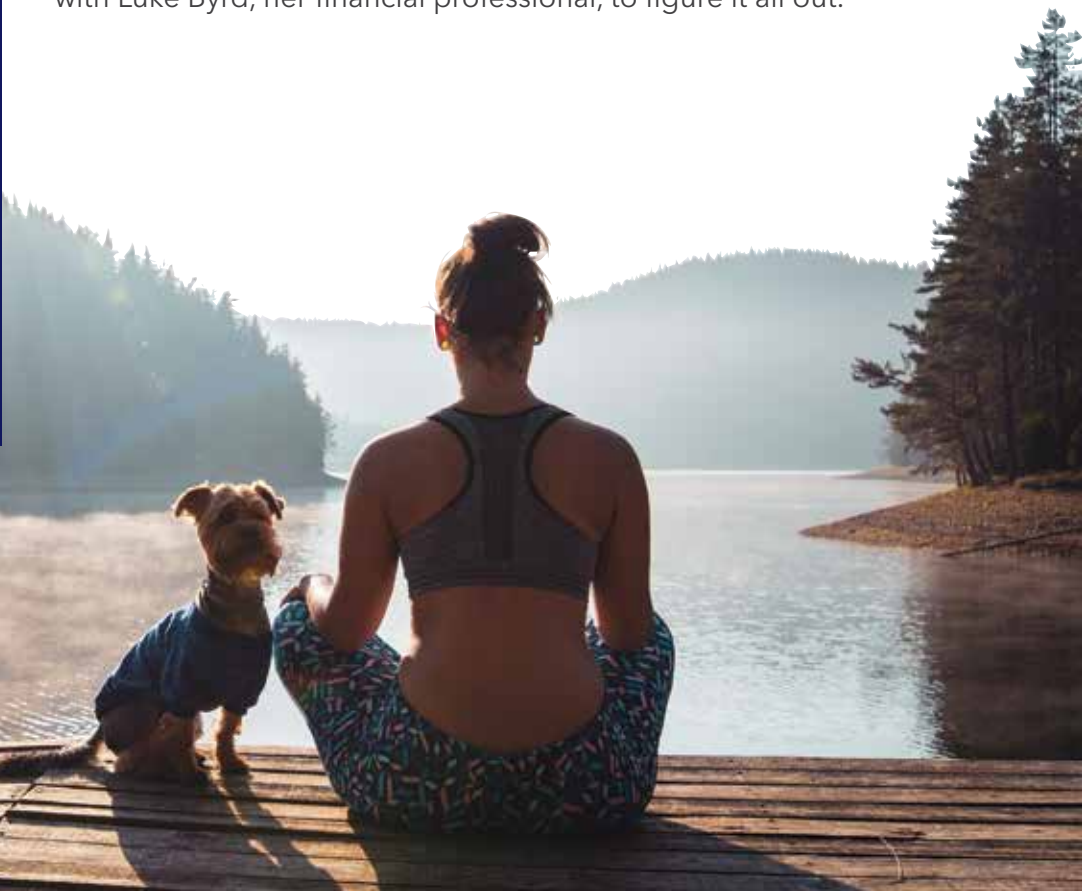
Once the kids were in school, Maria found a job as an assistant manager in an art gallery. She enjoyed getting to know the artists socially – particularly a photographer named Daniel Dela Rosa. They married after a year-long romance but divorced amicably three years later.

Once the kids were grown, Maria moved to another city to manage a new gallery. She still hung out with artists, did yoga and rock climbing and even splurged on a big trip with the kids. Suddenly, she was celebrating her 65th birthday and wondering where all the years had gone.

Maria had no immediate plans to stop working, but despite the money in her 401(k), she began to wonder if she could even afford to retire. With her time out of the work force, would she qualify for much of a Social Security benefit? She sighed and made an appointment with Luke Byrd, her financial professional, to figure it all out.

Social Security

**IQ**



# A Social Security strategy

Luke assures Maria that she is better prepared for retirement than she thinks, especially if she maintains her current lifestyle and continues working for a while longer, as planned. Luke also provides Maria with unexpected good news about her potential Social Security benefit – she may be able to claim a benefit on the earnings history of one of her ex-husbands if she meets all the qualifications.

- **The marriage lasted 10 years or more.** Maria was married to Don for 11 years. Her marriage to Daniel only lasted three years, so she cannot claim benefits on his earnings record.
- **The filer is at least 62 and unmarried.** At 65, Maria meets the age limit. She is concerned about the unmarried requirement since she did remarry, and Don has also remarried. Luke reassures her – all that matters is that she is unmarried at the time of filing. If she remarries after claiming benefits, though, her benefit amount will no longer be based on Don's record.
- **The ex-spouse is entitled to a higher benefit.** Maria can always claim a benefit on her own earnings history. She can only claim a benefit on Don's record if he is entitled to a higher benefit than her own, because her benefit as an ex-spouse is limited to 50 percent of his full retirement benefit
- **The ex-spouse is eligible for retirement benefits.** As long as the divorce took place at least two years ago, it is enough that Don is

eligible to file. It is not necessary for him to have actually filed and claimed benefits.

Maria is thrilled to learn that her benefit will be based on Don's earnings record and relieved that this benefit will be invisible to Don. He will not be notified and the benefits Don and his wife receive will not be impacted. Luke explains that the same payment rules generally apply to divorced spouses that apply to married spouses – should Don die before Maria, she could apply for the higher benefit provided to a surviving spouse.

## THE MORAL OF THE STORY

**Social Security rules can be complicated. If you have been divorced and are single at the time of retirement, consult a financial professional and/or Social Security expert to see what your filing options are. Understanding what is available lets you make an informed filing decision and helps you claim the highest benefit possible.**

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