

Impact of the Bipartisan Budget Act of 2015

What are the changes?

Two SS claiming options were impacted by the budget decision: Voluntary Suspension and Restricted Application.

What is Voluntary Suspension?

Voluntary Suspension allows individuals to file for benefits, but suspend taking them. Under prior rules, eligible spouses and dependents were able to collect benefits during the suspension while the individual's benefits continued to earn the 8% annual increase.

What is a Restricted Application?

A Restricted Application enables an individual to collect the "spouse-only" portion of SS benefits that they are eligible to receive at FRA or older. This allows your individual benefit to continue to grow, earning the 8% annual increase. At age 70, you could then switch from the "spouse-only" benefit to the increased individual benefit.

When were the changes effective?

The Restricted Application is no longer available for anyone born after January 1, 1954. Individuals born after this date will have to claim an individual benefit prior to collecting a spousal benefit, regardless of age. For individuals who were born on or before January 1, 1954, the Restricted Application remains a viable option.

Changes to Voluntary Suspension were effective April 30, 2016. The option to suspend is still possible just with additional implications:

- 1 During suspension, any spousal or child benefit is also turned off. The filer must begin collecting benefits again in order for others to collect off of their record.**
- 2 You can no longer request retroactive payments of those suspended benefits.**
- 3 The filer is not able to claim any other benefit while their benefit is suspended.**

Can I suspend my benefit after April 30, 2016?

Yes. The option to suspend benefits is still available. A common use case for this would be an individual who chooses to collect retirement benefits early and, at or after FRA, decides that they would rather earn the raise instead of continuing to receive the monthly check. However, the ability for others to receive spousal or dependent benefits during the suspension period is no longer possible.

What if I am already using one of these strategies?

Anyone who has already filed a Restricted Application or suspended their individual benefit prior to April 30, 2016 will be unaffected by these changes.

If I chose to file and suspend prior to April 30, 2016, did I have to request retroactive payments before that date to be eligible?

No. You will retain the ability to request retroactive payments as long as you have requested Voluntary Suspension before April 30, 2016.

Are survivor benefits impacted?

No, survivor benefits do not change as a result of this legislation.

Sources: BlackRock; Social Security Administration; Internal Revenue Service. Please see the Social Security Administration's website at www.ssa.gov for more information, restrictions and limitations about Social Security benefits.

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