

## 5 Things Women Should Know About Social Security

Social Security is an important source of retirement income, even for women of wealth. It is inflation-protected and continues for life, a valuable benefit since women in the U.S. tend to outlive men by close to seven years.<sup>1</sup> The amount of Social Security you get is dependent on several variables, including how much you (and your spouse) have earned and when you (and your spouse) choose to start collecting.

### 1. BENEFITS ARE BASED ON EARNED INCOME

If you work outside the home, you (and your employer, depending on your employer and employment status) pay Social Security taxes on your earnings, accumulating credit toward your benefits. Only earned income counts. Income generated from investments or an inheritance do not qualify. Your benefit is calculated based on lifetime earnings and you must have worked for at least 10 years to qualify.

Business owners are also entitled to receive Social Security benefits, but must report their earnings for Social Security when they file their federal income tax return on Schedule SE (Self Employment Tax). If you and your spouse co-own the business, you need to file a separate Schedule SE to get credit. Otherwise, the earnings may appear only on your spouse's record.

If you have not earned enough credits to collect your own benefits, you may be eligible to collect spousal benefits. Your maximum benefit is half of the amount your spouse is entitled to receive at full retirement age or less if you choose to begin taking benefits before you reach full retirement age.

Married working women, who are eligible for both their own and spousal benefits can claim the greater of the two, but not both. Typically, working women collect their own Social Security benefit because it is more than the one-third to one-half of the spousal benefit they would otherwise receive.

### 2. DIVORCED WOMEN MAY QUALIFY FOR EX-SPOUSE'S BENEFITS

Many divorced women are surprised to learn that they are entitled to collect benefits on their ex-spouse's record even if their ex-spouse has remarried. You qualify if:

- your ex-spouse is entitled to receive Social Security benefits
- you were married for 10 years or more
- you are currently not married
- you are over 62 years of age

If your ex-spouse qualifies for benefits but has not yet applied, you can receive benefits provided you've been divorced for two years or more. If your ex-spouse has passed away, you may still be eligible to receive benefits, if you are age 60 or older and did not remarry before age 60. You'll need to provide documentation such as your ex-spouse's Social Security number, your birth certificate, marriage license and divorce decree.

Source: [ssa.gov](https://ssa.gov/); What Every Woman Should Know

<sup>1</sup>Scientific American, Why is life expectancy longer for women than it is for men? <https://www.scientificamerican.com/article/why-is-life-expectancy-lo/>

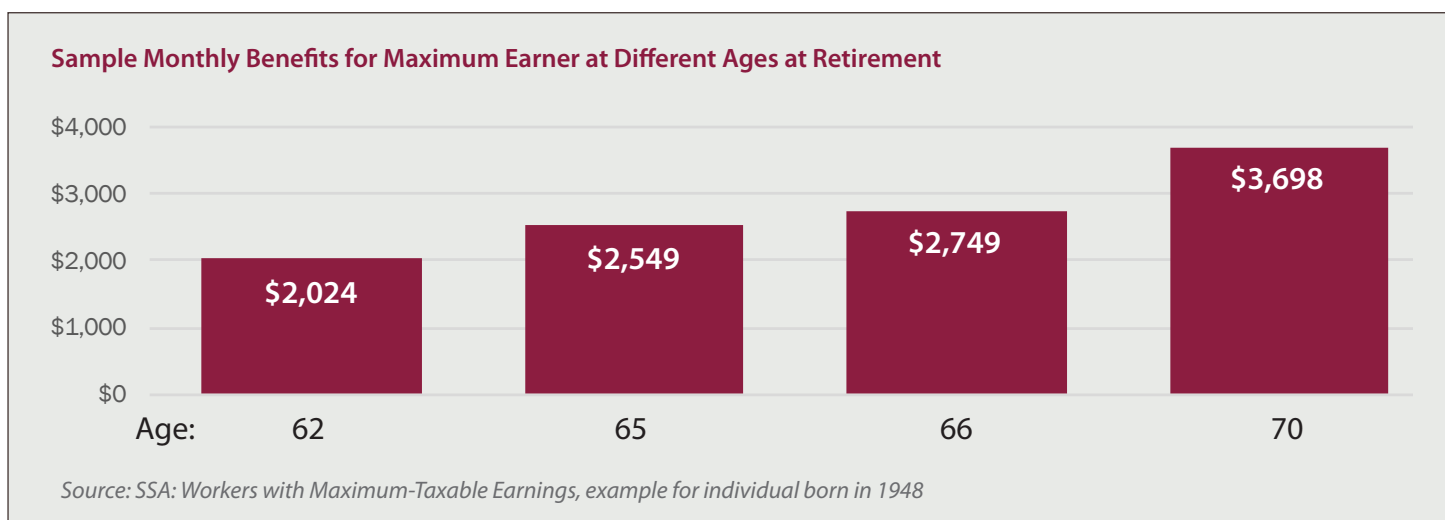
### 3. KNOWING THE RULES HELPS WIDOWS MAXIMIZE BENEFITS

Every widow's situation is unique and access to benefits will vary by situation. Typically, you are eligible to receive full retirement benefits, provided your spouse earned sufficient Social Security credits, you did not remarry before age 60 and you have reached full retirement age. Oftentimes, there are choices to make and these choices will affect the amount of benefits received. For example, widows can claim benefits as early as age 60, but the benefit amount would be reduced. If you are entitled to your own benefits, you can choose how to take them, taking the widow benefit first then switching to your own, or vice versa.

There are additional factors that can affect the amount and timing of your survivor's benefit, including your age, whether you have a child under 16 years old, if your deceased spouse had begun collecting benefits, the amount your spouse was entitled to and whether you've remarried. Since a widow's options can be complicated, it's often valuable to work with an advisor to help you sort through the options and get the most out of your benefits.

### 4. TIMING MATTERS

If you have other income sources and do not need to begin collecting Social Security the moment you are eligible, it may pay to hold off claiming until full retirement age, or later. This is especially true if your family history suggests you will live well into your 80s and beyond, because the monthly amount you receive goes up as you delay. You can work with your advisor to do the analysis and estimate the best course of action to maximize your benefits.



### 5. YOU MAY NEED TO WITHHOLD SOCIAL SECURITY TAXES FROM HOUSEHOLD WORKERS' WAGES

If you hire workers, such as a babysitter, maid, gardener or chauffeur, you may be required to withhold Social Security and other taxes from their wages, pay the appropriate amount of taxes and report the wage amounts on your federal income tax return. An advisor can help you navigate the rules and the paperwork.

**For more information about Social Security benefits**, register to get a Social Security statement at [ssa.gov](http://ssa.gov), or contact a Luma Wealth advisor to help you understand your benefits and provide guidance on planning for retirement.

*Have you gotten married or divorced and changed your name?*

*The name on your W-2 form must match the Social Security Administration's (SSA) records. If you've changed your name, be sure your records are correct. You can go online at [www.ssa.gov](http://www.ssa.gov), or ask Luma Wealth to assist you.*