

Recently widowed? Here's what you need to know about Social Security survivors benefits

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Of the 5.7 million people awarded Social Security benefits in 2019, 886,000 were survivors of deceased workers. Those widows, widowers and dependents of eligible workers were awarded what are known as survivors benefits. In all, there were 3,878,012 widows and widowers receiving benefits in 2019.

But as with many things related to Social Security, there's plenty of confusion about applying for survivors benefits and understanding how much you – as the surviving spouse, surviving divorced spouse or dependent – might receive.

But the first step before getting into the details of the benefits is this: You must apply if you think you're owed the money. You should notify Social Security when a worker who is eligible dies. Their number is 800-772-1213. You cannot report a death or apply for survivors benefits online.

In most cases, the funeral home will report the person's death to Social Security. And to make sure that happens, you should give the funeral home the deceased person's Social Security number if you want them to make the report.

Here's what else experts say you need to know:

Maximize Social Security survivors benefit

The survivors benefit is based on the worker's primary insurance amount at date of death. If you're the surviving spouse and already collecting Social Security on your work record, your benefit will be the greater of the two – your benefit or the survivors' benefit.

But if you're at least 60 and not collecting, you can take advantage of a tactic to maximize your benefit. Survivors benefits and retirement benefits on your own work record can be claimed sequentially, says Joe Elsasser, president of Covisum, a financial tech company that develops software for retirement planning.

And that means a widow or widower can claim survivors benefits as early as 60 then switch to retirement benefits at 70.

"The reason that can be so valuable is that the retirement benefit will have grown approximately 77% between age 62 and 70," Elsasser says.

Other experts also emphasize the importance of knowing your options before you apply for survivors benefits.

"Many widows or widowers have no idea that they may have more than one option when they are entitled to both a retirement benefit and a survivors benefit," says Heather Schreiber, the president of HLS Retirement Consulting and the publisher of Social Security Advisor, a monthly newsletter.

Survivors benefits can begin at 50 or older if disabled, says Jim Blair, co-author of "Social Security & Medicare Facts".

Wait for Social Security full retirement age

Another tactic to consider long before you become a surviving spouse is this: For married couples, it matters when the higher wage earner files, Schreiber says.

"Not only does waiting to at least full retirement age or later make sense in many cases, waiting even longer to as late as age 70 could pay off down the road," she says.

By waiting beyond full retirement age, an individual can add up to 8% per 12-months of delay to their monthly benefit all the way to their 70th birthday.

Not only does holding off mean higher lifetime benefits for the couple, but "delayed retirement credits earned by the higher-earning spouse are passed on to the surviving spouse," she says. Upon the death of the first spouse, she says, the lower benefit is replaced with the higher benefit of the two.

Working the Social Security system

Survivors benefits may also be reduced for beneficiaries who are working and younger than full retirement age, according to a Congressional Research Service report.

"Survivor beneficiaries younger than full retirement age are subject to a retirement earnings test, wherein their benefits are reduced if their earnings exceed certain limits," the report noted.

In 2021, Social Security withholds \$1 in benefits for every \$2 of earnings in excess of the lower exempt amount, or \$18,960. And it withholds \$1 in benefits for every \$3 of earnings in excess of the higher exempt amount, or \$50,520.

But the earnings test is not a cliff but is instead phased in, says Elsasser.

So, for example, in 2021, \$18,960 is the exempt amount.

"Many people assume that if they earn \$25,000 or \$30,000, they would be ineligible to claim a widow benefit, so they don't apply," he said.

But here's how it works, according to Elsasser: A widow who earns \$25,000 would have an earnings test "penalty" of approximately \$3,000. If the survivors benefit would have been \$1,500 per month, the widow would forfeit the first two checks of the year, and then be paid the final 10 months for a total of \$15,000 collected.

“Combined with the \$25,000 of earned income, that may very well be enough to semiretire into less stressful work, especially with the knowledge that the retirement benefit is growing behind the scenes,” he says.

Got remarried?

If you, the surviving divorced spouse, remarry after you reach age 60 (age 50 if disabled), your remarriage will not affect your eligibility for survivors benefits, according to Social Security. “Remarriage after age 60 will not terminate or prevent drawing survivors benefits,” says Blair.

Get advice on Social Security

When in doubt, consider working with an adviser knowledgeable in Social Security claiming strategies. “Doing so can be worth its weight in gold, or at least pave the way toward maximizing income from Social Security,” says Schreiber.

