

What's New with Social Security?

Recent changes in the tax law could affect your benefits

Laws that were enacted as part of the Bipartisan Budget Act of 2015 included several new rules that might affect your Social Security and other tax benefits.¹

End to “file and suspend” option

Under the IRS file and suspend option, married couples could take advantage of spousal benefits and delayed retirement credits at the same time. This option, which allowed a husband or wife to file for Social Security benefits at the same time as a spouse and then suspend them until the mandatory withdrawal age of 70, expired on April 29, 2016.



No restricted application for early retirement

The restricted application, or “file as a spouse first strategy,” allowed the lower-earning spouse to receive benefits based on his or her

own earnings history while allowing the higher-earning spouse’s future benefits to grow. The new law increases the age at which filing for spousal benefits is automatically viewed as filing for one’s own retirement benefits, moving it from age 66 to 70. There is a silver lining for those who turned age 62 by the end of 2015, however — through grandfathering, they will be able to file restricted applications when they become eligible for early benefits in several years.

Bigger Retirement Savings Contributions Credit

Low- and moderate-income savers who meet IRS requirements may be able to take a bigger tax credit (“Saver’s Credit”) of up to \$2,000/\$4,000 (singles/couples) for making eligible contributions to an employer-sponsored retirement plan or IRA. To see if you qualify, visit www.irs.gov and enter “Do I qualify for the Retirement Savings Contributions Credit?” in the search box.

Social Security remains an important pillar of retirement income for millions of Americans. Regularly checking on how changes to the system may affect your benefits helps you effectively plan for your financial future.

¹ Source: Congress.gov, <https://www.congress.gov/bill/114th-congress/house-bill/1314/text>



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